

**Organisational Learning and the Real Estate
Brokerage Industry in New Zealand**

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1

Introduction

If it is a truism that the only certainties in life are death, taxes and change then it is equally true that the pace of change quickens as we enter the 21st Century. Business organisations now confront the twin challenges of globalisation and accelerated technological development. If recent history is any indication one third of companies currently on the *Fortune 500* list will disappear within the next 5 years.¹ Yet there are organisations that flourish decade after decade and in some cases live to be 100 years old. In New Zealand several organisations fit this category. In the real estate brokerage industry, Baker Brothers Estate Agents Limited in Christchurch and Harcourts and Samuel Vaile in Auckland are all centurions. Most of these survivors have demonstrated a capacity to adapt swiftly to changing conditions in the environment, to innovate continuously and to take decisive actions that move their organisation towards its goals. It is interesting to reflect that in a totally different field a similar conclusion has been reached. Although many of the great political communities of history may have been finished off by external catastrophe, their decline can almost always be traced back to internal decay or 'loss of power', (Arendt, 1958). The most powerful organisations are those that harness the collective energies of their members rather than coercing them and as such are the most human in character.

This thesis focuses on one characteristic typical to organisations that survive – learning - and more specifically the way learning links with performance. It seeks to uncover the importance of learning at the organisational level in assisting businesses operating in the New Zealand real estate brokerage industry to respond to change in an increasingly dynamic environment. The study focuses first on the exploration of learning in organisations especially as a means of adapting to change. The central theme concentrates specifically on application of the theoretical construct of The Learning

¹ A study by Shell showed that one third of the 'Fortune 500' industrialists listed in 1970 had vanished by 1983. By contrast a small number of companies had survived for 75 years or longer (de Geus, 1998).

Company (Burgoyne et al, 1997) and the degree to which a group of Auckland based real estate businesses meet the criteria that constitute a learning company. The chief hypothesis is that the degree to which a real estate business enables learning within its ranks, the better it will perform in the present real estate environment and the more agile it will be in coping with rapid change.

1.1 Background – Current Trends in Real Estate

Change is being thrust upon most business organisations today and no more so than in the real estate brokerage industry in New Zealand. Change literally affects the culture, systems, practices and processes of the real estate industry. Simultaneously, it affects the beliefs, attitudes and requisite skills of individuals within it. To some people change equates to danger and causes paralysis, but to others change means opportunity and the pioneering spirit emerges.

Today real estate brokerage offices are being forced to adapt to new technologies, new competitive demands and increasing public accountability. Every real estate office is now equipped with computer technology usually in the form of total property management packages, client databases, and office management systems. The more progressive thinking industry players see traditional real estate services under threat or disappearing. There is considerable concern about professional standards and values from both external and internal sources. The Real Estate Institute of New Zealand is constantly monitoring industry professionalism and every month the disciplinary committee hears issues that could be potentially harmful to this cause. A case in point occurred recently when a well-known millionaire salesperson was accused of allowing fake bidding in an auction filmed on television. Although ultimately the case was dismissed and the claim refuted, the concern was symptomatic of a growing vigilance in an increasingly litigious environment. There is no doubt that negative attitudes do continue to be expressed more forthrightly in the public arena and that there are cases to prove complaints are not always unfounded. In addition because consumers of real estate have lacked easy access to the types of information required to compete in the marketplace they have felt obliged

to use the services of an agent. Such inefficiencies have contributed to the industry's poor public image in much the same way as the Motor Traders Industry has suffered.

Many within the industry see definite room for improvement especially in terms of raising the overall education levels and encouraging good business practices amongst the 1800 offices that exist throughout NZ. The industry's professional association, the Real Estate Institute of New Zealand has become established as an industry-training organisation with qualifications for sales, management and licensee levels registered on the National Qualifications Framework of the New Zealand Qualifications Authority. Three universities now offer qualifications that will ensure an increasing flow of multi skilled business graduates into the industry.

The challenges facing real estate businesses combined in 2000 with a sombre business environment, waning optimism in the nation's economic performance², a drop in national sales volumes and a decline in the numbers of salespeople. Profit lines in individual businesses dip and soar, aggravated as always by fluctuations in the property market and especially exacerbated by location. Unofficial figures from the Real Estate Institute showed that by April 2000, 75 real estate offices closed their doors permanently. Declining profitability still exists in stark contrast to the stable and rising incomes experienced 5 years ago. However because the real estate market is cyclical the future is not all bleak. Furthermore a study completed at Auckland in 1998 describes the investment performance of property considerably outperforming shares and fixed deposits over the 15-year period from 1965-1997³. The tide will turn. In the meantime however, in the management area the challenge of creating growth has taken over from the task of managing growth. Real estate offices at the start of the new millennium face considerable challenge.

² In 2001 it is pleasing to report that confidence levels have risen in the wake of a fall in the value of the US dollar and a corresponding rise in the value of the NZ dollar, although as yet this has not been reflected in a rise in the volume of property sales.

³ Bourassa et al., 1998.

Faced with uncertain and changing conditions, the industry is seeing mergers, acquisitions, strategic alliances, liquidations and the development of large multi national firms based on franchise systems, and marketing groupings. Large Australian based firms L.J.Hooker and Ray White Limited have entered the country. Century 21 has merged with Allens Realty Limited. It would seem that bigger is seen as better, at best to increase the chances of a better bottom line and benefit from economies of scale or at worst to provide a defence against the prospect of failure. The large national corporates offer business unit organisation, structures and systems in the form of franchising models. It is commonly stated that franchising offers benefits like increased brand awareness, cost efficiencies in supplies and advertising, group impacts associated with advertising, training procedures and general feelings of camaraderie.

The real estate brokerage industry is experiencing a seemingly never ending array of pricing strategies and marketing ploys, from auction, tender, no price, price banding and sliding scales all at a time when there has been declines in sales volumes and the number of salespeople. Still, competition for the spoils is fiercer than ever.

As difficult as change can be, there is also a positive side – some firms are discovering new niche markets and flourishing in them. New services have emerged: some real estate agents are expanding into areas such as project management, financial and property management and even marketing consultancy. New business strategies are emerging, based on innovative remuneration systems for salespeople who were previously on commission only; new styles in office administration and new focus on systems to produce both excellence in customer service and business control. Almost universally the use of technology is growing. Database information gathering is increasingly important. Property services can be accessed via the Internet; project management is hardly imaginable without the use of e-mail and mobile phones. E commerce, albeit in an embryonic form, has reached the real estate arena. Both the closing costs and timesaving in the average real estate transaction should be significant and contribute to more efficient property markets. Evidence exists in the US that there is downward pressure on traditional fees due to public access to on line multiple listing services as well as

increased competition, which follows what was previously a 'closed' information system (Baen, 1998).

In NZ the spectre of deregulation looms. A long promised reform of The Law Practitioners Act threatens to open the agency selling market to lawyers whilst allowing for the creation of a new conveyancing profession that could effectively allow non legally qualified people to undertake conveyancing duties. In 1986, Bowie found that deregulation of the fee structure in the real estate profession led to a rise in fees. In 1991 and 1998 The Consumers Institute also asserted fees had risen substantially (well in excess of inflation). Today, as if straddling these two arms of deregulation, REAL Limited MREINZ has emerged – an alliance between some real estate agents and some lawyers aimed at pre-empting forthcoming changes and lowering fees to a scale comparable with those charged in parts of the UK⁴. Baen (1998) asserts that fees in the US are under pressure from buyer rebates and also from schemes that allows public access to Multiple Listing Services and advertising data for everyone. Other technological transfers can further erode real estate fees. For example Internet mortgage loan quotes experienced in the US enable better information flows and create increased competition between lenders. He states that the implications of technology and technological transfers appear to be heavily weighted toward benefiting the customer at the expense of the traditional providers. Continued pressure on fees due to increased competition, easy accessibility of information directly by consumers, and affinity marketing/ collective bargaining and rebate schemes are exciting news for consumers and ominous for service providers who do not increase their production.

The professional role of the agent and salesperson is becoming increasingly complex. As steward of the property transaction, the agent's role and indirectly that of the salesperson, can be facilitator, negotiator, image creator, graphic designer as well as financial and property management consultant. The skills required to fulfil these roles include the ability to work in teams, to network and to communicate. In project marketing, for example, the salesperson role can include that of a facilitator negotiating agreement

⁴ 2.95% plus conveyancing costs are charged in Scotland

between many parties - developers, design consultants, councils, builders and the purchaser. The salesperson must add such additional skills as team based marketing, counselling, and negotiating to the age-old selling skills of qualifying and closing. All this must be handled by management with the greatest sensitivity because the current remuneration system, which encourages independently, contracted salespeople would seem at odds with adding skills that are based on working in teams. Strength of organisational culture, pride in organisational performance and loyalty seem key issues to foster here. Some agencies are even introducing new payment schemes that ensure a steady retainer and bonus system⁵, which provides a better basis in which to foster teamwork.

Working throughout a project from concept to sale requires a person with many different skills. Salespeople of different specialities may also be required to link up as teams, share resources and take on tasks not originally ascribed to them. Multi skills have become a necessity and for the most part these skills are acquired by informal learning, almost by osmosis or as a by-product. Within each real estate office individuals are learning new skills and competencies as well as new perspectives.

Ongoing change even influences the way people perceive their (working) environment. In some real estate businesses, successful salespeople and managers have been doing a lot of learning. Even the relationship between the agent and salesperson is changing from one based on paternalistic direction to more empowerment and individual accountability (Lyons et al., 1996). Those who are driven to maintain a competitive advantage see the need to keep learning and growing, but this is mainly individual learning. These people possess a desire to improve their own performance and deliver a quality service to their clients. In some cases this learning is formal, gained through training sessions provided in house and in outside educational courses but much is informally attained.

However 'sustainable business success is not just about intelligent individuals – it is about intelligent organisations which are capable of learning' (RSA Inquiry, 1995: 17).

⁵ The Jenman System developed in Australia and used sparingly as yet, in NZ.

Real estate businesses have responded to the changes in many different ways and there are a number of success stories. This study focuses on these real estate offices that display the characteristics of intelligent companies and in doing so it seeks to discover if these offices find themselves better equipped to survive in the current real estate business environment. It seeks to explore whether the ability of a real estate office to learn as an organisation can be added to other qualities like experience, education and ethical behaviour (Izzo, 2000) as a significant indicator of success in real estate.

1.1.1 Learning in Real Estate

Learning embraces the capacity to both respond to and create change. If organisations are not learning they are dying, or dead. The debate concerns just how much learning is taking place in individual real estate offices operating in the current commercial environment. Because people are a fundamental part of each office it is useful to look at learning at the individual level first. According to a synthesis of experiential learning (Lewin, 1951 and Piaget, 1954) and the psychology of human information processing (Jung, 1923 and Kelly, 1955) the way we learn, solve problems and communicate information can be modelled according to four styles – ideas, frameworks, plans and actions. The key assumption is that all people have some facility in all four styles, otherwise they could not learn. However most people have a strong preference for focusing on one or two of these orientations. None is inherently better than the other and cooperation between people largely depends on recognition of this fact. Difficulty can manifest in situations when individuals and groups have preferences that do not correspond with the styles of those with whom they have to work.

Individuals learn in a cyclical way, receiving data from the outside world, assimilating it into models and theories and responding in accordance with beliefs and intentions. Learning then refines those beliefs and intentions as we process through the styles and as time passes. Chris Argyris (1978) coined the term ‘double loop’ learning to distinguish between learning and problem solving that simply refined existing knowledge and that, which deliberately sought to develop new capabilities. The term was used to distinguish

the approaches of organisations and their management to problems. Whereas some focused on increased efficiency or doing more of the same when problems arose others questioned whether they were doing it right in the first place and remained prepared to find another way – this best explains learning at the organisational level.

Increasingly perceptions about learning are changing, thanks to a major insight – the capacity to learn, individually and therefore organisationally, is an asset for businesses that may turn out to be priceless. Garrett (1987) proposed that for an organisation to survive, its rate of learning must be equal to or greater than the rate of change in its external environment. Senge (1990) notes that the world is more accessible and even the smallest companies can obtain whatever skills and technologies they require at a reasonable cost. One source of competitive advantage is an organisation's ability to learn and react more quickly to a fluid market than its competitors.

Such an ability to learn is increasingly important in the rapidly changing real estate environment. However the concept of organisational learning can present some difficulties in real estate offices where the culture is predominantly competitive. Because remuneration for the majority of the staff (those involved in sales), is based on commission earned for individual performance, collaborative exercises where sharing is critical can present some conflict of interest. Today's real estate businesses, however, need to find ways to adapt in a timely and effective manner to changes in the environment and one way to do this is to engage in continuous learning at all levels. This includes the unlearning of assumptions, norms and mindsets that are no longer valid – basically changing people's ways of behaving. There is a need to mobilize the collective expertise and knowledge of office members in order to induce creativity and innovation and this is supported in the literature discussed in chapter 3 of this study.

Ultimately, knowledge and understanding gained must be focused on reasoned, decisive action. In recent years many real estate offices have done very well in a climate of rising prices and high demand especially in the residential field but labels like 'excellent' must be considered with care. As Pascale (1991) found a time of success is often a time of

great danger. When an organisation or individual thinks that it now knows how to perform, it often becomes complacent, puts less emphasis on learning and starts to decline. From these perspectives there are several unanswered questions in the real estate brokerage industry in New Zealand. Does it perhaps account in part for the current apparent malaise the NZ Real Estate profession finds itself in? There is no doubt that some agencies are doing new, improved things but how general is this trend? Learning to change takes both will and skill. Perhaps the current downturn in the market and the demise of many real estate businesses is confirmation that set patterns of acting and perceiving are no longer effective?

1.2 Aims and Scope of the Study

This study examines the role of learning at the organisational level in individually owned and operated real estate businesses (hereafter called 'offices') in Auckland. Groups of offices affiliated to two major franchise operations are studied. The focus is on business practice within each office and the extent to which members of the office perceive learning to be incorporated into the practices and structure of the business. In 1991 Burgoyne et al developed the concept of the 'Learning Company' as one model of organisational learning and produced a method of measuring the degree to which an organisation could be said to conform to the learning company model. The current study borrows this mechanism for measurement and adapts it to the New Zealand real estate industry context. In this sense this study is also similar to a study in the UK undertaken in 1997. The Royal Institute of Chartered Surveyors commissioned a group of researchers from Sheffield Hallam University ⁶ to study learning in the surveying profession ⁷. What was clear from the results of the UK study was that the concept of organisational or firm wide learning does indeed have significant implications for surveying companies in terms of their levels of performance in the commercial world. The aim of the current study is to further explore these links, in relation to the real estate industry. In order to do this and to

⁶ Matzdorf et al., 1997.

⁷ In New Zealand, surveyors are referred to as valuers.

extend the learning company model as a measurement tool, a framework called 'The Effective Learning Zone' has been developed. By profiling each individual real estate studied within this framework two further office groupings have been produced. One group shows high learning characteristics and the other does not. The implications for the offices themselves and for the industry in general are discussed in Chapter 7.

The study aims to present a critical review of existing research and literature on the learning strategies of organisations and to apply this to the real estate industry in New Zealand. Its primary aim is to determine whether learning at the organisational level is present at any significant extent within real estate offices and to investigate whether the ability of individual offices to embrace learning is related to their performance levels. Performance, as it pertains to this study, resides in the following factors: profitability, staff recruitment and retention, innovation, senior management competency, sound business practices, ethical/professional behaviour, compelling culture, education and reputation. It is possible that such work could lead to the proposal of a model of best practice for real estate organisations to help in the application of principles of learning.

The study examines a the group of real estate offices in an effort to explore the answers to some central issues such as whether there is any significant organisational learning going on in individual offices. Also as an extension of this, the study poses the question of whether the Real Estate Industry in New Zealand as a whole is responding adequately to change. Although the group of offices studied is small, it is nevertheless considered representative of the NZ industry standard.⁸ All participants are active real estate agency businesses and individuals operating on a full time basis from commercial premises in Auckland.

The study also seeks to explore how individual offices are performing in the present climate and investigate if there are any enduring stories of learning and success both at individual and management level thereby drawing on lessons to be learned for the future.

⁸ Although there are some 'different' real estate offices, these are the exception rather than the rule and present an interesting area for further case study.

Real estate brokerage remains an understudied area and this study seeks to extend previous academic studies in the field. In the past research concentration has been in the areas of basic residential real estate market structure (Miceli, Pancak & Sirmans, 1997) and issues of market efficiency (Benjamin and Chinloy, 2000). Seiler, Webb and Whipple (2000) studied factors influencing service quality and in the same year Izzo considered the importance of ethical conduct in the brokerage industry. Issues relating to total quality management (Isakson and Spencer, 2000) and salesperson's education and issues of professional image (Flint-Hartle, 1997) have also been examined.

To date there has been no specific research into the learning factors present in individual real estate offices. This study's theme is interdisciplinary in scope and therefore draws on literature in diverse fields including management and organisational structure as well as organisational learning. The study finds application within the practical real estate industry and places theory in a working commercial context. It explores the issues using both quantitative and qualitative techniques – questionnaire data was collected and analysed and real life stories and experiences were gathered through in-depth interviews with people directly involved in real estate offices that scored high marks for their learning capabilities.

1.3 Chapter Outline

This introductory chapter has given a brief overview of the current state of the real estate industry in New Zealand and outlined the primary focus of the study.

The following chapters of the thesis are organised on the basis of a description of the real estate context in which the concept of organisational learning is studied. The nature of the business of real estate is examined with emphasis on the cultural, structural and legislative framework that indicates why change and organisational learning are issues that need addressing. Chapter 2 also covers a brief history of the development of the real

estate industry in New Zealand, highlighting how much change has occurred since the beginning of last century and considers changes and trends in the future.

The relevant literature on organisational learning is reviewed in chapter 3 and applicability of the concept to the real estate industry is examined. The review focuses on the goals of learning organisations, the relationship between learning and performance and the ways in which organisational learning can be both facilitated and impeded.

Chapter 4 outlines models of organisational learning including the Learning Organisation model of Peter Senge (1990) and The 'Learning Company' model of Burgoyne, Pedlar and Boydell (1996). The UK learning company project (1998) relating to the surveying profession is also discussed as the catalyst of the current study.

All aspects of the research methodology are covered in chapter 5. A central purpose of the study is the search for a quantitative correlation between real estate office success and learning at the organisational level. The issue of performance measurement is addressed and a list of performance criteria used to assess office success is introduced. Data gathered from real estate offices from two large franchise groups in Auckland is studied and then followed up and explored further by in depth qualitative research. The 'Learning Company' (Pedlar et al., 1996) measurement model that considers the presence of learning in 11 areas of an organisation is used. In addition the 'Effective Learning Zone' framework is developed and explained as an extension to "Learning Company" model. Chapter 5 also contains a section on the limitations of the study, some of which resulted from the comparatively small size of the sample.

The penultimate chapter presents the results and analysis of the data. There is quantitative analysis of the questionnaire data using the SPSS statistical programme and qualitative analysis of in-depth interviews as case illustrations. Higher and lower learning offices scores on the 11 learning characteristics are compared and contrasted and the impact of gender and role in the office is also considered. Differences between the two franchise groups are examined and links made between office success and learning. Although some

of the results are not statistically significant because of the sample size, interesting differences are discussed and the conclusion is reached that there is a correlation between learning in an office and its performance level.

The final chapter 7 concludes with a discussion of the implications of this research for the New Zealand real estate industry. Examples of learning going on in real estate offices are outlined as well as barriers to learning that exist. The implications for staffing, education and training are considered. It appears that learning at the organisational level is present especially in some offices, but the real estate culture of competition is almost an anathema to the concept of co-operation which is key to organisational learning. The task ahead is to foster a more collaborative office environment and for the industry as a whole to introduce more effective self-regulatory procedures.

2

The New Zealand Real Estate Industry

As this thesis investigates organisational learning within the real estate brokerage industry, it is useful to consider the nature of the industry and some of the background issues that form the context of the study.

2.1 The Culture

2.1.1 The Nature of Real Estate Brokerage

As producers and sellers of information about the property market, real estate agents perform the vital function of 'making a market' for buyers and sellers of housing, commercial and industrial buildings or land. These market participants are generally poorly informed about the opportunities available to them. Real estate agents in New Zealand, as elsewhere, gather and store extensive property related information that they later utilize in their role as 'information brokers' to both buyers and sellers. Traditionally there have been few readily accessible alternative sources for much of this information and market participants have naturally turned to real estate agents to satisfy their needs. In this role agents are the 'gatekeepers' of the information and once the gate is opened the remainder of the transaction can be completed. However it is the very way in which this information has been traditionally gathered and how it is eventually disseminated that highlights one of the inefficiencies of real estate brokerage activity.

Under the traditional model, the agent, and his/her representatives the salespeople,¹ require certain key competencies – the ability to listen and understand people, the ability to organise their work schedule by making appointments, putting aside time for

¹ A real estate agent holds a license; a real estate salesperson holds the minimum qualification, a sales certificate. Normally in the process of buying and selling property, the public deal with salespeople. For the purpose of this study the terms are interchangeable. Where distinction is required the term 'broker' will denote a licensee

discussion and giving assistance. As well there should be an ability to network well. In simple terms if the agent is good with people, able to gain their confidence and work closely with them to reach their housing needs, word of mouth ensures a stream of buyers and sellers to the office. Added services made possible by wide contacts with mortgage brokers, insurance and home inspectors plus energy, enthusiasm and organisation can ensure the profitability of both salesperson and agent. Or at least this **was** the case and it still remains the dominant cultural belief pervading the industry despite some clear evidence that it has some inconsistencies with 21st Century customer demand. Old embedded ways may no longer be enough to ensure success and real estate offices and individuals need to acquire new skills and perspectives to do better in a changing environment.

Tucillo (1999) suggests that the 'gateway model' is in fact dying. He bases this revelation on the fact that more and more information is actually obtainable by the public, without the intervention of the agent. His 'Internet empowered generation' theory hands the key to the gate firmly now to the consumer by his/her ability to access intelligent software. The lesson to be learned for real estate businesses is how to advance from providing knowledge to creating and managing it. If value for the customer is identified with reduced time and stress, then the age-old model rooted so firmly in the industry culture is in need of rethinking because time and stress is an integral part of the process that it starts in motion.

Miceli (1988) agrees there are some inherent problems in the role real estate agents play as disseminators of knowledge. Since the public gets more use from information that receives wide dissemination there is a problem when individual firms tend (as they do) to monopolise their own information, restricting access from other firms. The effect on the public is time spent in searching for property with as many different agents as possible. According to Miceli this does not relate to the public good aspect of information. Furthermore there is another problem related to information– the incentive problem. When the agent acts in the role as agent for the seller (as is always the case in NZ), a

'moral hazard' exists because the seller cannot directly observe all the actions and comments of the agent.

Real estate agents in NZ are contracted to sell property by virtue of a contract of agency signed with the principal who is the vendor or seller of the property. The law of contract applies and the commission fee as consideration, is the responsibility of the seller. Once the listing is signed a large degree of autonomy passes to the broker during the selling process and the degree to which full and professional duty is carried out tends, in reality, to vary considerably from agency to agency. This situation is caused mainly by the fact that in most cases the marketing and selling front line responsibilities are handed to the salespeople in the office. Although ultimate responsibility for performance remains with the broker², in normal circumstances salespeople deal with all practical issues. In the case where many salespeople employ personal assistants and virtually set up their own businesses within the main business, the broker has become a service provider for the sales force. The hard reality is that whilst the broker still takes full responsibility, the sales staff constantly shop around for an office to work in that offers the best services at the lowest prices and highest commission splits. To date, entry into the salesperson ranks is simple. A certificate can be gained by completion of a two-week course, which introduces the student to a minimal level of industry knowledge. One, albeit skeptical, viewpoint is that most knowledge is gained in the field and often at the expense of the unwary consumer.

The contract of agency raises the prospect of compensation to be gained for selling the property and this can produce a conflict of interest for the salesperson – Miceli's 'moral hazard'. On the one hand the seller invests money and trust in the agency's handling of the sale (trust that a top market value will be achieved) and on the other the salesperson has a vested interest in concluding a deal, not necessarily at the price wished for by the seller. If the two values happen to coincide the experience is considered good, but if there is a discrepancy, the experience is usually considered bad. One argument is that this view

² In the US real estate industry the term 'broker' is used differently, being widely held to mean salespeople as well as license holders.

is too simplistic. There are often extenuating circumstances, such as: how realistic was the seller's expectation anyway? Did the salesperson recommend too high an asking price in the first place in order to secure the listing? How skilful was the salesperson in communicating market knowledge to the seller during the marketing period? This inefficiency in the system has both ethical and legal connotations. Interestingly its presence has also played a large part in forming some entrenched public attitudes towards real estate practitioners (Flint-Hartle, 1997).

Real estate businesses are controlled by agents who are either licensed as an individual or as an organisation under a requirement of the Real Estate Agents Act 1976. It is typical for the majority of people in each office to be involved in the sales area, usually specialising in residential, commercial, industrial, rural, business brokerage or a combination. The sample of offices examined in this study is almost exclusively residential in focus (see chapter 5). Salespeople are deemed by virtue of section 51 of the Real Estate Agents Act to be independent contractors and therefore perform a contract **for** service. Payment for service is by way of commission. Salespeople receive a percentage of the agency charged selling fee (which is usually in the region of 4% of the purchase price up to \$300,000 and 2% thereafter).³ The salesperson's percentage depends on the individual office policy or their individual arrangement with the licensee. For example: a commission fee can be earned for listing a property as well as for selling. Some salespeople earn the majority of their income from listing fees and some from selling, but generally the total income is made up of a combination of the two. Although there are some high profile salespeople who earn handsome incomes, the average salesperson earns a more modest amount. One way of quantifying this for a residential salesperson would be to look at the current median residential house price in NZ of \$170,000 (at Nov. 2000). Garth Barfoot suggests that the average salesperson performs

³ At present there are no fixed commission scales, a fact that causes some agencies to use lower fees as a source of competitive advantage (Gilray, 1990).

at the rate of about one settled sale per month⁴. For the purpose of the equation below 4% commission rate and 50% internal share is assumed.⁵

Real estate offices also employ people in administrative roles. As a general rule, but depending on the size of the organisation, there is a receptionist and an office manager. There is always a licensee (broker/agent) overseeing the running of the operations and sometimes this is the same person who manages or owns the business. In other instances a branch manager is employed, especially if the broker/agent has more than one branch. Sales managers often manage the sales team and if there is a rental section there will be a property manager. For the purposes of this study as outlined in chapter 5, *management* is taken to be representative of all these groups. One of the interesting cultural aspects of the brokerage world is that specialists rarely fill the management positions. This further inefficiency in the industry could account for the fact that the business model displayed is not always as finely honed as it might be. Management competencies of planning, organising, controlling and leading are often absent. It could be argued that one reason for the rapid growth of the franchising model in the last two decades has been an attempt to overcome this inefficiency by handing the responsibility for normal management competencies like formulating structures and strategies over to the franchiser. It also provides an interesting background against which to explore perceived openness to learning demonstrated in the business practices of individual offices, which is the central theme of this study.

The kinds of service that real estate agencies offer generally amount to appraisal, marketing and negotiating the sale and purchase of property as well as letting and property management assistance. Some agencies now add mortgage advisory, household removal, relocation, insurance and even conveyancing services – but this is the exception rather than the rule. Commission rates overall are seen by many consumers as too expensive when weighted against commonly available services, especially now when

⁴ Barfoot, 1999.

⁵ Price attained: \$170,000, Commission @ 4%: \$6800 (excluding GST), Average salesperson share @ 50%: \$3400 - potential gross income per annum: \$42,000.

access to computerised information is gaining scope and momentum. In addition to, or perhaps as a consequence of, the information issue, the compensation level of real estate agents is under siege. In 1986, Bowie reported on the aftermath of commission fee deregulation in NZ. He found that contrary to expectations and intent, fees had actually risen; a view fully supported in Consumers Institute reports (1989 and 1991). Given the inefficiencies discussed, the field has been left open for the development of competition and competition in many forms is very much a part of the New Zealand real estate brokerage scene.

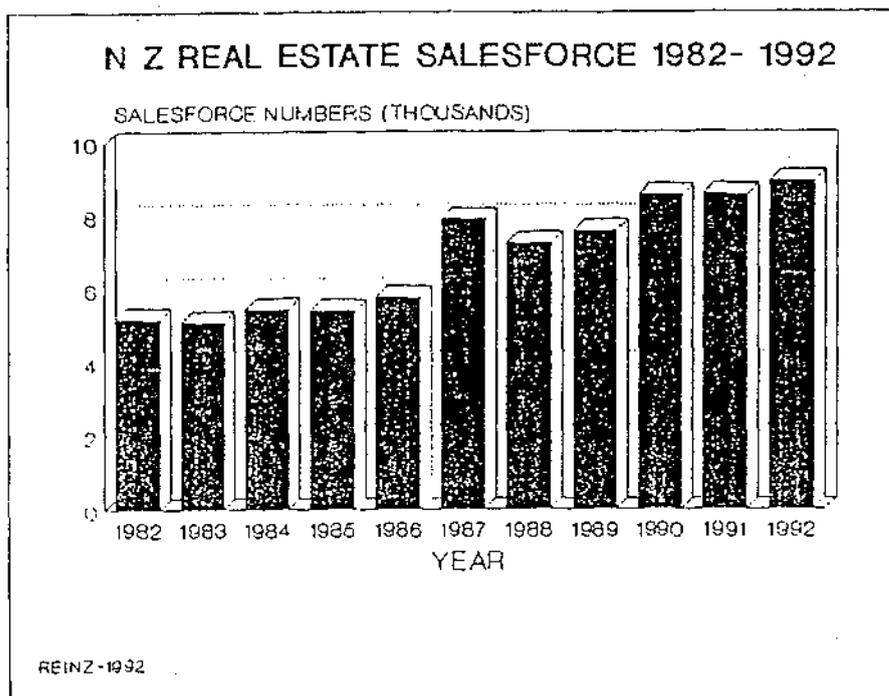
2.1.2 A Brief History of the New Zealand Real Estate Industry

The true beginnings of the real estate agency industry in New Zealand were about 100 years ago but not until 1912 when the Land Agent's Act was brought into law was any semblance of standards or a framework for development established. The first professional body to be formed was the Dominion Estate Agents and Land Auctioneers Association of New Zealand – the forerunner of today's Real Estate Institute (R.E.I.N.Z.). It took 50 years for another significant change to occur, in 1963 the Government introduced the first Real Estate Agents Act, which had the effect of amalgamating some outstanding disparate groups, and by the following year the unification of real estate agents and institute membership was made compulsory – the situation that exists today was complete.

Education provisions for excellence in the profession were established in 1926 and associations at district level could become associates of the Institute. Within two years there were 12 associated members. In 1940 and then a year later both individual and company memberships were provided for. In 1953 a standardized fee scale was introduced across the country. In 1965 the Fidelity Fund was set up. By 1969, 2467 and 1981 5460 people worked as salespeople in the industry. A body to license salespeople and agents was created in 1976 (The Real Estate Licensing Board or R.E.A.L.B.).

Franchising first came of interest in the early 1980s when industry participants began to notice the American precedent. The first foray into this structure began in 1985 when United Realty World established its first 6 franchises. By 1987 new consumer legislation in the form of the Fair Trading Act was introduced and real estate professionals began to be truly aware of the requirements of 'full disclosure' and the necessity of acting in a professional manner. In 1989 The Harcourts Group began to franchise their operation, and salespersons numbers had risen to 7598. There was a dramatic increase in the number of salespeople.

Figure 2.1



The modern competitive industry was well underway. Added impetus was provided in 1989 when the government, acting on advice from the REINZ, removed a statutory requirement to maintain one qualified person to every three unqualified people in each office.

In 1994 real estate agents' monopolistic hold over the market was threatened by attempts to introduce solicitors' property shops but eventually the High Court outlawed this move,

thanks mainly to the successful lobbying of the Institute. In 2000 we saw the possible resurfacing of this issue with the Law Practitioners Act on the verge of amendment. 2000 saw the introduction of REAL Ltd., an uneasy alliance between real estate agents and lawyers, established throughout the country and heralded by a considerable marketing campaign. Designed to undercut traditional fee levels, the company devolved itself of much of the packaging associated with the typical national corporate franchisee. The formula has to date however, been roundly unsuccessful and a projected market share of 10% has proved unrealistic.

Today 12,500 salespeople work in the industry in NZ; there are 500 individual license holders, 800 company licenses and 1800 separate offices set up in various forms under various affiliations⁶. From a peak of 13,512 salespeople in 1998, the overall numbers in 2001 have fallen, due mainly to consolidation and a weaker market. An estimate of those involved in administration is in the region of 3600 and therefore the total number of people working in the New Zealand real estate industry is in the vicinity of 20,000.

2.1.3 Education levels

Historically NZ 'land agents' as they were called, worked alone and picked up their education as they went along. There were lawyers around to assist and some agents also worked as valuers. Lines of profession demarcation were blurred and the need for expertise in a particular area perhaps less marked. Moves into the modern business world however have seen an overlaying of regulation composed of legislation and court decision. Property deals which were once concluded as a 'gentleman's agreement' with the minimum of paperwork began to change. The industry introduced a code of ethics in the early 20th Century along with some basic rules of practice. The rudimentary education system that first developed has changed over the years to become what it is today – an attempt to instill professionalism into the industry. There now exists a mechanism to assure this, however it remains a moot point just how successful this projected outcome has been.

⁶ 509 franchisee offices and 1226 independents.

At present the salesperson's certificate which provides entry into the process consists of both a theoretical and practical component that unfortunately, because of its length and depth, delivers people into the sales arena with only a minimum of knowledge. The majority of practitioners (approximately 93%)⁷ in the industry can be categorised in this area of education level. Over the years there has been a resistance to raising these entry levels mainly because of the presence of a vocal and older rearguard of industry stalwarts who have experienced success in the past under similar qualifications and see no reason to increase standards now. (To an extent this attitude of resistance to change or the consideration of different methods was directly observed when the current study was undertaken. Some managers were not interested in taking part and expressed no interest at all in the concept that learning could be linked to performance and possibly give assistance in coping with the uncertain industry future). Furthermore the perennial problem of high staff turnover due in part to tough competition and commission based earnings suggests to these people that an increased entry hurdle could exacerbate an already sticky problem. Crews (1992) reports high turnover rates in the industry. He observes, in his study of 147 Manawatu real estate salespeople, 19.7% of respondents with less than one year's experience. It is perhaps a combination of these issues that has resulted in a plethora of research into the area of real estate service quality.

Still surprisingly few people choose to add to the salesperson's qualification by study toward branch manager level and licensee level. The Real Estate Institute has been active in establishing the National Certificate and National Diploma qualifications under the NZ Qualifications Network scheme. There has also been a concerted effort by the Institute to offer a seminar series aimed at stimulating interest and adding to knowledge in areas of special interest, like legal issues and familiarity with the latest edition of the sale and purchase agreement form. Probably the defining moment for increasing real education levels came in the 1990's with external education providers offering qualifications up to

⁷ The REINZ advised me it was not possible to be definitive about this percentage as the 12,500 salespeople also included an unknown number with branch manager qualifications.

degree level, resulting in a trickle of highly skilled business graduates beginning to enter the industry.

In 2000 49 people completed the National Certificate and 37 completed the National Diploma. Massey University's Bachelor of Business Studies (Real Estate)⁸ and Diploma in Business Studies (Real Estate) added approximately another 36 to this figure. However 2321 entered the salesperson's ranks. This means that those with advanced qualifications account for a very small percentage of completions in 2000.

It is within this educational and knowledge context that this study exists.

2.1.4 The Influence of the Real Estate Institute

The Real Estate Institute of NZ has a vision describing its determination

'To remain the recognised authority on Real Estate in New Zealand by providing real estate related services and products to a level of quality and competence that will ensure the sustained growth of the Institute'

Its mission statement is:

'To develop, market and deliver customised, innovative real estate services and products which provide exceptional value to the members and where appropriate the public.'

Membership of the Institute is compulsory for associates and license holders and salespeople are encouraged to belong via the College of Salespeople (a body that has replaced the old affiliate category that enabled some salespeople involvement in Institute affairs). In total the Institute has 4,632 members made up of associates, fellows, licensees

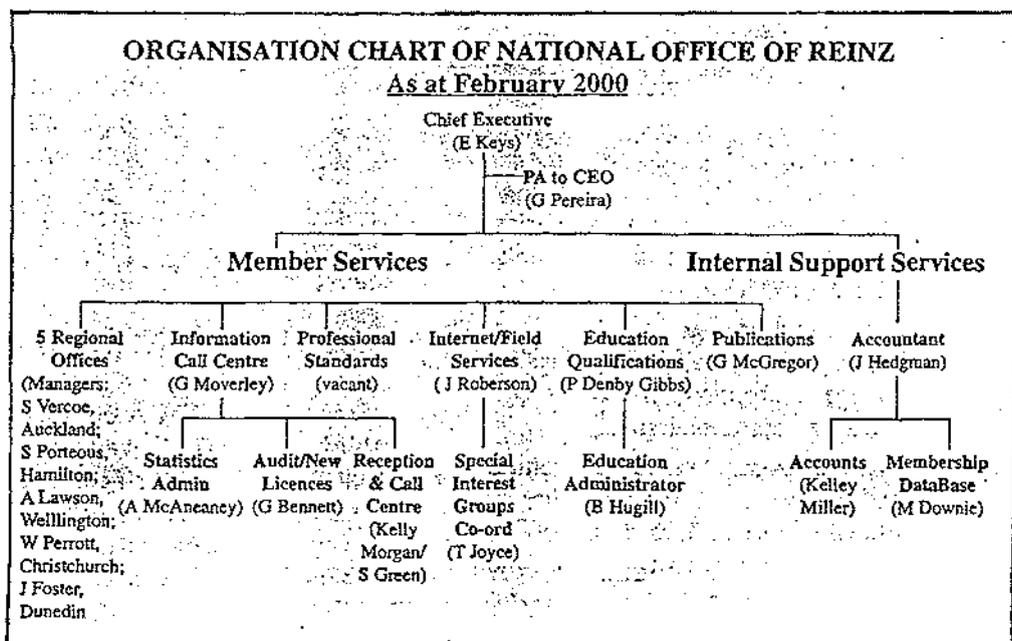
⁸ Not all graduates from the degree programme enter real estate agency.

(either individual or company), and college members. The College has a membership of 1387, accounting for just over 10% of the total number of salespeople currently licensed.

The Institute consists of 5 regional offices with the head office in Auckland, which is also easily the biggest area of membership. In 2000 a restructuring exercise produced the flatter, less hierarchical structure of the national office shown in Figure 2.2. Institute services range from statistical information, educational services, professional standards, technology services and a publication section that produces a monthly magazine called NZ Real Estate.

The Institute has taken an active role in responding to changes in the real estate world by establishing a website and forming a strategic alliance with RealENZ Ltd. – a separate business (owned jointly by REINZ and the Multiple Listing Bureau). This is responsible for processing statistical information provided by the REINZ. The association with RealENZ has enabled the Institute to take advantage of the enormous potential of posting real estate listings to a virtually unlimited audience via the Internet and providing a total real estate experience for the consumer.

Figure 2.2



As global interest in the New Zealand market expands at a time when investment in NZ property represents excellent value, this new development is of increasing and timely importance. Furthermore the move ensured ownership by the Institute of a service that was under increasing pressure from the encroachment of outside competitive interests. RealENZ is now the dominant Internet gateway for property in NZ with around 350,000 hits a day and is supported by 950 New Zealand based real estate companies. The *1st Place* software has enabled individual agency companies to be provided with private business management tools as well as access to all statistical information. A recent alliance with realestate.com.au has ensured advanced technological support from nine MSN Australia in the form of wap access (WAP is wireless application protocol)⁹. Channel Nine the major Australian Television Company is also involved, offering the potential and ability to provide interactive television development in the future. Like RealENZ, realestate.com.au is supported by most of the largest individual agencies in Australia. The Trans-Tasman link allows New Zealand offices ability to interface with 2200 offices in Australia and *1st Place* fulfills the aim of expanding services to the consumer. Access will eventually be available for loans, insurance, financial planning, removals, landscape gardeners, interior decorators, conveyancers as well as all other parts of the real estate transaction. For the first time investors and purchasers in Australasia will have accurate up to date information on properties to buy and rent without the hindrance of international boundaries.

A REINZ member's only Intranet is accessible by password to Associates and members of the College of Salespeople and provides information on areas of special interest, separate district information and legal and licensing details. Disciplinary decisions and other legal decisions are posted for the benefit of members, as are all executive council minutes.

⁹ 9MNS is a joint venture between Microsoft and Ecorp – Bill Gates and Kerry Packer.

2.2 Changes Facing the Real Estate Industry

The need to adapt to these massive changes in the business of real estate in New Zealand is perceived with different degrees of urgency in different parts of the country. Rural New Zealand still progresses much the same as it did twenty years ago, but in larger provincial and urban areas the situation has changed radically. Even so 2 interviewees in the study described in Chapter 5 still expressed an opinion that real estate was an unchanged business based on the interaction of people and that the new technologies or market fluctuations did not alter things much at all. On one level this has an element of truth (because real estate is a 'people business') but on another it expresses a naïve viewpoint especially from a management point of view. Residential real estate brokerage developments in the US in over the last decade have undergone great change and were examined by Zumpano et al. in a recent article in the *Journal of Real Estate Research* (2000). The findings provide some interesting parallels, foresights and valuable learning experiences for the New Zealand situation.

Zumpano makes the point that the fortunes of the residential real estate brokerage industry cannot be easily separated from events in the housing market or the overall economy. Since housing is a consumer durable good, one should expect the profitability of residential brokerage firms to mirror events in the general economy. Since profitability is one aspect of the overall performance of the offices in the current study, it seemed useful to examine some of these factors as part of the overall changes facing the brokerage market.

Like the US context, the market for real estate services in New Zealand has seen some drastic change over recent years. The ways of doing business have altered, some services have ceased or diminished considerably, others are being automated by technology. (e.g. databases for client and customer management, the production of basic landlord statements, creation of electronic comparative market surveys) and new ones have emerged (e.g. conveyancing services, mortgage advice, and sophisticated marketing plans.) Customer and client requirements have been redefined, there has been a rapid

development of new technologies, a greatly increased competition for goods and services, increased consumer expectations in value, quality and productivity and a growing influence from quasi government bodies like the Commerce Commission¹⁰.

Whilst trying to meet client requirements, real estate professionals are struggling to implement information technology (IT) and survive a market downturn. Some have chosen to consolidate and some to separate into niche operations. It seems to be a question of making a shrewd selection of the right opportunities. Ultimately however, the necessity for professional, skilled management and the creation of learning environments in determining success seems obvious.

Several factors underpin the changes in NZ. The first is the general economic situation. Economic growth is slow, even at the time of writing we seem as a nation to grasp at any positive news like a fall in unemployment rates. The periods of boom that so invigorated property owners in the years between 1975 and 1985 are unlikely to be repeated. Real rates of growth of between 2.5 and 4% are probably a good guess for the next decade. The Governor of the Reserve Bank will see to that. Inflation is low and in remaining low stabilizes society on the one hand whilst making real property less attractive as an investment on the other. Clearly this impacts on the real estate industry, as there is less demand for property.

The links between the general business cycle and the strength of the real estate market are also reflected in the affordability of housing. The affordability index published by the Massey University Real Estate Analysis Unit shows affordability increasing¹¹. This scenario should paint a rosy picture for brokerage firms. Yet over 2000 there have been an increasing number of offices disappearing.¹² During periods of recession in the US similar retrenchment took place and Zumpano et al. suggest this was due to structural adjustments in the industry as well as changes in the market place, changes in the

¹⁰ The Commerce Commission has signalled its intention to investigate the practices of real estate agencies more closely in 2001.

¹¹ Home Affordability Report Quarterly Survey December 2000 Vol. 10, No. 4.

¹² Unofficial REINZ figures suggest 75 offices went out of business in 2000.

marketing of real estate as well as a changing regulatory environment. The NZ situation is no different.

A second change factor is socially based. As the baby boomer generation moves toward retirement there has been a shift in the nature of the demand for property. The over 55 household looking to move into its last house has become an attractive client base. But as yet it is not clear whether these people will seek separate housing in their usual area or shift to a gated community some where, where they can associate with people of their own kind and largely insulate themselves from the outside world.

If the real estate market shifts to the 'resizers', where will the first homebuyers come from? If immigration trends continue to increase as they are at present¹³, it is likely that many of these people will be our next first homebuyers group, people from Asia, South Africa and Australia. Finally, another demographic trend challenges real estate businesses – family type. The married couple with 2.5 children no longer dominates. Increasingly New Zealand households are single individuals, single parents, unmarried couples and groups.

All these changes offer new challenges to people in the real estate community. Households live in houses; they buy and they sell them. The successful real estate practitioner must be able to deal with a variety of customer and client arrangements and to understand their different needs.

The structural changes that happened in the US have been manifested in NZ by a growing awareness that economies of scale and scope can be achieved and benefited from by consolidation. This trend towards offices merging and growing bigger means there is more scope for offering a mix of services rather than just the traditional narrow base of selling. While there are some exceptions the trend is toward fewer offices, fewer licensees and fewer salespeople. Given this fact, it seems logical that the remaining offices should be more profitable and at present a study is being undertaken to establish

¹³ In February 2001, immigration figures are set to leap by 60%.

this.¹⁴ If NZ follows overseas trends however, increased profitability will not in fact be the case. Zumpano et al. (2000) believe the underlying reason for actual declining profitability is the impact of competition. Competition between offices for listings, competition to maintain the level of technology combined with competition amongst offices for productive salespeople.

Another problem is that of private sales. When the market is vigorous there are always those who feel they can market their properties themselves and this hurts real estate offices. Competition with the 'for sale by owner' segment of the market adds to the need to have a more efficient office and more effective sales force, leading to higher costs in the form of investments in technology and higher commission payments to salespeople. The need to maintain a small, highly productive sales force is critical to office performance and this need will not diminish. Because commission payments represent such a large proportion of total costs for brokerage offices¹⁵, especially for the larger ones, the success of these large offices will depend on what happens in the competition for the most effective sales talent. Making the office an attractive place to work and learn from seems an important and sensible companion to success.

In recent years the marketing process has also changed. Perhaps the biggest change has been the increased use of electronic media. The Real Estate Institutes effort in putting properties on line (mentioned earlier) has increased availability and made public access to the listing pool easier. On a wider scale the Internet has taken this access to another level but has added the real potential of obviating the need for the office middleman. In innovation there are the very seeds of demise. Offices face the problems of reacting effectively to this phenomenon and coping with the extra costs involved. Larger offices have the advantage of being able to utilize economies of scale in technological investment as opposed to smaller offices¹⁶.

¹⁴ A joint research exercise between Robert Bevan of Australia and the Real Estate Institute of New Zealand.

¹⁵ (Zumpano, Elder and Anderson 2000).

¹⁶ Some inherent advantages of larger over smaller offices are discussed further in Chapters 5 and 6.

Another change factor facing real estate offices is changes in legislation. The full impact of recent consumer legislation¹⁷ is only now being felt. Just as in the US where there have been increasing requirements of disclosure, so too in NZ there is more pressure both morally and legally to be open and disclose all levels of relevant information concerning property transactions. The relationship between the seller, the buyer and the agency has altered. A fiduciary relationship with the seller still exists but there is also a duty of care owed to the purchaser as demonstrated in *Smyth versus Bayleys Real Estate Ltd. 1990*¹⁸. As a professional engaged in trade the broker and indirectly the salesperson must provide sound, unbiased factual advice to all purchasers. The consequences of this are increased staff training and other compliance costs for real estate offices. All this has happened at a time when many in the public feel commission rates are too high for the perceived service level. There are even some who vehemently state that real estate people do not have the best interests of their clients at heart. Much is made of these comments and realistically there can always be some truth but there is equally little doubt that real estate as an industry suffers from considerable, not always deserved, bad press.

Another relationship change, although it is slow in coming to NZ, is the development of a new relationship called buyer agency¹⁹. Effective buyer agents represent their buyer clients through advocacy and advice, assisting them to obtain the lowest price and most acceptable terms. Again the cost for real estate offices of adaptation to such new market realities is significant.

A final response by offices trying to attract clients and increase office performance in a highly competitive market has been the addition of other services offered as part of a transaction. Following the American example many offices have traditionally played a role in relocation activities, and more recently, in the development of referral networks. Added to this has been the development of 'affinity relationships' (Zumpano et al., 2000) in which wide ranges of new services are being offered along with a sale. Services that are directly related to the sale or purchase of a house are included – discounts on home

¹⁷ The Consumers Guarantees Act, 1991 and The Fair Trading Act, 1976.

¹⁸ A definitive case for application of the Fair trading Act 1976 as applied to real estate.

¹⁹ A discussion of buyer agency is not within the scope of this thesis but presents another interesting area for research.

owner's insurance and preferred rates on mortgages and moving services. Affinity relationships can be even broader based and include discounts on retail purchases and discounts on commissions for dealing with connected agencies sometimes even across international boundaries (e.g. Corcorans in New York and Kellands in Auckland). Such actions clearly have the potential to build a customer base, add to profits and hence overall performance. However as Zumpano says, there are costs involved that could in fact mean that the end result of all such initiatives could be lower profits. Competition costs.

These trends that have emerged in the real estate industry seem destined to continue and have provided the context within which this study exists. In an atmosphere where competition seems more important than collaboration, many offices are little more than common facilities occupied by competing individuals. Managers who want to create a collaborative learning environment have quite a challenge. However clearly there is much to be learned, individuals need to keep up to date with changing skill requirements and offices as organisations need to be more open to the 'systems thinking' (see chapter 4) that is an integral part of the organisational learning concept. Such dynamic times in which such fundamental changes are taking place mean that real estate offices should search every avenue of potential competitive advantage. This study suggests the avenue of continued learning, not just training and/or education on an individual level, but also learning at the organisational level. It finds that in this way offices can develop as co operative and fulfilling environments, more likely to be able to adapt positively to change and in doing so confirm and advance their commercial performance.

3

Literature Review

3.1 Introduction

The literature relevant to learning in organisations is voluminous and wide-ranging. The subject of how organisations learn is addressed in organisation theory, industrial economics, economic history and business management and innovation studies. In the field of industrial economics learning has been argued to affect productivity (Arrow, 1962) and economic historians have examined the impact of learning in the development of new industries and technologies (Rosenberg, 1976). Learning within firms has been a feature of the theory of the firm since Cyert and March (1963) where learning was set in relation to adaptation, decision making and change. Learning plays a key role in Teece et al's (1990) 'dynamic capabilities' theory of strategic management and Dodgson (1991) examines the growing role of learning in relation to management level introduction of new products. A number of psychological studies are also revealing on the issue. Dodgson (1993) believed that any attempt at full understanding of the complexities of organisational learning should focus on such a multi disciplinary approach. It is his suggestion that any further development of organisational learning concepts in the future should involve interdisciplinary examination.

This review attempts to synthesise the literature by considering insights in three broad areas:

- **The goals of learning in organisations**
- **The relationship between organisational learning and effectiveness**
- **The ways in which organisational learning may be both facilitated and impeded.**

The review draws on theory and research from different disciplines in an attempt to capture some of the complexity of the subject and to discuss how and where the concept of organisational learning can best add value to real estate industry practice.

3.2 Overview

In the 90's it was fashionable to consider learning at the organisational level and even into the 21st Century researchers are still trying to crystallise their thoughts on the dynamics involved. A number of reasons can be forwarded for an abiding interest in the topic. The increasing velocity of change has meant that the concept has gained importance especially amongst larger organisations as a way of developing structures and systems, which are more adaptable and responsive to new business demands. The work of Peters and Waterman (1982), Kanter (1982) and Senge (1990) in the realm of management analysis has described and influenced this development. Learning is also increasingly seen as the key to competitive advantage (Garrett, 1987) and it is in this way that real estate businesses could perhaps benefit most from fostering a learning environment. The technological revolution has turned processes and organisations on their heads by increasing uncertainties and internal conflict. The trimming down of production processes (Womack et al., 1990) and the growing use of computer assisted information collection (Baen, 1998) especially in relation to property information, increases the need for firms to learn new things and to develop radically different methods.

The concept of learning also provides a means of analysis, shown by the breadth of academic disciplines using it. Past approaches have been somewhat static, especially ideas in relation to organisations. Learning however provides a dynamism that enables the concept of constant change to be described and studied. Furthermore learning can encompass individuals, groups and entire corporate bodies and so it is useful in reviewing the co-operative and community nature of organisations.

Individual learning may not always be sufficient to guarantee organisational success. In today's turbulent environment, old ways of behaving may fail to produce the required results and the organisation may be faced with the need to change, to modify the rules and encourage new behaviours in order to ensure its continued competitiveness and survival.

3.2.1 What is Organisational Learning?

Modifying the rules requires collective learning. Argyris and Schon (1978) distinguish between single and double loop learning. Single loop learning entails the detection and correction of errors leading to modification of the rules. Organisational members collectively refine their subjective theories or mental models about how the world operates so that things can be done better. Double loop learning is a more cognitive process occurring when the actual underlying assumptions and principals are examined and challenged. It is this kind of learning that can actually produce a new understanding of the situation and can lead to the organisation and its individuals doing different things or things differently.

A considerable proportion of the literature uses metaphor as a means of conceptualising organisational learning (Morgan, 1986). Metaphor acts by matching what is distant with what is close; similar features with dissimilar ones, and it is a cognitive tool that develops creativity and social imagination as well as revealing the importance of language and symbols in the formulation of theory. Organisational learning is a metaphor that matches two concepts – learning and organisation. It enables exploration of the organisation as if it were a person, which learns, possesses information, reflects on experiences and is endowed with a stock of knowledge, skills and expertise. In this way the relationship between organisation and knowledge and between organisation and individual or social cognition can be explored. The metaphor of organisational learning enables one to view organisations as if they were systems that learn and this perspective may lead to the design of organisations that do in fact learn – one possible by product of the current study. It is interesting to reflect that such an organisation may stand as a valid theoretical

alternative to the rational organisation. This occurs by replacing the classical concept of the organisation, which acts according to the principles of rational choice, with one that acts according to the principles of trial and error, discovery and invention – even success and failure. This is quite a departure for real estate businesses which one might argue remain firmly entrenched in a traditional world where the vast majority of individuals (those involved in sales) strive to increase their personal wealth by successful selling and are rewarded totally on the basis of this performance. Salespeople rely on inherent skills in communication and people management or those gained through informal on the job learning. It appears that although tacit individual learning takes place, there is little incentive for organisational learning. In Australia and the US many real estate companies provide sales staff with a base salary plus bonuses but this practice is still rare in New Zealand. It may be necessary to make changes to this prevailing remuneration structure to allow adoption of the organisational learning principles.

The management and business literature often equates learning with sustainable, competitive efficiency. Innovation literature usually sees learning as promoting comparative innovation efficiency and economists tend to view it as some form of positive outcome or simple quantifiable improvement in activities. Here the focus is on outcomes rather than the actual processes that have been the major concern of organisation theory and psychology. Learning in relation to this current study, relates to businesses or firms and encompasses both processes and outcomes.

Denton (1998) has described organisational learning as 'improving actions through better knowledge and understanding'. Organisational learning involves the way firms build, supplement and organise knowledge and routines around their activities and within their cultures, and adapt and develop organisational efficiency by improving the use of the broad skills of their workforces. In this definition learning is seen as positive and although learning is based on individuals, the firm can learn as a unit, *in toto*. An illustration of this in a real estate office is the way in which companies have dealt with vast changes in access to property information. The sales staff is encouraged to develop their own extended databases that list all potential or current clients with details of all

requirements. When a new property is listed buyers can then be matched quickly and salespeople are encouraged to be in constant touch with vendors. In this way the overall performance of the company is enhanced by the increased efficiency of individuals. Likewise use of computer generated management accounting and budgeting schemes, sometimes on a weekly basis, can enable more efficient operation of the business. Senge (1990) sees individual input as a fundamental part of the desired state of system thinking in his individual disciplines of personal mastery and mental models. Learning occurs through all the activities of the firm, albeit at different speeds and levels, and encouraging and co-ordinating the interactions involved is a key organisational and management task.

There has long been a human struggle between personal growth and organised human relationships and in the business world many quick fix solutions have been mooted, tried and discarded. Since the 1950's the development of systems thinking and particularly the socio-technical systems view of organisations are probably most responsible for the concept of organisations as living, changeable organisms that can, amongst other things, learn.

The organisation can be conceived as an evolving information model whose most interesting aspect is its ability for self-design. Morgan (1986) likened the organisation to a thermostat in that it could sense and adjust to deviations from the standard. This is single loop learning. The writings of Gregory Bateson (1972) on types of learning, especially his theory of 'deutero-learning', which concerns learning to learn, have been influential. This concept, similar to 'double loop' learning is a basic assumption in most of the literature and considered crucial to the ability of organisations to self organise themselves. Corporate success according to Argyris and Schon (1974) demands the capacity for 'double loop' learning (discussed on page 34) which involves the capacity to break the mould, to challenge established norms, policies, objectives and corporate structure. In 1963 John Gardner used the term 'self renewal' and Gordon Lippett (1969) 'organization renewal' in 1969, to capture this living, learning quality they sought. Donald Schon in his 1970 Reith Lectures brought the term 'learning system' into the mainstream. Much of the literature is focused on the 'organisation development' movement that has change as a central concern.

More recent interest in organisational learning perhaps begins with Argyris and Schon's *Organisational Learning*. (1978). The organisation is compared with the human mind and the emphasis is rather on the individual within the organisation than the organisation itself. Learning is no longer to do with norms, standards and systems but with human cognitive activity and the social systems that benefit as a result. The works generally regarded as pioneering in this field are those by Argyris and Schon (1974, 1978) and Argyris in 1982. The idea was picked up but not developed by Peters and Waterman (1982) when they said that 'excellent companies are learning organisations'. Revans and Garrett (1982) have made organisational learning the prime responsibility of company directors and senior managers; Attwood and Beer (1998) have applied it to the Health Service; Holly and Southwood (1989) to schools; Fides et al. (1997) have applied it to the surveying profession and Pedlar, Boydell and Burgoyne (1991) have described it as the theme most likely to preoccupy managers in the coming years.

Firms that construct structures and strategies in order to enhance and maximise organisational learning have been designated **learning organisations** or **learning companies** in the contemporary literature. The characteristics of a learning company are described by Pedlar et al. (1989) (also see Chapter 4) as 'an organisation that facilitates the learning of all its members and continuously transforms itself'. The learning company places heavy emphasis on developing the human resource, training, providing access to educational opportunities and other learning experiences. In this way learning becomes an integral part of the organisation. Pedlar et al.'s learning company transforms in a metaphorical sense as an individual might. Rooke and Keeley (1994) extend this metaphor in an interesting way when they compare a business organisation's growth through stages of enlightenment to those envisaged by William Blake in the early 19th Century:

Now a fourfold vision I see

And a fourfold vision is given to me:

'Tis fourfold in my supreme delight

And threefold in soft Beulah's night

And twofold always. May God us keep

From single vision and Newton's sleep.

Fourfold vision is, for the company, the ultimate stage of development - the 'spiritualisation' of Lessom (1989) – a transitory state at best, where mysteries exist and the ego is no longer possible. This contrasts with the state of single vision where focus in a business context is always on the economic effective level or the bottom line. The stages in between represent areas of deeper dialogue where learning and systems thinking are possible. Pedlar, Burgoyne and Boydell (1991) discuss the evolution of organisations through growth stages to ultimate search for excellence and inspiration.

The idea of learning organisations derives from various streams of thought about learning, organisations, training and development and management of quality. The terms 'learning organisation' and 'learning company' though are relatively recent. Willingness and an ability to learn are ways in which individuals can give themselves a complete advantage in today's business environment. Braham (1996) believes that individuals and organisations that are able to learn with the greatest ease and speed will be the most successful in the future. The learning company is seen as part of a changing view of training and development in which attempts at systematic training resulting in response to skill shortages developed into the more person and task centred approaches characterised in the 'self development' movement. Individuals however was not the problem, the major constraint to learning came from organisations themselves. The 'excellence movement, then the 'quality' movement and the ideas on organisational learning of Peter Senge (1990) and March and Olsen (1976) developed as both a research interest and theoretical perspective.

Senge (1990) maintains that it is necessary to think more carefully about what is meant by learning and organisation. The concept of organisation and the ways in which they are designed and experienced is changing, due in part to almost discontinuous change. Senge's work challenges practising managers to recognise that 'mindset' or 'metanoia' in his words is a critical aspect of learning. He indicates how such an approach can be generated and identifies the five disciplines – personal mastery, mental models, shared vision, team learning and systems thinking as the keys to creating a learning culture which produces an organisation capable of facing the challenge and making sense of the emerging complexity. The key observation is that when an organisation faces increased complexity in its environment there is a need to rethink.

3.2.2 The Goals of Organisational Learning

A question that is central to the literature in this area is why do firms learn? Essentially learning can be seen to have occurred when organisations perform in changed and better ways. The goals then of learning are 'useful outcomes'. The challenging business environment of the 21st Century requires *adaptation* and *improved efficiencies*. Psychologists see learning and it's by product co-operation as the highest form of adaptation, where survival in times of change and uncertainty are optimised. Whilst some theory sees learning as a response to external stimuli, the management and innovation literature sees learning in simpler terms. The goal is to retain and improve *competitiveness*, *productivity* and *innovation* in a time of uncertain markets and profound technological change. The greater the uncertainties, the greater the need to learn. Freeman and Perez's (1988) theory of changing 'techno economic paradigms' describes the way that massive changes in technologies cause considerable environmental disturbance to companies. Baen (1998) underlines this for real estate firms in relation to the surge in information technology that they face. The goal is adjustment in times of uncertainty.

In 1991 Pavitt argued that the strategies of large innovative firms are determined in part by attempts to learn in highly uncertain conditions. Dodgson (1991) hypothesis that the

efficiency with which large and small firms handle techno difficulties has largely reshaped the pattern of their competitive relationships. Japanese firms are almost fanatical in their devotion towards learning (Imai et al., 1985). They see it as a continuous, interactive process both internally and in relation to the lessons to be learned from competitors.

Efficiency as a goal of organisational learning translates to productivity. Arrow (1962), Adler (1990) believes that learning is aided by doing – by experiencing. Cohen and Levinthal (1989) argue that learning occurs not only as a product of R&D programmes but in the process of them. Any attempt to improve efficiency however by increasing experimentation and innovation can cause conflict and tension within the organisation. Clark et al. (1987) refer to the 'productivity dilemma' of a conflict between innovation and productivity, change and experience. They argue that an 'approach to resolving the contradiction between efficiency and innovation is contained in the concept of "learning", which highlights the dynamic interaction of the two dimensions'. Conflict is seen as inevitable in organisations as it is in individuals. A natural state needed to cope in a changing world. The learning organisation can actually thrive if it is able to progress beyond mere adaptation by developing the high constructive mental functions alluded to by Blake in his poetic interpretation of fourfold vision. Some organisations are aware of this and have developed strategies and structures which facilitate and co-ordinate learning in circumstances of conflict.

3.2.3 Organisational Knowledge

Organisational learning becomes knowledge and is an organisational resource that requires filtering in terms of quantity, quality, distribution and ownership (Gherandi, 1996). Knowledge is acquired in a variety of ways: by relying on the knowledge available at the organisations inception; by learning from experience and from observing the actions of competitors, by recruiting those who have added knowledge to offer and by searching the environment. Although much knowledge is available in the public domain

some is less accessible because it is either too specialised or patented. There is also a large body of knowledge, particularly applicable to the real estate industry that is internal to its producers, related to the skills and abilities developed through experience. These habits, this tacit knowledge, tends to be jealously guarded by the 20% of highly successful selling agents and could be disseminated profitably throughout the organisation by the encouragement of Senge's systems thinking. Once incorporated into operational procedures, like those required to run an efficient business operation, or those that enable professional individual and team performance, this knowledge is an important useable asset. It is interesting to note that to date there has been no research into what makes a highly successful real estate salesperson but there seems little doubt that highly developed people and organisational skills are key abilities. Whether or not such skills can be taught to others is a moot point. Many real estate organisations have sophisticated training and motivational sessions aimed at assisting in the acquisition of these skills and at management level there are also on going courses to assist with people and operations management but the vast majority of these skills are learned in action.

Organisations, especially real estate firms, devote a great deal of time and resources into codifying tacit knowledge in manuals, personnel recruitment and selection and training procedures. Gherandi suggests that organisations operating in times of change rely more on informally diffused knowledge than those operating in simpler and stable environments. Effective routines derived from the organisational knowledge bank are often according to Hedberg (1981) a result of the unlearning of old ways. In times of increasing uncertainty the practice of perpetuating old ways can prove disastrous. New attention, active thought and more proactive analysis is required to remain competitive. Clark et al. (1987) supports this. Louis and Sutton (1991) propose the metaphor of the cognitive gear change – in real terms like a merger, management reshuffle or some similar response to halt decline – as well as more straightforward measures like personnel planning, monitoring the environment, assessment of the organisation's performance and planning in general.

Organisational learning requires an atmosphere of flexibility, willingness to monitor actions, motivation to transfer knowledge and the ability to translate knowledge in action into organisational change. An organisation that learns is a valid alternative then to the rational model (Gherardi, 1996) because it depicts an organisation that experiments and learns from experience and the inevitable situations of conflict. Learning suggests a further resource – knowledge –, which is a valuable asset. Perhaps more importantly, the learning organisation devotes attention to adaptive change and flexibility rather than order and stability.

3.2.4 Effectiveness and Organisational Learning

Fiol and Lyles (1985) argue that effective organisations are aligned with their environment, a view echoed by Nadler in 1987 who suggests that organisations will be more effective when their major components (such as structures, technology, systems, people and culture) are congruent with each other and when there is a good fit between the organisation and its environment.

In the marketing literature, Woodruff (1997) links learning in organisations with competitive advantage. He claims that demanding customers, global competition, and slow growth economies require organisations to search for newer sources of competitive advantage. He feels that internal focus on quality management, downsizing and restructuring exercises are methods of the past. What is needed is a more outward orientation based on 'superior customer value delivery'. Woodruff is asking the organisation and particularly managers to learn exactly what customers want, although an exclusive focus here may prove problematic. CSM (Customer Satisfaction Measurement) has been used only sparingly and with little rigour by organisations. Sometimes, as shown by Jones and Sasser (1995) satisfaction data does not even correlate highly with organisational performance. Even when organisations find a strong relationship between satisfaction scores and performance, that relationship may decline over time. This can happen when the CSM does not reflect the changes in customer needs and wants over time.

In the real estate related literature there have been several studies that focus on the assessment of service quality. Seiler et al. (2000) provide a framework for service quality assessment in residential brokerage by building on the seminal work in this area of Parasuraman, Zeithaml and Berry in 1988, which produced the SERVQUAL scale. Nelson and Nelson (1988, 1991) indicated the need to study service in relation to real estate and in 1995 developed RESERV (Real Estate SERVICE quality). According to this scale, which exhibits both high internal consistency and convergent validity, there is evidence to suggest that the belief held by many that real estate brokerage industry is atypical in relation to other service industries is incorrect. Some real estate companies measure customer satisfaction with feedback questionnaires but this practice is limited and the accuracy of the readings obtained questionable. The RESERV scale allows the office to pin point areas where improvements in services can be made and thereby improving the firm's ability to satisfy its customers. Increased customer satisfaction should translate into increased profits for firms individually and help ensure longevity for the industry as a whole. In addition, a more realistic image by the real estate brokerage industry of itself as a service organisation will help guide this service sector to a more in depth level of understanding. This realisation is important to the brokerage industry, since it has only recently recognised itself as an intricate part of the service industry as a whole (McDaniel and Louargand, 1994; Nelson and Nelson, 1995). Interestingly in 1992 a study was carried out in New Zealand to measure real estate quality (Baen, 1992) and it was found that recent consumers have a better opinion of real estate services than the public at large. It was also found that it is difficult to accurately measure the public's perceptions of real estate because people use the services so infrequently (every 7 –9 years on average).

Some organisations have sought to create competitive advantage by restructuring, merging and banding together. In real estate in large protective groupings have developed. However bottom line performance is often not changed (Hall, Rosenthal and Wade, 1993). Woodruff suggests managers need to learn to reorient their strategy towards superior customer delivery to achieve success. Several studies support this theory (Band, 1991; Day, 1990; Naumann, 1995) all point to success stories of companies that manage this way. Xerox and AT&T are good examples. Gale (1994) also points to a

strong relationship between quality, market share and profitability. Learning to deliver customer quality and thereby retain customers rather than acquire new ones has been shown to be more cost effective in a study by Birch (1990).

Hamel and Prahalad (1994) find that few organisations systematically try to learn the types of values (both attributes and consequences) their customers seek, but that in fact the quicker this is learned the more effective the organisation can be. Senge (1990) suggests that managers develop mental models of customers and that this leads to the development of procedures that achieve superior value delivery performance. The key lies in using such methods as brainstorming and the continual tracking of customer response, not just after the event but also prior to, so a feeling for desired customer consequences can be developed.

In 1992, Wolf investigated the market situation for real estate in the UK and found that concurrent with the recession of 1988 the standard of professional real estate skills had been dropping and as result the public perception of real estate agents fell to an all time low. A challenge for real estate companies lies in a shift from concentration on getting a sale in the short run to retaining valued customers over time. When value delivery is geared only towards influencing an individual sales transaction (like reducing commission for example), it will fall short of that required to build relationships with target customers, because aspects of relationships quite likely transcend influences on short term transactions. The reduced real estate fee may be important at the point of listing and selling but it is not as important as quality outcomes/consequences. Dabholkar et al. (1994) confirm this is an important aim for most business organisations. In the real estate world the old colloquialism 'making relationships, not sales' is given more pertinent meaning. Woodruff (1997) believes that learning at the organisational level about customer value delivery depends on an unlearning of old ways of behaving that have become embedded in the culture. In line with this, in real estate the remuneration systems for salespeople could be reassessed to better reward satisfied customer creation (Cocks and Laframboise, 1995). There is plenty of evidence in the literature then to suggest that learning at the organisational level to deliver superior services will have

positive spin offs for that organisation in terms of increased profits and feelings of worth as a viable commercial enterprise.

Andrew Inkpen (1998) finds that organisational learning provides the foundation for new skills, which in turn can lead to competitive success, but because it is invisible, its management, use and creation presents a major challenge to organisations. He explores international strategic alliances and their potential for learning and knowledge acquisition and concludes that there is much to be gained by bringing firms with different skills, knowledge bases and cultures together. Unique learning opportunities are created which provide the basis for renewal and competitiveness. However the process of effective learning in these situations is not easy according to Inkpen because often necessary 'knowledge connections' are not put in place or the parent corporate does not support learning. The paper suggests various collaborative and organisational actions that should be utilised in order to exploit the learning opportunity. Learning must be an objective of the alliance, a decision must be made to find ways to access the knowledge and each firm must have the processes and systems in place to facilitate learning. In the real estate context, when Allens Real Estate Limited and Century 21 merged last year, part of the objective of such an amalgamation should be learning to learn positively about the strengths of each group and combining the parts into a more successful whole. The globalisation in real estate has meant the creation of strategic alliances between specialist companies in New Zealand and those overseas. Kellands Real Estate in Auckland, for example, has recently allied with Corcorans in New York to provide a better service for the sale of prestige residential and coastal properties in NZ.

One of the characteristics of a learning company investigated in the current study is called 'intercompany learning'. The sample group showed a low mean score in this respect suggesting that not much advantage is taken of learning from competitors in the day to day operation of a real estate office. Proponents of organisational learning however would say that learning from other companies is critical to development.

3.2.5 Factors Facilitating and Impeding Organisational Learning

It has been suggested by Mark Dodgson (1993), that one factor that could assist organisations to encourage learning to deal with environmental change is *strategy*. In this area the management/innovation/economics literature is revealing.

Firms purposefully adopt structures and strategies to encourage learning and some proactively seek to influence the environment in which they learn. Recent insight into the challenges in creating organisational forms conducive to learning is provided by contemporary economic theory of the firm (Marengo, 1992). Here the firm is seen as a co-ordinating institution and learning is one of the activities, which needs co-ordination. The mechanisms used to achieve such co-ordination play a ventral role in shaping the organisational learning process and determining its value.

Chandler (1990) says that the structure of the firm defines the way in which the complex learning processes at both individual and collective level interact and gives rise to an organisational learning process. Dore 1986 describes the importance of culture in influencing these structures. Corporate strategy can encourage learning by the creation of appropriate cultures and structures and enable ways in which the firm can derive benefit from the diversity and heterogeneous nature of learning. It can also simply delineate learning as strategic objective and define it.

A feature of learning strategies is the level and direction of responses devoted to learning. The development of research and development sections in firms has been argued by Mowery 1981 as a response to the need to learn about developing science and technology. It is these R&D departments that provide the major vehicle for learning about new technological developments. Some of the big corporates¹ in real estate have R&D departments and the Real Estate Institute plays an important role in this respect for smaller companies. These units are costly and the amount of learning derived from them will correlate directly with the amount of funding allocated to them.

¹ For example: Bayleys Research Unit

Argyris and Schon's (1978) study found that although most organisations do well in single loop learning, they have difficulty with double loop learning and fail almost totally with any higher levels of learning. One reason for this is the presence of inhibitory loops like group dynamics, which enforce vagueness and ambiguity. They suggest any learning that might challenge an organisation's objectives and basic policies are often inhibited. Morgan (1986) also studies inhibitors – suggesting systems of accountability often foster defensiveness in attitudes and that there is often a gap between what people say they will do and what actually occurs.

However, learning in organisations does occur. Japanese organisations are argued to be capable of a continuous process of learning, to their distinct advantage (Imai et al. 1985). Proactive strategies certainly shape the learning environment and many companies continue to undergo rapid and extensive technological transformations. The Real Estate Industry is no exception as traditional services are being replaced with information systems and programmes that render results faster than at any other time in history.

3.3 Conclusion

This review of some of the literature on organisational learning has outlined some of the goals of learning of this type and discussed some of the complexities involved. It has argued that the strength of organisational learning is that it increases an organisation's competitive advantage in a rapidly changing and demanding environment. As such it has the potential to contribute to an organisation's effectiveness. The review argues that the primary reason firms learn, is to deal with uncertainty in their markets and technologies, and that learning occurs throughout the firm, not just in the R&D departments. In the current real estate business environment then, the need to encourage organisational learning seems clear. The review also argues that strategy plays an important role in stimulating learning.

Organisational learning is problematic, because like individual learning, it may be both conservative and conflictual. Organisational learning is also difficult at a higher level and where unlearning of old ways needs to occur, hence its problematic application in the real estate business environment. The multi disciplinary approach taken reveals disparities in the fundamental underlying assumptions of the different approaches. There are differing focuses, such as outcomes and processes, but there are also overlaps and synergies such as an acknowledgement of the power of learning as an analytical tool. The competitive value of learning is high and for that reason alone further study into the concept of organisational learning is warranted especially in a highly competitive, dog eat dog, real estate world.

4

Learning Companies: A Theoretical Framework

The two best known approaches to organisational learning are the Learning Organisation framework as outlined in Peter Senge's *The Fifth Discipline*, (1990) and the Learning Company model, developed by Tom Boydell, John Burgoyne, Mike Pedlar and others in the Learning Company Project (1988) and expanded upon in 1994 and 1996. It is considered valuable to outline these here because they form the background in which the current study in real estate is founded.

4.1 The Learning Organisation (MIT) Model

The Learning Organisation model is based on the work of Peter Senge and his colleagues at the Massachusetts Institute of Technology. The approach revolves around five disciplines.

Systems thinking involves keeping a mind on the whole even whilst focusing on details.

'Business and other human endeavours are also systems ... bound by invisible fabrics of interrelated actions, which often take years to fully play out their effects on each other. Since we are part of that lacework ourselves, it's doubly hard to see the whole pattern of change. Instead we tend to focus on snapshots of isolated parts of the system ... Systems thinking is a conceptual framework, a body of knowledge and tools that has been developed over the last fifty years, to make the full patterns clearer, and to help us see how to change them effectively.' (Senge 1990:7)

In real estate offices there is an almost total emphasis on defining performance in terms of the number of properties sold in a monthly period. Managers interviewed in the study described in chapter 5 said they focused on keeping people happy so they could sell and

make the company money. Such an attitude tends to fragment these businesses because it highlights individual performance¹.

Personal mastery goes beyond competence and skills, though it is grounded in competence and skills.

'It means approaching one's life as a creative work, living life from a creative as opposed to reactive viewpoint'. (Senge 1990:141)

In this way learning can be seen as an ability to expand the results we really want in life, rather than acquiring more information. In the real estate world the ways of doing things are driven by a group of brokers who have usually been top, successful salespeople but who have generally not developed their management skills or in many cases gone onto any further learning. In such an atmosphere it is difficult to encourage expansion in others.

Mental models are the patterns we use to interpret the world. They serve to filter, shape and limit our view. Senge believes that many of our paradigms are essentially flawed and thus we can miss critical variables and concentrate on those that are not necessarily high leverage. One essential element of organisational learning is a shift from linear thinking or cause and effect to systems thinking or systematic patterns.

Building shared vision is vital for the learning organisation because it provides the focus and energy for learning. The essential part is developing a genuinely common commitment. In the real estate world this is the 'Its us against the rest' attitude that was expressed in the in-depth interviews described in the following chapters. Here though this feeling appeared to emanate from a personal viewpoint rather than from a real sense of

¹ One manager in the study described later said that 78% of new sales intake failed and left the industry after 12 months. Only in the group of offices that displayed learning characteristics was there any attempt to integrate all aspects of the company especially in terms of ways in which the company might best meet the challenges of the future.

company pride. This is also evidenced by the willingness of salespeople to be shift company allegiances frequently².

Team learning seems almost an anathema in the competitive real estate world because it assumes the capacity of members of a team to suspend assumptions and enter into a genuine 'thinking together' that allows the group to attain insights not attainable individually. When office members get together to formulate a marketing plan they are practicing team learning and this does occur in some of the offices studied, however development of the marketing plan still appears to be mainly individual. The 'brain sharing' that can have such power is not being exploited as much as it should be. This is because property listings are controlled closely by the listing salesperson, responsibility for the sale lies with him or her and there is reluctance in many offices to seek the input of others for fear of diluting the commission.

4.2 The Learning Company Model

The concept of the learning company was first developed in 1991 by Pedlar et al. - the model used in this thesis to explore organisational learning in the real estate industry. Pedlar et al suggested that three interacting forces shape organisations:

1. The economic, political and cultural environment in which they exist.
2. The life stage or phase of a particular business organisation.
3. The current ideas of the people in management positions in an organisation.

Accordingly a learning company is more likely to display certain characteristics. These include:

² The current study required people to record how long they had worked in their present office. X% had been working in their present office for less than one year

- Taking every opportunity to learn both from experience and in general at individual, group and corporate level.
- Experimenting with new ways of organising work and new ways of learning both within and outside the organisation.
- Establishing a climate in which learning in general and from each other is supported and actively encouraged.
- Using the training function to support and facilitate the development and learning of all employees.
- Seeing the primary role of management as facilitating workers to manage themselves in groups and to acquire a greater degree of autonomy.
- Developing a structure, which encourages two way communications as a vehicle for learning and development.
- Encouraging questioning, experimentation and exploration of new ideas and opportunities at all levels of the organisation.
- Removing barriers and blockages to learning in both the individual and the environment.
- Encouraging and fostering continuous learning and self development in all employees, not just managers.
- Recognising that individuals often learn effectively in groups and encouraging project based learning and action learning.
- Developing coaching skills in managers and supervisors.
- Developing learning skills in employees.

They also make clear that learning companies tend *not* to display certain features, chief amongst which are the command and control management type; the assumption that past success is the key to future success and that established members of the company are too old to learn new ways. It is interesting to reflect that when the in depth interviews turn up comments like:

“ In most cases the manager is right!” “ This is a numbers game” and “ I think IT is the way of the future but I’m not interested in changing my ways – they have always proved

successful”, it looks clear that some offices in the sample still have a way to go towards fitting the learning company model.

Pedlar et al. describes their model in terms of 11 characteristics. (see appendix 9.1)

1. A learning approach to strategy
2. A high level of participation
3. Use of information technology for sharing knowledge and mutual awareness
4. Accounting and control processes which give feedback helpful to understanding the effects of action, to learning and decision making.
5. Internal ‘customer/client’ relationships feeding mutual adjustment and adaptation.
6. Reward systems consistent with an employment philosophy that included a learning incentive.
7. Forms of structure, which both enabled learning and could shift, adapt and accommodate change resulting from it.
8. Use of people working on the boundaries of the organisation, collecting and passing in ‘environmental’ information involving external stakeholders in improving organisational processes.
9. Willingness and ability to learn with and from other organisations and companies.
10. A culture and climate which encourage responsible experimentation and shared learning from successes and failures.
11. Mechanisms and employee relationships which encourage and support self-development.

Behind these eleven characteristics they suggested a process lies which links company policy making, company operations, individual thinking and individual action in a flowing interaction of thoughts and information that allows directed, purposeful mutual action involving all people concerned.

The Learning Company is an organisation that facilitates the learning of all its members and continuously transforms itself. It is important to emphasise this two sided definition

in the case of real estate because it corrects a mistaken impression that any company that does a lot of training and all the real estate offices in the sample had head office training programmes, is a learning company. Learning and working are synonymous in a learning company and it is peopled with colleagues and companions rather than bosses, subordinates and workers. The environment both inside and outside are continuously searched and examined for newness – new problems new ideas and new opportunities for learning. This thesis attempts to interpret the 18 real estate offices as learning companies, using these ideas and method.

4.2.1 The Original Learning Company Project

The original learning company project was undertaken at Sheffield Hallam University and designed to test the link between learning and success in the Surveying profession. The Royal Institute of Chartered Surveyors and the Learning and Teaching Research Institute of Sheffield Hallam funded the project and dealt with two issues. How surveying firms use learning to stay ahead of the competition as well as learning at the organisational level in these firms using the Learning Company framework? The current study uses this former research as a guide by asking the same question – to what extent is learning in terms of the 11 characteristics present in real estate offices? Which aspects do real estate practitioners find more or less important and how helpful is the Learning Company framework in thinking about learning and what is actually happening in real estate offices.

5

Research Methodology

5.1 Purpose

The starting question was – Is real estate office success and organisational learning in some way linked? If it could be shown that a link did exist between the extent to which real estate agencies (hereafter called ‘offices’) adopted the Learning Company features and their business success, there would be some guidance and encouragement to real estate offices to develop learning practices. The study could only be based on correlation and this would not prove that learning directly caused success but it would indicate that they went together. It was felt that this evidence would be vital and strong direction for each real estate office to examine its own degree of learning.

The hypothesis was that if successful offices displayed Learning Company features more than average performing offices, the conclusion could be made that there was a link. At this point a quantitatively established correlation would need to be followed up and explored by in depth qualitative research. This would provide examples of best practice that might be useful models for other offices to follow. The two national real estate groupings could then identify some practical strategies for the future.

5.2 Research Locations

The offices for this study were located in two leading New Zealand franchise groups. Both franchisers have strong representation in the greater Auckland area. Group 1 offered for analysis 22 and Group 2, 18 businesses operating from Helensville in the North to Papakura in the South. Two offices, one in each franchise group, did not take part in the study because one was considered by its manager to be too small at less than 3 and the

other manager was not sufficiently interested. Others could not be contacted or failed to respond in time or showed a lack of interest in the academic research process.¹

Most offices in the study were independently owned franchise operations, with a small number being branches of the parent company overseen by branch managers. Real estate offices can be separately owned in a variety of forms but the vast majority operates in limited liability structures. Most are owned and managed by the same person – an Associate of the Real Estate Institute of New Zealand and a licence holder² In the group studied 100% of the offices operated as limited liability companies. All of the offices focused on residential sales. Only two offices had salespeople who specialised in the fields of rural, commercial and industrial and business brokerage.

The franchise system is seen as delivering tangible benefits to the franchisee in the form of brand awareness, cost efficiencies in terms of advertising and supplies, training and support mechanisms, group advertising impact and general camaraderie. In return there is a franchise fee of between 9% and 12% based on yearly turnover.

The offices were homogeneous in as much as each office received the same benefits from their franchiser and paid the same level of franchise fee in return. However each office differed in the benefits derived from the sub market in which it operated and in the size of the overall operation. The average size of the offices studied across the two groupings was 16 staff including managers, license holders, sales staff and administrative personnel. The largest office was 27 and the smallest 3. Although all the offices were located in the greater Auckland area, the market contains many variations in potential income available owing to fluctuations in supply and demand and relative mobility factors associated with any particular area. Each office also differed potentially in management processes available. This could be illustrated, amongst other things, in terms of strategic direction, the degree of comfort of staff with the office culture, and training and educational levels.

¹ Two managers responded to the request to take part in the survey by saying that anything that wasn't dollar productive was a waste of both the staff and management time.

² The term 'manager' used throughout this study can be taken to include business owner, branch manager, licensee or broker and/or principal officer.

Furthermore, although it could be fairly assumed that the strategic intent of each office was to capture as large a share of the sub market in which they operated and therefore maximise gross turnover, net turnover differed. Net turnover is based on the percentage of dollar retention at the end of each accounting period and this depends on different management goals. For example the total cost of sales at one office might differ considerably from that at another depending on such things as compensation systems and management drawings.

The CEO's of the two franchise groups were emailed and asked to score the offices on nine 5 point Likert scales (See appendix 9.2) representing aspects of office performance. 11 offices where the average scores were 3 or greater were classed as 'successful'. Interestingly, one office from the Group 2 franchise group also scored a mean of 3 but was not included in the original CEO 'successful' selection. This point is discussed later in the light of new emerging evidence (See Chapter 6). The remainder of the offices was considered 'average' in terms of the nine success criteria. Although this soft ranking was based on 'expert knowledge' it in fact turned out to be a weakness in the study because of some apparent inconsistencies in the CEO scores. One CEO for example scored all his offices consistently higher than the other did and most of the offices listed as successful were large offices³. One reason for this could be the bigger income that is derived from these large offices making them more attractive to the parent company, which would be deriving a steady stream of revenue. It was of interest to see if the size of an office impacted on the CEO's perceptions of the performance of that office because this would help to explain the original ratings (See limitations section at the end of this chapter and test results in chapter 7).

The small offices were possibly less conspicuous to each CEO. Also none of the criteria that were quantifiable were allocated measurement levels, so rating was based on perception only. In defence of the recommendation system however it was initially considered that the

³ A large office for the purposes of this study is one with 15 or more staff.

choices would be made on the informed opinion of an experienced, neutral figure well versed in aspects of real estate agency on which to judge success.⁴

All individual participants in the sample were either employed as salaried staff (administrative or management staff) in the franchise office or had undertaken a contract for service as independent contractors (sales staff). Each business unit was a member of the Real Estate Institute of New Zealand (M.R.E.I.N.Z.).

5.3 Measurement of Performance

The first task was to establish - What are successful real estate offices? How can they be defined and found? After discussions with property colleagues and several real estate professionals, nine principal criteria for success were established. The following criteria are supported in the literature, especially in the work of Isso (2000) who particularly stresses the importance of ethical behaviour.

1. Sound business practices
2. Staff recruitment and retention history
3. Income/profitability
4. Stimulating culture
5. Education levels
6. Innovation in marketing techniques
7. Management competencies
8. Ethical/professional behaviour
9. Reputation

After each CEO nominated his/her Auckland affiliates and declared which offices they considered 'successful' and which 'average', each office was scored on the scale of 1-5 for its perceived performance on each criterion with 5 being an excellent rating and 1 a

⁴ This issue is developed further in the limitations of the study.

very low rating. The scores were added and a mean score derived for performance over the nine criteria.

In most instances the offices chosen as 'successful' by the CEO scored a mean of 3 and over for performance and the 'average' offices scored under 3. This occurred with all the Group 1 offices, however for Group 2, one of the offices, already mentioned on page 57, rated as average actually scored 3 and two others scored 2.88. So the distinction between successful and average for Group 2 was less defined than it was for Group 1.

The total number of successful offices according to the CEO choice was 11 and the total number of average offices was 9. However the staff in 2 offices from Group 2 failed to respond in sufficient numbers to be included in the final group to be studied so they are not included in the following tables, which show 18 offices (See over).

Figure 5.1

Successful and Average Office Ratings

Group 1 - Successful Offices Ratings

Criteria #	Office #1 1H	#2 8H	#3 2H	#4 9H	#5 3H
1	4	4	4	5	4
2	3	3	3	3	3
3	3	4	3	4	3
4	3	4	3	4	3
5	3	4	3	4	3
6	3	4	2	4	3
7	3	4	3	3	3
8	2	3	4	4	2
9	3	3	3	3	3
	Mean 3	Mn 3.66	Mn 3.11	Mn 3.77	Mn 3

Group 1 - Average Office Ratings

Criteria #	Office #1 11H	#2 10H	#3 13H	#4 7H
1	2	2	3	1
2	2	1	2	1
3	1	1	1	1
4	2	1	2	1
5	2	1	2	1
6	2	1	1	1
7	3	3	3	2
8	3	3	3	3
9	1	1	1	1
	Mn 2	Mn 1.5	Mn 2	Mn 1.44

Group 2 - Successful Office Ratings

Criteria	Office #1 4C	#2 23C	#3 6C	#4 15C	#5 29C
1	3	5	3	3	4
2	3	5	3	3	5
3	3	5	4	3	4
4	4	4	4	4	4
5	4	4	2	3	4
6	3	4	2	3	4
7	3	4	3	3	4
8	4	5	4	3	5
9	4	4	3	4	4
	Mean 3.44	Mn 4.44	Mn 3.11	Mn 3.22	Mn 4.22

Group 2 - Average Office Ratings

Criteria	Office #1 34C	#2 27C	#3 28C	#4 35C
1	2	3	2	4
2	3	3	2	3
3	3	3	2	3
4	3	3	2	3
5	3	3	2	3
6	2	2	2	2
7	3	3	3	3
8	3	3	2	3
9	4	3	2	3
	Mn 2.88	Mn 2.88	Mn 2.11	Mn 3

5.4 Questionnaire Design

Of paramount importance in the design of the questionnaire was the need to receive a high valid response rate from the survey. The design objective was to create a straightforward questionnaire worded in simple terms and almost completely de-jargonised. Concise unambiguous questions were an objective although some of the concepts being tested proved demanding in this respect. Time to complete was also considered important and a short pilot study was undertaken. This indicated both that the questionnaire would take no more than 10 minutes to complete and ensured the objectives of the study were clearly stated and responses could be quantified during analysis.

5.5 Layout and Sequence

Respondents were assisted with explanatory notes at the top of each section of the questionnaire. It was made clear in the instructions that respondents were able to pass over any questions they felt unable to answer with confidence. At the end of the questionnaire instructions were given for ensuring confidentiality and method of return to the researcher.

In Section A respondents were asked to rank their office on a 5 point likert scale according to how they perceived its performance in relation to a given statement. A score of 1 indicated the office scored low or was not at all like the statement and a score of 5 indicated the office was very much like the statement. Section A tested for perception of the presence of learning company concepts within the individual businesses.

In Section B respondents were asked to simply tick the appropriate box. In this section demographic detail including role in the organisation, educational levels, real estate qualifications, specialisation, age and gender was collected.

5.6 The Questions

The questions were based on an instrument devised by Tom Boydell et al in their 'Learning Company Project'. For the purposes of this study the questionnaire was adapted to suit the New Zealand real estate profession. The original instrument consisted of 44 statements that gathered into groups of 4 were designed to measure each of the 11 Learning Company characteristics. Respondents were asked to give their perceptions of how their office performed on each statement as well as how they would like it to perform in ideal circumstances. This provided for a dissatisfaction index to be produced. The adapted questionnaire used in the current study consisted of 44 statements reworded to suit the real estate industry and respondents were asked to measure their office on its performance on each statement (see appendix 9.3). Answers to sets of 4 specific statements produced a score for each characteristic. Each office received a score for each characteristic. Demographic details of the individuals involved were also collected. The purpose was to investigate any links these demographic details might have with the perceptions recorded. For example: Was there a significant difference between the perceptions of women and men in an office in respect to information technology or opportunities for self-development?

5.7 Questionnaire Distribution

In September 2000 the chief executives at the corporate head offices were contacted and then visited to explain the research objectives. Both CEO's agreed their groups would take part in the study and supplied all necessary contacts with their franchisee offices.

The questionnaire was posted to all offices in late September, preceded by a letter from each chief executive to each business urging a positive response to the survey. I had previously telephoned each manager personally by way of introduction. Questionnaires were sent out in bundles to be distributed amongst the staff. Each individual questionnaire included a covering letter (See appendix 9.4) explaining the study aims,

details of confidentiality and instructions on how to return the completed questionnaire. The letter also included anticipatory thanks for participation.

The instrument could be folded, stapled and the back of the outside sheet contained the researcher's address and a freepost number.

5.8 Data Collection

Each office manager was given instructions for distribution of the questionnaire to all staff with the majority deciding the weekly sales meeting was the best time for this to occur. It was possible for each individual to seal the completed survey and post it back using a stamped/addressed enveloping mechanism or in some cases the office administrator collected the sealed confidential responses and posted them back in a bundle. Follow up telephone calls helped ensure office personnel were reminded to take an active part in the survey.

5.9 Respondents

By the cut off date of November 5, 157 responses were received, amounting to a 31.6% response rate. Some offices returned the majority of completed questionnaires and others returned very few. Only two offices failed to return any. In the final analysis responses were received from 29 of the original sample of 30 offices.

However as stated a response rate of at least 25% was required before an office could be included in the sample. On this basis 18 offices and 135 individuals were involved.

5.9.1 Demographic Profile

As a matter of demographic profile, the sample consisted of 72 males and 63 females either from management, sales, or administrative roles in the business. Two offices in the study were owned and operated by women and 16 by men. By far the biggest percentage of the individual participants was involved in sales and this is typical of the normal real estate office distribution of labour. For example an average office might have one licensee, one branch manager, a sales manager, a receptionist/office accounts manager, a property manager and 12 sales people. 67.7% of respondents were over 30 and under 50 years of age. 51% had been working in their present office under a year.

In terms of the levels of real estate education, 75.6 % held the minimum qualification of sales certificate, 19% were branch managers, associates and/or licence holders. General education levels in the sample showed 41.4% had tertiary or professional qualifications.

Specialist area distribution revealed 80% offices specialised in residential sales and the balance in commercial, rural or business brokerage. Graphs illustrating the sample demographics are contained in appendix 9.5.

5.10 Interviews

A further part of the data was a group of agents and sales and administrative staff selected to be interviewed in in-depth telephone or face to face interviews. It was decided that the questionnaire results needed to be followed up by qualitative research in the form of in-depth interviews with members of the successful operations selected on the basis of CEO recommendation. This put the Learning Company Questionnaire results into a context of organisational culture and climate, which in turn would help real estate professionals to understand better how organisational learning works in practice and how it might contribute to success.

Because the questionnaire used measures the perceptions of staff in each firm, it does not tell what actually happens, so the interviews were considered vital in providing concrete stories, cases, and ideas – examples of best practice. The comments gathered are interspersed throughout the chapter on findings as illustrations of learning practices or barriers to learning that were found. Interviewees were not obliged to answer any questions they felt uncomfortable with and were assured of confidentiality.

The managers of two of the ‘successful’ offices were contacted and asked to suggest 10 people who would agree to being interviewed. They were asked to provide interviewees from management, sales and administration. The response to this request was excellent and all 10 people made themselves available. These people were selected because they wanted to share their personal stories of best practice and instances of learning as well as comment on perceived barriers to learning within the office. Of the ten people interviewed 4 came from management, 4 from sales and 2 from the administrative sections. 5 were men and 5 women.

The interviews were conducted and audio recorded over a period of two weeks and the results transcribed. Subsequently five further telephone interviews were carried out with interested staff members from a range of role positions. Responses were subjected to qualitative analysis techniques. Trends were observed and examples of learning practices and barriers recorded.

The contribution of the interviewees to the study was invaluable. Their stories served to overlay the quantitative data gathered with real anecdotal behavioural evidence of learning going on in real estate offices. Interestingly and not unexpectedly these discussions also revealed some barriers to learning, which are discussed later.

5.11 Limitations

The conclusions of this research were based on both the statistical findings, as well as an in-depth knowledge of the real estate field. However there are some limitations that must be noted.

5.11.1 Performance Measurement

- There were limitations in the performance measurement used because the outcomes were based on CEO judgement that was probably too subjective and as a result the 'successful' and 'average' groups may not have been entirely accurate. (See Chapter 6 for the outcome of a statistical test run to determine if office size swayed CEO perception). Although it was thought the CEO assessments were based on expert knowledge of the respective operations, in retrospect the assessments may have been flawed and this had an impact on investigation of the linkage between success and learning. Other possible reasons can also be mooted. In the case of two of the large urban firms there had been a recent merger (within the past month) with another large Auckland based franchise company and this culture change could have had detrimental results in terms of staff perception of the learning characteristics.

5.11.2 Survey

- The survey was limited to the Auckland franchisee offices belonging to two nationwide corporates. In total 30 offices were sent questionnaires. 28 offices took part but only 18 at a level of 25% staff participation. This accounted for an office response rate of 60%. Although Auckland market conditions have considerably outperformed the overall New Zealand market in past years, in 2000 this trend did not continue. In the past Auckland was not representative of the rest of the country but in 2000 this dominant position changed to the extent that the Auckland region is now more in line with the rest of the country (Bayleys Research Bulletin, October 2000). Market conditions and location are important factors in determining turnover figures but

office structures tend to be very similar across the country. Generally then, despite some market differences, it was considered that the offices operating in the Auckland area would approximate offices operating in other parts of NZ. The sample could be seen as representative of the typical real estate office in terms of the characteristics displayed. However it is acknowledged that because of the voluntary, self-completion nature of the data collection, the office sample was inevitably based on those businesses sufficiently well organised, efficient and motivated to participate.

- Furthermore within the study group itself, although each office was an individually owned franchise office and there were clearly differences in management techniques and internal cultures, all operated under a master franchise system where basic systems and structures were the same. Also, although each office in the sample was located in a differing sub market, all operated within the Auckland market and therefore market conditions were essentially similar.
- Data collection relied upon the willingness of the owner and staff to cooperate. It was initially hoped that personal introduction by telephone would eliminate this potential issue. The questionnaires were eventually sent out to those managers who agreed to take part and to distribute them in the sales meetings. Most managers contacted were supportive and said they would do their best to make sure all members of the organisation received a questionnaire. The office administrators were phoned 10 days later so that a reminder could be given to staff to return the questionnaires. Eventually after a four-week period 150 of the initial 496 questionnaires were returned, giving a 30.2% individual response rate and 20 out of the 30 offices contacted had taken part in the exercise, accounting for a 71.4% office response. However the final analysis includes 135 useable individual responses from 18 separate offices – 27.2% and 60% response rates respectively.
- Confidentiality was in some cases found to be a slight issue because managers asked the respondents to hand in their surveys for sending back in one large envelope as a

group. This could have made individual respondents feel unsure about expressing their true perceptions for fear of retribution.

- The limited group of 18 offices did not allow generalisation in a statistical manner. However information gathered allowed the author to interpret the impact of learning in the offices based on a background of knowledge and experience in the industry.
- The scale from 1 to 5 used in the questionnaire would probably have had an influence on the answers of respondents by giving them a smaller choice. Generally the tendency was towards the middle.
- The strong correlation between the characteristics (C1-11) could be due to the small size of the scale in the questionnaire.
- The statistical tests were run to confirm or cancel the expectations that were in the mind of the author.

5.11.3 Interviews

- All the respondents to the in depth interviews were self-selecting (or gave their permission when asked to take part by the researchers) and only staff in the group of offices that scored high on the ELZ framework (See chapter 6) were invited to take part. It was considered that a sample of ten was sufficient to provide satisfactory case illustrations of learning situations and albeit subjective, examples of best practice.
- Qualitative data is notoriously unreliable, subject to interviewee and interviewer biases thus it can not be generalised. Used in this study however, it is illustrative rather than substantive.

6

Results and Discussion

When the data was returned and the mean scores for each office were observed, only 60% of the CEO determined, 'successful' offices showed correspondingly high scores on the 11 learning characteristics. That is 6 out of the 10 offices in the study group scored high on the 11 learning dimensions but 2 of the CEO recommended, 'average' offices scored high learning results. (This result is illustrated graphically below in Table 6.1). Both these offices were of interest because they were small operations. One office has already been mentioned because it actually scored a mean of 3 on the performance measurement (The 9 success criteria -see page 58 in chapter 5) and the other 2.88, so both narrowly missed selection as successful in the first place. Furthermore both belonged to the second franchise group which was perceived by its CEO more positively than the first franchise group and where the distinction between 'successful' and 'average' was less defined (See page 59 chapter 5). This difference was born out when the two franchise groups performance on the 11 learning dimensions was tested (See later this chapter). The 2 offices also contrasted with the 4 large urban offices with poor learning scores in terms of location, both being semi rural based.

Table 6.1

The Learning Scores of the 'S' and 'A' Rated Offices

	High Learning	Low Learning
'S'	6	4
'A'	2	6

A possible reason for this discrepancy was that the large urban firms probably contributed substantially to the profits of the parent company but through their sheer size and location rather than their effectiveness (see page 57 chapter 5).

6.1 Measurement of Office Performance

To determine if the size of an office had an effect on how successful the CEO perceived the office, a statistical test was run between the office size (independent variable) and the perceived performance (dependent variable). First however, the different values of the variable 'Performance' (v_0) had to be assessed. The mean of the 9 characteristics (V1-V9) was calculated for each office and the value attributed to the 135 respondents. For instance, if the CEO rated an average of 4 for one office, then all respondents from the office would have the value of 4 for v_0 (See appendix 9.6).

However, the offices having more respondents than others would have more influence on the behaviour of v_0 by giving more values than those offices with fewer respondents. For instance if an office with 13 respondents had $v_0=4$ and another with 2 respondents had $v_0=2$, the statistical processing would consider the value of 4 as 11 times more important than the value of 2. The results would then be based on the size of the bigger office more than the smaller office because there were more respondents from the bigger office. Under these circumstances the findings would be erroneous.

As a remedy for this inequality, the values of v_0 were adjusted by dividing them by the size of the office. For instance, the number of respondents from each individual office divided the value of v_0 and in this way the same weight for all offices was achieved in assessment of performance.

The formula to calculate v_0 can be expressed mathematically as follows:

$$v_{0i} = \frac{\sum_{j=1}^9 v_{jk} / 9}{N_k}$$

Where "i" identifies the respondents (from 1 to 135), "j" the number of the criteria (from 1 to 9), "k" the office to which she/he belongs (from 1 to 18), and " N_k " the size of the office "k" to which the respondent "i" belongs.

The test on the relationship between the size of the office and the performance rating shows a positive and significant correlation (significance of 0.022). From a simple regression model between v_0 and office size the unstandardised coefficient of 0.002837 with a significance of 0.022 was found. Since this unstandardised coefficient is positive, the correlation between the two variables is positive. Consequently if office size increases so does the perceived performance variable. From this it is possible to conclude that the bigger the office the higher the rating received from the CEO. This result gives weight to the suggestion that the larger offices were more likely to be placed in the successful group at the start and this may not have been an entirely accurate assessment.

It was therefore considered probable that some of the original CEO ratings were subject to bias and that some of the offices originally put into the 'S' group did not belong there. If each one of the nine criteria was accurately and evenly weighed on present rather than historical performance measures, this problem may have been avoided. Present circumstances included the company merger situation as well as a downturn in market conditions over the months preceding this study that could have impacted considerably on large urban agencies, by reducing the activity within the business. Furthermore the comparative insignificance historically, of the smaller offices in relation to the cash cow bigger offices also seemed important and could have further affected accuracy of selection.

Given these reasons plus those already raised in the methodology section about the limitations in performance measurement, it was considered that there were still grounds for a link between learning and performance. Even though there was not a 100% agreement between successful offices and high learning, and average offices and low learning and that this fact may have had an impact on the statistical tests carried out later

6.2 Learning in Real Estate Offices

Because the 'S' and 'A' groups did not correlate exactly with high learning scores, an additional analysis was undertaken to examine the 'learning office'. This analysis was based on the 11 learning dimensions. Using the mean scores on each characteristic for each individual office a framework for measurement was devised. This framework was called 'The Effective Learning Zone' framework. Each office was allocated a point for every characteristic with a mean score over 3¹, so that if an office scored a mean of 4.22 for characteristic 1; 3.81 for C2; 4.09 for C3 and 4.48 for C7 for example, it was said to score 4 in the 'The Effective Learning Zone'. Scores under 3 for any learning characteristic were considered to indicate less effective organisational learning in that particular aspect. So an office could perform well on some of the learning characteristics and less well on others.

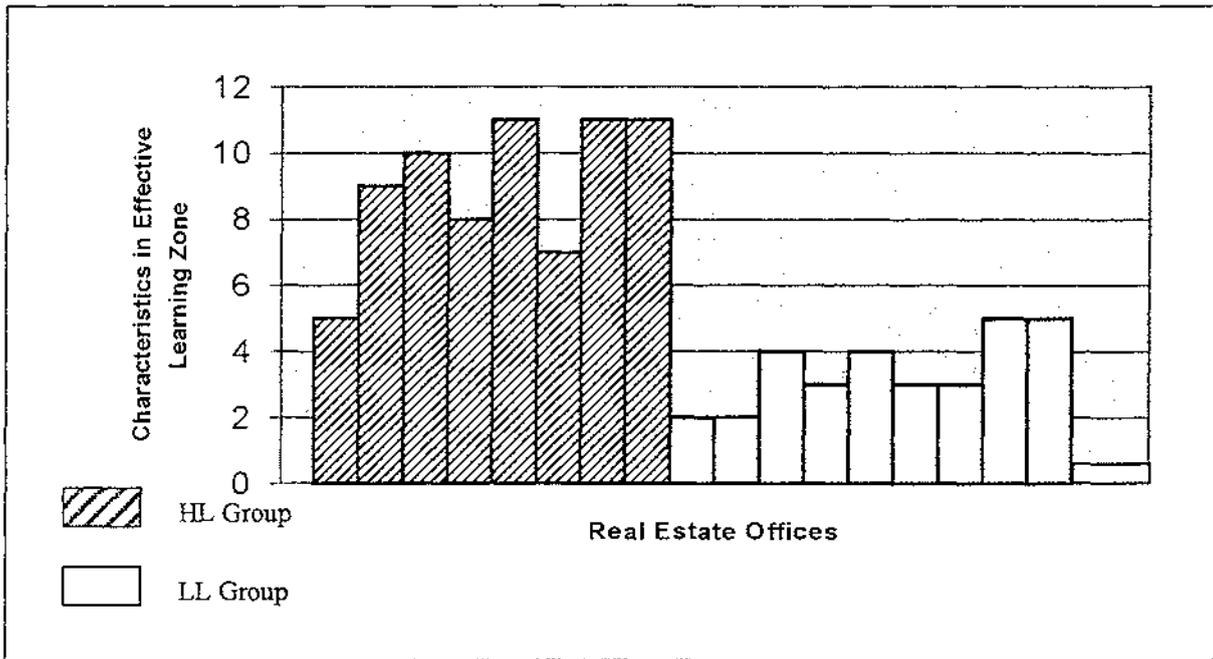
By fitting the offices to this framework two new groups emerged. A higher learning group, offices that scored 5 characteristics and over into the 'The Effective Learning Zone'. This group became the 'HL' group and consisted of 8 offices. A lower learning group, offices that scored 5 and under learning characteristics on the framework. This group became the 'LL' group consisting of 10 offices. Only two of the 'LL' offices actually scored 5 characteristics on the 'The Effective Learning Zone' framework but their scores on all the other characteristics were very low, under 2.5 and 2. Because of these negative scores these two offices were placed into the lower learning group. No offices in the higher learning group scored a characteristic negatively at 2.5 or under. In this way two separate groups could be distinguished.

For the purposes of this analysis the 'HL' group demonstrated a measure of success in terms of organisational learning within the company. The 'LL' group appeared significantly weaker or real estate professionals in this group appeared to see their firms as less 'learningful' than those in the 'HL' group.

¹Perhaps an arbitrary figure although on a 5 point likert scale 3 indicates a median score – neither high nor low

Figure 6.1

The High and Low Learning Offices



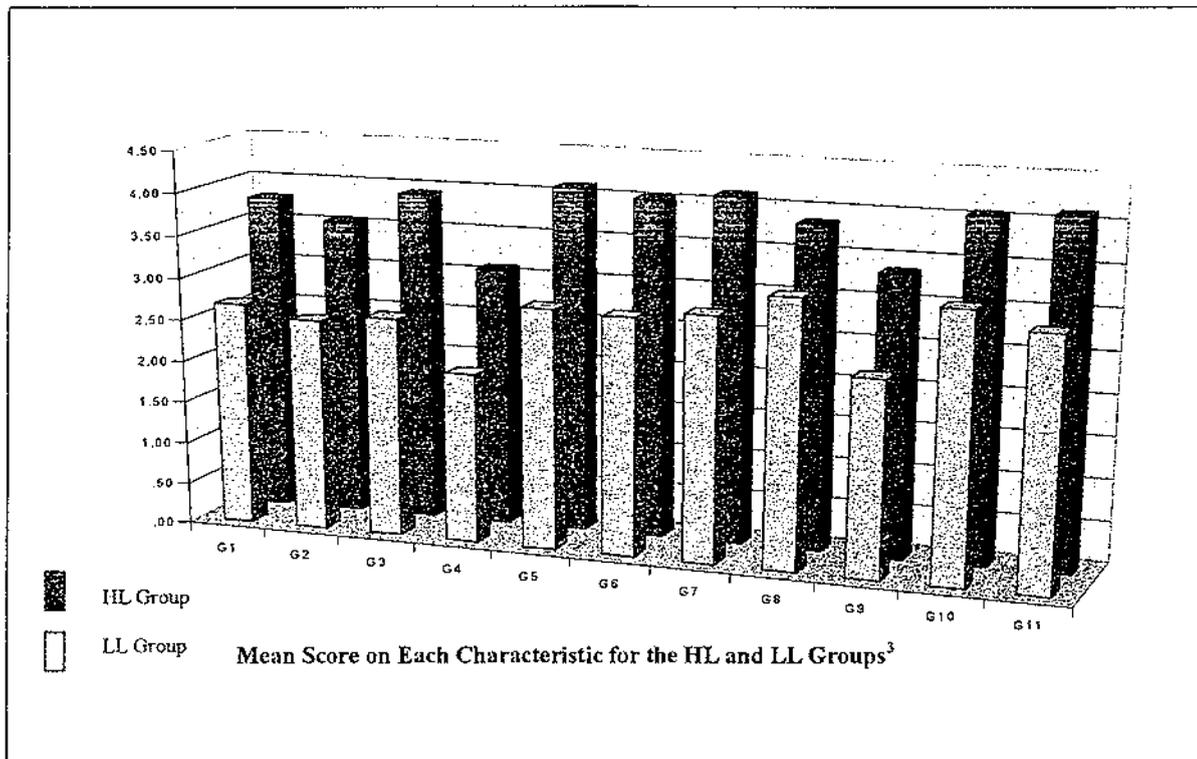
'The Effective Learning Zone' allowed both each individual office and each group of offices to be profiled as learning organisations. Each office recorded a mean score for each of the 11 learning company characteristics plus an overall score for learning dimensions based on the sum of the 11 component scores.²

The mean for each characteristic for the 'HL' group was consistently higher than the 'LL' group. This may indicate that offices in the 'HL' group have a tendency to learn more as organisations than offices in the 'LL' group. However taking into account the differences in standard deviation between the groups it is not possible to make a definitive

² The ability to produce a profile of each individual office and to provide that on a confidential basis to the owner/operator of each office was considered to be a potentially valuable analytical tool for considering individual business strengths and weaknesses. Such individual profiles are not within the scope of this study.

judgement. These differences are graphically in the following Figure 6.2. G1-11 represents the 11 Learning Company characteristics.

Figure 6.2



6.3 Analysis

In the following section, the operation of learning principles in real estate offices will be examined from the standpoint of both industry characteristics and personal knowledge of some of the offices studied. This makes some of the analysis subjective but will be useful as an aid to understanding. In examining the differences in perceptions between the higher and lower learning offices some interpretation will be included and reference will be made where appropriate to comments made by the interviewees who took part in the

³ G1, G2, G3, G4, G5, G6, G7, G8, G9, G10, and G11 stand respectively for “A learning approach to strategy”; “Participative policy making”; “Informating”; “Formative accounting and control”; “Internal exchange”; “Reward flexibility”; “Enabling structures”; “Boundary workers as environmental scanners”; “Inter company learning”; “A learning climate”; and “Self development opportunities for all”.

study. Perception of the learning characteristics by gender and role held in the office will also be investigated. Differences between the two national franchise groupings will be examined and finally links will be drawn between office performance and learning.

6.3.1 The 11 Learning Company Characteristics

1. A Learning Approach to Strategy

This characteristic applies where the development of policy and strategy is treated as an on going learning process, implying that strategy is not seen as the end of a development process, a 'final statement', but a constant 'draft' which is open to change and improvement. The Learning Approach to Strategy characteristic was covered in the questionnaire by these statements:

- We feel OK about challenging where this office is going.
- We discuss strategy widely before it gets put into place.
- We all use business plans as a useful guide rather than a stick to beat ourselves with.
- We often discuss the question 'where do we go from here?' This means we have lots of discussion about the future of the business.

According to the perception of all the members in the 'HL' offices strategy is formulated so that it fulfils a learning function. No 'HL' office scored below 3 in relation to learning approach to strategy and some interesting trends were observable.

Two offices scored a 'learning approach to strategy' very high in excess of 4, suggesting company strategic planning was flexible and open for discussion and improvement. All the 'HL' offices, and especially the highest scoring two can be seen to be engaging in experimental business planning that allows for response to change. They all display the capacity to learn from experience and the managers show fluidity in their decision-making.

Not one office in the 'LL' group scored a 'learning approach to strategy' highly with the group median at 2.67. There was a slightly larger standard deviation for this group (.9178 as opposed to .8234) suggesting a wide spread of responses. A trend however shows staff responses to Statements 3 and 4 as being low indicating that business plans were not perceived as experimental and that there was not much opportunity to be involved in planning the future of the business.

2. Participative Policy Making

This characteristic refers to a high level of participation in policy making by organisational members and stakeholders. Employees, and in the real estate case contractors, are seen as members, rather than subordinates or bosses. The following statements in the survey instrument cover participative policy making:

- All members of the company take part in helping to form policy and strategy.
- Contributing to office policy is seen as part of everyone's job.
- Our office policies reflect the values of our members, not just those of our managers.
- Policymaking is seen as a way of helping people to stay really involved with the company.

From the higher scores recorded by respondents in the 'HL' offices it can be said that the 'HL' group is perceived to exhibit inclusive policymaking at a higher level than the 'LL' group. A mean score for both groups at 2.9 shows however that policy in real estate offices is not generally perceived as being inclusive and this is consistent with the notion that each person creates and is responsible for his own business. The manager of each office tends to take full responsibility for the formation of office policy. As one manager interviewee said, "I sometimes ask the opinion of valued staff, especially those who have been with me for a while, but in the end its me who makes the decisions."

Perception recorded for the 'LL' group indicate there is little participation in policymaking and attempts to include diverse opinion and skills.

3 Informating

Informating means the use of information technology for sharing knowledge and mutual awareness rather than leaving 'the computers' to 'the experts'. The following statements in the questionnaire apply:

- Information technology (IT) really helps us to do new things rather than just automating procedures we have been doing for ages.
- Our IT systems make it possible to learn about and gather much more information than before.
- It's clear to us that the IT system serves the company, not vice versa.
- All our information systems are user friendly.

Amongst the offices in the 'HL' group there was a generally greater acceptance of the role information technology plays in the changing real estate environment and staff were apparently more at ease with its use. Interestingly 62% of 'HL' offices scored over 4 with agreement between management and staff (.842). Where there was any indication of weakness in this area, management scores were low indicating a lack of comfort with the demands of technology. In the 'LL' group 80% of the offices scored under 3.

4 Formative Accounting and Control

This characteristic is an application of informating but made a separate characteristic because of the importance given accounting and budgeting systems in most firms. It means these processes give feedback helpful to understanding the effects of action, to learning and decision-making. There is an understanding that these processes need to be out in the open and transparent. The following statements apply:

- We get regular feedback about the office financial targets.
- People around here like the way financial information is presented.
- Accounting and budgeting systems are designed so that we learn from them.
- IT systems summarise financial data in a relevant way and deliver it in an easy to follow format.

The entire group mean score for Formative Accounting and Control at 2.5 was the lowest score for all the characteristics and underlined the comments of two management interviewees who said they weren't interested in the books but left all that to their wives. There were more attempts within the 'HL' offices however to produce information in the accounting and budgeting areas in such a way that was informative and could be learned from. However even amongst the manager interviewees there was a reluctance to share this information widely except amongst chosen staff. There was a definite feeling that this is 'my business' and just as each salesperson runs his 'business' as an independent contractor, the office is 'mine' and the financial position private. When considering the independent contractor status of salespeople in real estate offices, where in effect each person forms his or her own separate business, it is not surprising that there is little identification with the office accounts. However because all the salespeople are effected by overall office performance, there may be much to gain in pooling ideas on budgeting strategy.

5 Internal Exchange

This characteristic refers to individuals within the company engaging in constant dialogue – exchanging information on expectations, negotiating, contracting and giving feedback on services. Departments see each other as customers and suppliers and in this way they are able to build co-operative relationships and to see whether they are delivering good service. This type of knowledge is vital to a real estate office because such awareness can lead to an increase in customer retention. Internal exchange is covered in the following statements in the questionnaire:

- The sales, administration, marketing and management teams or groups in this office both challenge as well as help each other.
- We feel included in the business, almost like partners not employees.
- The sorts of teams mentioned in Statement 8 understand and accommodate each other's purposes and values.
- We all speak candidly and openly to each other.

In a real estate office candid talk is totally accepted, one reason perhaps why real estate salespeople are such a resilient lot. Interviewees unanimously endorsed this fact saying that everyone spoke out about niggles and potential conflicts but whether or not this indicated a respect for the values of others is debatable. The whole group perceptions of these statements produced a mean of 3.45 and those respondents from HL offices suggested there was an openness of discussion and sharing of information.

This is not an easy achievement where there are independent contractors, as in the case of the salespeople, because there can be a vested interest in keeping important information to oneself. Secrecy has always been an issue in real estate offices; salespeople seek to hide potential buyers from each other for fear of being cut out of a commission. From the interviews however it appeared that in the 'HL' offices there was a definite degree of communication and exchange and salespeople often worked co-operatively to make a sale. Considering the legal position of agents as the agent of the vendor this sort of action is required and certainly seems the ethical approach. It is in this area of co-operation versus competition that the uncomfortable position of the real estate agent exists. On the one hand the agent (and indirectly the salesperson) is employed by the vendor to affect a sale at the maximum possible price and is bound in a fiduciary relationship⁴ and on the other hand s/he is trying to make sales quickly and personally in order to survive. To share too much information with others in the office may mean the salesperson hands over the sale to his colleague/competitor. These issues have been discussed in the chapter 2 on the real estate context.

Even in the 'HL' offices there is evidence of this. One interviewee said colleagues did not visit his listings because they were fully occupied with selling their own and were not interested in splitting commissions anyway. Once again, if the action is not dollar productive it tends not to be done. How many vendors realise this when they hand over their properties for sale? However the 'HL' offices did exhibit more internal exchange overall and another interviewee talked about management efforts to provide opportunities in which information could be shared, like team sales meetings, office group discussions about sole agency listings, best marketing techniques and so on. The introductory chapter discusses the issue of collaboration and competition in more detail. Five interviewees said collaboration was fine but competition was more important, even vital for both personal and office success. All of the offices in the sample had some form of customer satisfaction survey.

6 Reward Flexibility

The Learning Company seeks alternative ways of rewarding people other than with money. Basic assumptions about payments also need to be challenged. For example why are some people paid more than others? Why actually do we pay people at all? From the answers to these questions comes the basis for various systems and processes for calculating wage and salary levels. Reward encompasses remuneration as well as non-financial incentives such as free time or training course funding. Consistency in this respect would demand that not just individual performance be rewarded where teamwork is to be encouraged. In the real estate industry, commission percentages must be added. The basis on which these levels are calculated will be transparent in the Learning Company but the difficulty in doing this is recognised because if distribution of reward is shifted so too is the distribution of power. The relevant statements in the questionnaire are:

- We get rewarded for our work in this office in many different ways.

⁴ A fiduciary relationship is one of complete openness, trust and good faith.

- The basic assumption and values underpinning the reward systems used here are open to discussion and explanation.
- There is always recognition of good work and its not always monetary.
- Everyone has something good to offer and we make a point of recognising it.

How does the sample group of offices measure up on this characteristic? The entire group score was 3.32, so feelings about reward flexibility are average, probably because monetary reward is traditionally given and there are few offices that attempt other systems. In the 'HL' group there was a general understanding that this was handled fairly with a mean score of 3.89. The 'LL' group scored 2.86 so people in these offices are less happy with current reward systems.

This issue is difficult for an industry which is very competitive and where the main players are openly involved for the purpose of making as much money as possible. Success for the salesperson is based on income and this can be considerable if he or she makes lots of sales and receives 75% of the total commission paid, as is often the case⁵. Every office in the sample had a system of company awards instigated by head office in all cases but the coveted awards were those based on volume of sales made. There was less emphasis put on awards for good customer services even in the offices classed higher learning. This fact was supported by the comments of two interviewees who expressed that a lot of work was done in securing customer loyalty, like mortgage advice after sales servicing like removal assistance but only settled sales earned any remuneration. Although both interviewees did say that attempts were being made to structure commission splits fairly so that some emphasis fell on sourcing the properties as well as selling and the effort people put into customer services was being recognised through use of customer feedback forms as often as possible. Also I was told that confidential, high commission splits to top producers was now largely a thing of the past⁶

⁵ In an area where the average commission is \$20,000 as in many urban Auckland areas, a commission of \$15,000 sometimes twice a month can result in a very high yearly income. In some cases a salesperson will hold 4 listings per month so the monthly income is potentially \$60,000.

⁶ In the past top salespeople would be enticed to stay working at an office by receiving a larger slice of commission than normal and this was largely kept secret between the manager and the salesperson concerned in order to prevent dissatisfaction amongst others.

7 Enabling Structures

Such structures create opportunities for individual and business development. Roles are loosely drawn so that there is a flexibility to shift in order to accommodate future changes, which result from learning. The relevant statements in the questionnaire are:

- Personal performance appraisals, or one on one interviews, are often a useful 'two way' learning experience for both parties.
- In this office individuals are given the opportunity and support to grow their own careers.
- Both office roles and individual career paths are open to experimentation, growth and adaptation.
- The office structure is always open to discussion and possible change.

Real estate firms tend to have traditional organisational structure and as confirmed in the interviews the boss has the last say and is always right. This attitude was confirmed by several of the interviewees. However in the 'HL' offices there was more likelihood that the broker/owner would consult with his or her staff, especially those who had been in the industry for some time. One interviewee, for example, related how he was always being asked for his opinion on crucial matters and felt very much part of the business as a result. One on one interviews were held every month in the higher learning offices of the interviewees and these were used to assess performance and deal with any problems or emerging difficulties. In this way sales staff felt valued and that they could make improvements to their performances and careers. These interviews were a way that management kept track of staff attitudes and helped people feel part of the team.

8 Boundary Workers as Environmental Scanners

This characteristic refers to the scanning of the environment by all members of the organisation. It means there are people working at the formal boundaries of the organisation, collecting and passing on 'environmental' information. This also involves

external stakeholders like vendors and purchasers in the real estate context, in improving organisational processes. The relevant statements are:

- We often examine how things like the economy, property market, political, social and world events affect our office performance.
- We regularly examine by discussion, the assumptions we make about the market and general environment.
- People have a strong sense of how the company has developed to meet the changes in the real estate business.
- People understand the connection between what's going on outside the company and their day to day work.

Systems for gathering feedback from outside the office are well developed in HL offices. There are procedures in place to record customer input in the form of customer satisfaction surveys, which are carried out after each sale so that both the vendor and the purchaser can record their comments. However one interviewee said the use of these, at the conclusion of each settled sale, was largely up to the individual salesperson. Another interviewee said, "There are so many forms, I get sick of filling them out because many are repetitive, gathering the same information over and over!"

The extent to which these comments are acted upon to improve future services seems to depend on the quality controls imposed by management and the degree of open communication that goes on in a particular office. Interviewees in the 'HL' offices all emphasised the use of customer surveys and how these were valued as a means of improving service. They also mentioned transaction reports designed to record the things communicated between client and agent in any particular transaction but this could be seen as more in line with the characteristic of a learning approach to strategy. Transaction reports are risk management tools in case of dispute but they also allow transfer of learning from one transaction to the next

Respondents from the 'HL' offices indicated a greater understanding of the changes facing their office and how management was coping. One interviewee said he realised the importance of the new technology for better information management and was determined to understand how to use the new equipment supplied. He had enrolled in a computer course in order to do this. Discussion of market conditions in relation to day to day work were also discussed weekly in staff meetings in order to ensure the staff were up to date with current market trends. Any communiqués from the Real Estate Institute or updates from lawyers on the impact of commercial legislation were quickly communicated.

These things still occurred in the lower learning offices but to a lesser degree.

9 Intercompany Learning

Inter Company learning involves a willingness and ability to learn with and from other organisations and companies. This includes risk taking – overcoming the fear that competitors will use shared learning to gain an advantage. The statements that apply are:

- Whenever it is necessary we work and communicate with our market competitors to achieve positive results.
- We often engage with our customers, clients and/or competitors to develop new products and markets.
- To move us all forward we share market information with our competitors.
- We often contact our competitors to seek extra important information.

In relation to Inter Company Learning the whole 18 offices scored a mean of 2.76. This is not surprising because this type of co-operation is not common in real estate. The competitiveness of the environment tends to foster a 'them' or 'us' attitude; mainly where there is a scrabble for property listings. The result of which can mean either success or failure for both the business and the individual. However some agents maintain close links with colleagues from other agencies because there are definite advantages in

pooling market knowledge. It is not unreasonable to expect that there should also be some inter company learning amongst offices in the same national group especially in terms of sharing general business practices that are successful.

The 'HL' group scored 3.18 on Inter Company Learning and this characteristic received the second lowest score. Looking deeper into the data, some individual HL offices scored below 3, which is in line with the overall industry trend and the comments on competitiveness above. However all the salesperson interviewees related how they often sought to learn about the market from their compatriots in other companies. They said however this behaviour was largely individual and almost exclusively limited to salespeople – being little carried out by managers. Interestingly the ethical code of real estate agents precludes any person running down or criticising another agent but in reality and once again the competitiveness of acquiring stock to sell sometimes works against this principal.

Inter company interaction appears to occur less in 'LL' offices which consistently recorded low scores in this area This seemed especially so amongst larger urban offices possibly because of the active encouragement by management of the 'them ' against 'us' attitude in the tough, competitive urban scene. A similar attitude was even recorded from one 'HL' manager. " We are just out to capture the biggest market share because I know that if we sell the most properties in the area more salespeople will want to work here. We are not friends with our competitors – just out to be better, to have a higher profile!"

10 A Learning Climate

This refers to a culture and climate that encourages responsible experimentation and shared learning from successes and failures; this is the opposite of a 'blame culture', where the most important requirement in case of failure is to find a scapegoat. The following statements apply:

- When things go wrong here there is no apportioning of blame.
- We don't rubbish other people's stories.
- If something goes wrong you can expect help, support and interest in learning from it.
- In this office it is possible to admit you are wrong without losing face.

The 18-office mean for 'a learning climate' was the highest of all at 3.55. The 'HL' group score was 3.90 and the 'LL' group scored 3.26. This shows that 'HL' offices do work more consistently towards improvement and to helping people to learn to do things better. Managers in all real estate offices have a vested interest in assisting their people to do well because the more sales made, the more money for everyone. Interviewees related how much positive discussion goes on and mentoring of new recruits is encouraged in their offices, a system that ensures the office 'ways' are learned quickly and new people have a guiding hand through the early learning phases.

11 Self Development Opportunities for All

The final characteristic refers to mechanisms and employee relationships that encourage and support self-development. In the real estate world motivational programmes could actively foster this and in many instances these are provided but management does not always cover the cost. The statements that apply are:

- Everyone expects to regularly update his or her skills and real estate knowledge.
- People are often given tasks that extend them and allow them to take responsibility.
- It's normal to talk about developing oneself in this place.
- People openly express when they need to learn something.

Respondents from the 'HL' group perceived these opportunities to be excellent in their offices. Often extra real estate qualifications were sought and management encouraged this. The top scoring offices with 11 characteristics in the ELZ all had managers with

under graduate qualifications in real estate. The 'LL' group score of 3.11 was considerably lower suggesting that there is not as much encouragement in this area.

The 'HL' group appears to provide considerably more opportunities for self-development than the 'LL' group. This was attested to in the interviews when three interviewees expressed their comfort with the fact that people in their offices were given every opportunity and assistance to grow both themselves and their careers. This was accomplished by having time off to complete further real estate qualifications and there were always motivational training sessions available especially those organised by head office. Only 1-'HL' office scored this characteristic below 4.

Only 30% of the 'LL' group scored above 3 for self-development opportunities, with a special tendency for women in these offices to score this characteristic low. The reasons for this are not within the scope of this project but could suggest an interesting area for future study.

6.3.2 Conclusions

Considerable differences between offices that scored highly on the ELZ framework and those that did not were found and the in depth interviews underlined these differences by giving many examples of learning in operation. It appears that organisational learning, where it is present, is only in its infancy in the real estate industry and interviewees also talked about barriers that tend to inhibit office learning. All interviewees emphasised the overriding competitive factor created by the self-employed, independent contractor status of salespeople. It was felt that the intensity of this competition was at odds with the principles of collaboration that are inherent in organisational learning. Some offices however demonstrated efforts to overcome this problem and to create as many learning opportunities through team work and inclusive business strategies and policy making as possible. It would seem that before any real progress can be made to increase office learning some the underlying assumptions and operating procedures that have become

embedded in the culture of real estate (discussed in chapter 2), will have to be changed – perhaps most importantly, the remuneration system for salespeople.

6.4 Relationship between the Learning Characteristics

A correlation matrix was constructed to examine the interrelationships between the 11 learning variables (see appendix 9.7). As expected the characteristics each bore a positive relation with the others with a 2 –tailed significance of 0.01. This indicates the general coherence of ‘learning company’ dimensions.

The impact of the 11 characteristics on each other, in both directions, and in a positive way can be explained logically. For instance, the internal exchange rate (C5) has a positive impact on the office learning climate (C10), which in its turn has an influence on the degree of internal exchange in the office. The same explanation applies for all 11 characteristics, and this is not surprising because the learning process is not only the combination of the all variables, but also the result of their interaction as a set. A low value for one variable means weaker organisational learning in that area, but also has an impact on each of the other characteristics in a way that reduces their value, thus the degree of learning overall. The assessment of the degree of learning can be therefore be presented as an incremental process of adding the 11 variables.

The relationship of the 11 characteristics (as a set of dependent variables) with three independent non-metric variables was also of interest, so testing was undertaken. In the three next sections, the statistical process is univariate. Then multivariate tests were performed to give a more complete picture of the perception of office learning.

6.5 Relationship with Gender

It was interesting to see if men and women perceived learning in their office in different ways. Table 6.2 below describes the mean scores for 70 men and 63 women on the 11 learning characteristics. On the characteristic dealing with information technology (C3) there was some difference in perception.

Women recorded lower mean scores than men did on all 11 learning dimensions and the difference was greatest for 'Informating' confirming the general idea that women are less at ease with the new technological advances than their male counterparts. This could possibly be because women in real estate tend to be older and arguably less likely to be motivated to learn new techniques. It is interesting to note that a woman managed only one office in the 'HL' group but this may only reflect the fact that males dominate real estate management. This female led office also scored 11 characteristics into the ELZ, and interestingly its female principal officer was a graduate of Massey University's Diploma in Business Studies (Real Estate) programme.

Other differences in perception can be observed, although these are not statistically significant, they serve to aid understanding of gender based differences. Characteristic 5, for example, involving 'internal exchange' also showed a marked gender difference perhaps suggesting that women feel more isolated in terms of being included in office decision-making. In an industry where most managers, licensees and owners are male, this seems likely, as many men are less comfortable seeking female opinion.

Furthermore, women perceived 'enabling structures' lower than men, which also supports this rigidity of organisational position in the real estate office. In the area of 'environmental scanning' women generally perceived their office as performing less well than men do.

Although gender was not one of the issues this study intended to focus on it is an interesting point that most managers in the real estate industry are male (85% of the

managers in the sample were male). Given that 47% of the sample consisted of women, the imbalance in management ranks raises some interesting questions and suggests that gender issues have not yet come to the attention of the industry as a whole.

Table 6.2

Gender Mean Scores for Each Learning Characteristic			
Characteristic	Males	Females	Sig (2-tailed)
C1 A Learning Approach to Strategy	3.21	3.02	.295
C2 Participative Policy Making	3.06	2.79	.165
C3 informing	3.31	2.90	.022
C4 Formative Accounting and Control	2.61	2.42	.311
C5 Internal Exchange	3.58	3.28	.082
C6 Reward Flexibility	3.36	3.27	.618
C7 Enabling Structures	3.60	3.26	.063
C8 Environmental Scanning	3.62	3.36	.055
C9 Inter Company Learning	2.80	2.71	.578
C10 A Learning Climate	3.60	3.40	.321
C11 Self-Development Opportunities	3.64	3.39	.106

6.6 Relationship with Role in the Office

In terms of role in the office, salespeople's perceptions were clearly dominant, but given the structure of real estate offices this was not considered an imbalance. 105 sales and administration people responded as opposed to 14 managers. It was clear that in all cases the sales and administration people held less positive views of their office learning capabilities than managers did. Table 6.3 below shows the mean scores on each characteristic depending on the role held in the office.

Table 6.3

Role in Office Mean Scores for Each Learning Characteristic			
Characteristic	Sales/Admin	Management	Sig (2-tailed)
C1 A Learning Approach to Strategy	3.03	3.62	.045
C2 Participative Policy Making	2.91	3.33	.202
C3 Informing	3.14	3.33	.511
C4 Formative Accounting and Control	2.45	2.83	.237
C5 Internal Exchange	3.36	4.03	.018
C6 Reward Flexibility	3.25	3.83	.039
C7 Enabling Structures	3.38	3.85	.121
C8 Environmental Scanning	3.49	3.69	.387
C9 Inter Company Learning	2.70	3.21	.078
C10 A Learning Climate	3.51	4.16	.004
C11 Self-Development Opportunities	3.46	3.96	.056

Management here means people in positions ranging from licensee, AREINZ or branch manager qualified. It was expected that there would be some differences between the perceptions of management and staff in relation to the learning dimensions because management tends to have a more optimistic view of its performance than those do in the rank and file. The means table and the results of a One Way ANOVA test (See appendix 9.8) indicated that both between and within the groups there are some general differences. Characteristics 1, 5, 6, 10, and 11 all raised interesting questions.

The most striking difference in perception occurred over the question of a 'learning climate'. Managers in the sample felt they provided ample opportunity for support and learning by way of listening to the staff and conducting productive meetings and interviews. All managers interviewed held regular one on one interviews with staff and

felt these enabled rising issues to be settled and personal or work problems to be thoroughly explored. Many managers acted in a general counselling role. However the staff perceptions of this characteristic were less positive, feeling the climate was not as forgiving and accepting as managers imagined. One interviewee even said, "If you are selling there's no problem, but if the sales fall off, the position is not comfortable!"

'Internal exchange' also showed an interesting difference, perhaps indicating that managers feel that there is more open discussion and chance for real office input than the salaried and sales staff feel or than there actually is. Managers may feel they are approachable when in fact they are not or they are not perceived in that way. One important aspect of real estate management is that in many cases management still continues selling property in direct competition with the sales staff and in this case a conflict of interest appears to preclude open discussion forum.

A 'learning approach to strategy' is in many ways linked with internal exchange and differences here between staff and management suggest that discussions about where the office is going and how people can contribute are not perceived as effective by staff. Managers think they are providing these opportunities when in fact they may not be, except in the case of a few chosen individuals. In one small office with a staff of four the manager recorded a score of 4.75 for 'a learning approach to strategy' and the 3 staff an average of 3.58. This large difference indicated that the manager, in this case the very well qualified older female mentioned earlier, felt that she was able to challenge her own norms and assumptions. In essence this means that as a manager she was able to question the fundamentals of 'how we do things around here'. However the male staff in this office were not so confident in this respect. This could suggest that they did not feel as included as they would have liked. However a further look at the actual staff involved showed that these men were rural specialists who would not be in the office much⁷ and therefore their perceptions could be less accurate.

⁷ This is because rural salespeople often work from their cars or on site in remote locations.

In two other instances managers scored higher than staff for the C1 characteristic, 'a learning approach to strategy'. In one office a female manager rated her company at 5 for learning strategy and as an individual manager she was worth noting because she held no real estate qualification above a sales certificate and had only 1-3 year's experience.⁸ A male manager in the same office also rated the office high on this characteristic but when compared with the staff perceptions there was little correlation. The staff in this office scored Statements 3 and 4 high, which indicated they felt there was an effort made to use business plans flexibly and to discuss future, company strategy. However when it came to challenging the management and bringing about change, the staff scored this office low.

Differences in the area of 'reward flexibility' raise the question of staff discomfort in some offices with the level of commission splits and whether these are handled on an equitable basis. The question of whether top salespeople should get a higher proportion of each commission or a special retainer has been a contentious issue in real estate offices for some time. Perhaps the answer is more transparency and more clearly defined ways in which bonuses can be achieved. Also staff interviewed indicated they appreciated being rewarded in non-monetary ways. Most managers said they had ways of encouraging effort like providing staff outings and awards but there was an indication from the staff that this could be better attended to.

In the area of 'self development' staff felt there was not enough management support and two interviewees said they felt little real encouragement to further their real estate qualifications. Managers on the other hand felt these opportunities were there for the individual to take up and that the responsibility was theirs. They believed they gave full support to self-development opportunities. However in the interviews the emphasis on making sales seemed to pervade the offices and this seemed inconsistent with making full use of time to develop self.

⁸ The Real Estate Institute has an ongoing problem with monitoring real estate offices that are not under the effective control of qualified people and this is a serious issue which directly contravenes the Real Estate Agents Act 1976.

Looking deeper into the case of individual offices there were some other differences worth mentioning. For 'inter company learning' it was clear some managers are just not aware of the amount of exchange that went on between salespeople from different offices or do not encourage it. In one way it is not in a manager's interest to foster this interplay because there is always the fear of losing a salesperson to the opposition if the contacts become too fruitful and yet such contact can also help bring about more sales. In some cases there is genuine fear that close contact with another office would show the home office up in a comparatively bad light and cause loss of staff. This does happen and sometimes if one salesperson goes, others follow. The disastrous consequences for an office are clear. Some real estate managers act in a predatory way rather than the constructive, interactive way this particular Learning Company characteristic suggests is beneficial.

For 'informating' three managers scored under 2 showing that some managers are still not at ease with new advances in this area. In one office however there was a huge discrepancy between a staff score of 1.82 and a management score of 5! This indicates that in some of the offices there is a link with management competency in the use of information technology. If the manager is comfortable with new technological demands then the office is well supplied with the capability but ensuring staff makes full use of available information is another issue. Likewise if a manager is not technologically competent, the whole office can suffer.

6.7 Differences Between the Two Major Franchise Groupings

Tests were run to establish differences in response to the 11 learning dimensions between the two major franchise groupings. An 'H' group (Group 1) consisting of 87 respondents from 9 offices and a 'C' group (Group 2) consisting of 48 respondents from 9 offices were established. The results are displayed in Table 6.4 below.

Table 6.4

Significance of Differences Between the Two Franchise Groups

	H Group 1	C Group 2	Sig (2-tailed)
C1 A Learning Approach to Strategy	3.01	3.28	.139
C2 Participative Policy Making	2.63	3.40	.000
C3 informing	2.89	3.46	.002
C4 Formative Accounting and Control	2.36	2.74	.055
C5 Internal Exchange	3.32	3.60	.113
C6 Reward Flexibility	3.16	3.52	.051
C7 Enabling Structures	3.34	3.58	.216
C8 Environmental Scanning	3.45	3.54	.542
C9 Inter Company Learning	2.58	3.04	.010
C10 A Learning Climate	3.42	3.73	.033
C11 Self-Development Opportunities	3.50	3.52	0.911

Significant differences for ‘Participative policymaking’ (C2), ‘Informing’ (C3), ‘Intercompany Learning’ (C9) and a ‘Learning Climate’ (C10) were found. This was further tested with Mann-Whitney test, which upheld the results and added a further difference worth noting for reward flexibility (see appendix 9.9). Table 6.4 shows that the franchise Group 2 is more effective in inclusive policymaking and use of information technology. The offices in this group are more likely to inter act with their competitors and the general climate within this group of offices is more ‘learningful’. Group 2 respondents also perceive there is more variability of reward. Therefore it can be said that Group 2 is more closely aligned with learning at the organisational level and thus perhaps more able to cope with future change especially in the area of information technology.

6.8 A multivariate Test – Gender, Role in the Office and the Franchise Group (HC) Relationship with the 11 Learning Characteristics

A multivariate test was run to assess the relationship between the three non metric variables and the 11 learning dimensions. The multivariate test had merit because it offered a more realistic and complete explanation of how people working in real estate offices actually perceived the degree of learning. This is because people’s gender, the position they hold in the office, and the franchise groups for which they work coexist and interact to form the basis of the perception.

It was interesting to examine the possible impact of the presence of two non-metric variables on the behaviour of a third variable’s relationship with the 11 learning characteristics.

In this case the three variables examined in interaction were gender, office role and the variable that accounted for the two Auckland franchise groupings (HC). The purpose of the statistical tests was to answer questions like “If the gender has an impact on the assessment of the office learning, is it the same in all real estate offices? Or does it depend on the franchise group to which a respondent belongs?”

Table 6.5
The Interaction between the Three Dependent Variables on the 11 Learning Characteristics

<i>Dependent Variable</i>	<i>Source</i>	<i>Sig.</i>	<i>Source</i>	<i>Sig.</i>	<i>Source</i>	<i>Sig.</i>
c1 a learning approach to strategy		.499		.005		.363
c2 participative policy making		.766		.204		.492
c3 Informating		.471		.050		.245
c4 formative accounting and control		.195		.014		.126
c5 internal exchange	GENDER	.349	GENDER	.010	ROLE	.437
c6 reward flexibility	&	.549	&	.044	&	.477
c7 enabling structures	ROLE	.437	HC	.045	HC	.524
c8 environmental scanning		.215		.001		.143
c9 inter company learning		.521		.025		.478
c10 a learning climate		.720		.037		.605
c11 self development opportunities		.331		.021		.454

From Table 6.8 above, it appears that the combination of Gender/Office Role (The gender of, and the position respondent's hold in the office) and HC/Office Role (Where the respondent was working and his/her position in the office) had no significant impact on the 11 learning characteristics.

On the other hand, the set Gender/HC (The gender of the respondent and where he/she worked) did appear to have a significant impact on the characteristics. For example a male in one office expressed his point of view on learning in a different way from another male in another different office. This difference also occurred amongst and between females and males, – in fact all possible combinations of gender and HC show significantly different perceptions for every learning dimension except 'participative policy making'.

The table above illustrates clearly that both gender and the franchise group in this study has an influence in the assessment of the learning characteristics when their interaction is considered.

6.9 Relationship between the Success Criteria and The Learning Dimensions

A correlation test was produced to examine this relationship. Some interesting results emerged. There was a significant relationship at the 0.05 level illustrated in the following Table 6.6.

Table 6.6

Correlation Between Learning and Performance Criteria

LC	Success Criteria									Perf
	V1 Incm	V2 Mkt	V3 Bus Skl	V4 Mang	V5 Recrt.	V6 Cult	V7 Rep	V8 Eth	V9Quals	V0
C1									.045	.040
C2		.026							.007	
C3		.048	.041		.020				.001	
C4									.019	
C5										
C6									.016	
C7										
C8										
C9										
C10	.015									
C11							.034			.031

The “Office Performance” variable (v0) was found in a significant correlation with ‘Learning Strategy’ (C1) and “Self Development Opportunities” (C11).

From this it is appears that the 11 characteristics are linked to performance (v0), but with only two of them *directly* correlated. Because of the general coherence of the learning dimensions it is safe to say that the degree of learning in an office does indeed impact upon its level of performance.

6.10 Conclusions

One of the questions this study asked the question was learning at the organisational level occurring in real estate offices? High scores by some offices for the 11 learning

characteristics indicated that organisational learning was indeed perceived by staff as occurring and interviewees reinforced this by giving examples. Another issue however, of whether there is a link between learning and performance proved less easy to establish on a purely statistical level. The bias discovered in the original CEO rating of offices into 'successful' and 'average' contributed to this problem. This issue relating to the method of performance measurement has already been discussed in the previous chapter and presents an interesting subject for future research in this area. A more rigorous performance measurement based on 'hard' data may produce a group of offices that will enable a closer link with learning to be made in a future study.

In addition, based on the data collected for this study and the interviews undertaken it was found that there is a connection between those offices where staff perceived a high degree of organisational learning and the positive success of that office in terms of the nine success criteria

7

Conclusions and Implications for the Industry

During these times of such great change real estate offices need to grasp competitive advantage wherever possible. Perhaps one answer is the link found between learning and performance in this study¹, which suggests that real estate offices have much to gain from embracing the principles of organisational learning. That is, providing an environment in which the majority of the office members learn and ensuring that this learning transfers through conscious transfer mechanisms so that it becomes embedded in the organisation's memory and structure (Kim, 1993). Routines need to be developed that will deliver desired quality outcomes in the form of top class customer service. Furthermore each office needs to develop shared beliefs that bind the group together and yet remain flexible enough to be challenged if necessary.

7.1 The Nature of Office Learning

The study showed that in most offices learning is still seen as education and training. Generally it is seen as formal learning, taking place in specific events and settings designed and labeled as 'learning'. In the case of the offices in the sample, belonging to large national franchise operations, this training is mostly offered by head office at both the time when new sales staff begin and at periodic times throughout the year. Training is technically or motivationally based. On the other hand there is informal learning, some of which is referred to as 'experience' or 'learning on the job' but a lot of learning is actually going on that is not identified as such and without being given proper recognition or encouragement. The amount of informal learning that has occurred in connection with new information technology is an example. As yet the industry has not put Continuing Professional Development regulations in place² and so most learning is left to people's

¹ Though due to small numbers this was not statistically significant. The relationship may also have been reduced due to biases in the measurement.

² Due largely to a rearguard of older agents who oppose the need for increased qualifications, even to the extent of actively lobbying against the Institute's efforts to increase educational opportunities.

own initiative, even where it is supported. Individual learning and learning initiatives prevail even in firms in the successful group. "If you really want to do something you get onto it yourself... there's support but not as much as is needed".

In some offices team learning is happening, especially in smaller offices where there is a family atmosphere and in larger offices where cross specialist teams work together on marketing projects. However organisational learning where it exists seems to be very much in its early stages, with exceptional offices showing the way.

The qualitative research allowed learning strategies and practices to be explored in context and highlighted the type of real estate organisational culture that supports organisational learning. In one office teams working together on marketing efforts enabled information of all sorts to be gathered quicker and the pooling of ideas resulted in a more interesting innovative campaign. Commission splitting at the end to reflect input was regarded as successful. The experience in which everyone had a chance to use his/her particular talent was rewarding. Groups got together in another office to discuss the kinds of services that could be offered in an effort to get more clients. There was a definite feeling that management generosity about staff development and support given to individual efforts at relevant further learning (course fees, materials etc.) encouraged staff at all levels to contribute to the general development of the office.

In another office a manager said "Good ideas are always listened to" and he kept a library of learning material in the office so that people could learn at their own pace, especially by browsing through the professional journals. Amongst the franchise groups there were also attempts to put together databases and offer joint Internet services like mortgage advice that one office on its own could not provide.

7.2 Barriers to Learning

Some constraints to learning in real estate offices emerged from the interviews and from the questionnaire itself, in the form of written comments. These comments provide some

valuable qualitative data. As already mentioned above, generally learning seems restricted to individuals and for most real estate professionals learning is associated with the intake of new information. Learning in offices consists of such things as keeping up to date, attending functions like the College of Salespeople breakfasts and staff training sessions. There was also a sense that learning is something that occurs prior to joining the office at the salesperson's course and the firm introductory sessions. This means that the term 'learner' is associated with the inexperienced and that someone who needs to learn is seen as almost unreliable, not as qualified as someone who 'knows it all' and therefore not some one who can really handle marketing competently and give sound advice.

There was a feeling that the true 'professional' had already reached the required level of learning suggesting that the knowledge base of the industry is almost static. It is ironical that real estate does not seem to be a profession but rather a business. Perhaps a reason for this is because the work involved tends to be aggressive; in reality agents and salespeople press for business even to the extent of approaching another company's clients although this is expressly disallowed in the legislation under the issue of exclusivity. 'Selling services' is not compatible with the dignity and authority of the traditional image of the expert but perhaps times are changing. Or perhaps although the term 'professional' is often used in real estate, practitioners don't really see themselves as similar to other professions like teachers, accountants, and lawyers, which require more accreditation? It is beyond the scope of this study to explore professionalism further but it does raise an interesting area for future research.

The issues of inter company rivalry and competition seems to severely limit any real learning between real estate offices. Even amongst offices in the same group the benefits to be derived from this kind of learning and where commercial sensitivity is not so pronounced, are not fully exploited. Because of the independent contractor status and the commission based earning of salespeople there is considerable tension between colleagues as well as competitors. Learning at the organizational level and personal success seems almost mutually exclusive. Competitive advantage is high on the agenda both personally and between companies. Collaboration can be seen as a weakness. In

order for effective organizational learning to occur the view needs to shift toward a win/win perspective in favour of mutual benefit.

The organisational structure in most real estate offices is still very traditional. Strategic planning is still done mainly by the management. To what extent others are involved in the planning process seems to depend on individual manager's attitudes and initiatives. Comments and suggestions are often sought but usually nothing happens as a result. Management interviewees all expressed the belief that salespeople should be focused on selling and that the office business was not really of interest to them. This issue was highlighted by the C2 characteristic of participative policy making scoring at third lowest amongst all the respondents in the survey. This same result also occurred in the higher learning group.

It was interesting to see how learning tended to be seen as a cost factor rather than an investment. This was calculated in ways like time away from selling and the cost of IT training courses. However there seemed no calculation for the cost in time and income incurred through lack of learning - mistakes that happen due to lack of knowledge and clients lost due to absence of skills required. Individuals' attitude to learning depends on their own experiences. A large portion of respondents in the sample only went to high school and for many that experience may not have been positive so they saw extra learning as a chore. On the other hand many of the new breed of graduate entrants to the industry have developed a very positive view of learning; it is fun, enjoyable and challenging. This 'clash of cultures' can lead to a lack of mutual understanding misinterpretation, even breakdown of communication – and potentially become a serious barrier to realising the full potential of a real estate office.

7.3 The Implications of Learning Strategies for Recruitment, Education and Training

Learning organisations that are flexible require flexible people who are open to thinking in different ways, capable of 'systems thinking', ready to experiment sensibly and to

challenge the 'old ways'. The application of knowledge is only a start. The real source of competitive advantage is the capability to deal with unstructured problems, which require innovative thinking.

There is an increasing demand for self-management, interpersonal, and management capabilities. Working in teams, negotiation, networking, economic and commercial awareness and a client-focused outlook are amongst the skills real estate offices want as well as technical and selling skills. The future salesperson is not a lone ranger but a consultant, facilitator and negotiator with knowledge that collaboration does not exclude competition and that sharing work with others might get the job done better.

The key condition for organisational learning is an open culture free from blame and accepting of the opinions of others. A learning organization generates change in its business environment, rather than just reacting to it. For example 'affinity systems' would not have been thought of 10 years ago, nor would the need for people who can develop further innovative solutions to customer service. An inability to remain open to change may well mean that real estate organizations lose their controlling position in property transactions.

New recruits into the industry need to be skilled in dealing with new and unfamiliar problems in a different ways, with a spirit of enquiry. This demands the readiness and on going ability to learn. Traditional methods of selection – take on a person and if they fail to sell get rid of them to the opposition – does not take time to assess these skills and abilities fully. The Real Estate Institute also has a role to play here by reassessing the entry criteria and effectively preventing real estate from being a ' dumping ground' for people who have failed in other jobs. Selection methods could include probationary periods and requirements to continue with qualifications – the introduction of an effective and compulsory professional development programme.

The education system that is beginning to turn out graduates in real estate will have to teach innovation, collaboration techniques and a wider view of business and the factors

underpinning commercial success. The ability to think creatively and to find solutions is more important than mere knowledge application. Emphasis on teamwork and management/business skills is important with 'learning to learn' being a prime focus. Learning in the workplace should be recognized and to an extent new 'internship' programmes provide this link.

The research findings reinforce the message that the real estate qualifications should focus on technical, professional and business skills development. The 'learning real estate office' needs practitioners who are able to review critically existing practice and to learn from it. It is important that the Real Estate Institute moves towards compulsory Continuing Professional Development. The meaning of 'competent' has to be continually redefined and more explicit criteria are needed to judge whether a person is suited for entry into the industry.

7.4 Concluding Comments

Managers interviewed from the higher learning and successful groups were all aware of the learning strategies they pursued and had witnessed the benefits in both office contentment and sales levels.

Communication is always vital. Internal communication is key to strategy and the development of an organization as well as its members. Each individual in a real estate office needs to be aware of how they are involved in the office business and how their actions contribute to its success. This is where the key phrase of 'shared vision' comes to have real meaning.

Furthermore the low priority accorded 'participative policy making' indicates that learning is better if it is a two way process. External communication needs to include more than just customers and clients. Successful real estate offices talk to their opponents, competitors, to other professionals; to prospective clients ... the list of

stakeholders is not yet exhausted. Watching for, noticing and making sense of feedback from clients, environment and staff is the precondition for maintaining business viability.

Some real estate offices have noticed a shift. “The real estate agent is no longer someone who is an essential contact for information on properties for sale. There are an increasing number of information sources” one interviewee said, “If agents want to add something to the equation, we need to be able to offer better service and greater insight into what our clients want from us”.

Office size does not seem to increase the chance of learning and success, being large as many offices now are, tends to compromise flexibility although visibility and perception of success may be increased as observed in the study. Being small can mean a constant search for the economies of scale open to larger offices, but it can mean better adaptability.

Given that successful real estate offices are more ‘learningful’ a challenge is set for the real estate industry. There is enormous potential for change. In the successful and adaptable real estate office of the future ‘facilitation’ will cease to be merely something done at training times but become a critical part of office management. Managers in the future will not only be able to hold good meetings to deal with day to day issues but develop the ability to challenge defensive routines, mental models and unwritten rules that are built into the genes of the typical real estate organisation. An office in which learning and working is synonymous; peopled by colleagues and companions rather than bosses, subordinates and workers; where both inside and outside are continuously searched and examined for newness – new ideas, new problems, new opportunities for learning (Pedlar, et al., 1988), is the ideal. The concept of organisational learning has much to offer the future real estate office and the industry as a whole in coping with an increasingly dynamic future.

8

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9

Appendices

- 9.1 The Learning Company Characteristics
- 9.2 The Scoring of Office Performance – CEO Template
- 9.3 A Learning Company Questionnaire – for Real Estate Businesses
- 9.4 The Covering Letter
- 9.5 Sample Demographics
- 9.6 The Calculation of V_o
- 9.7 Correlation Matrix – The Learning Characteristics
- 9.8 Oneway Anova – Office Role
- 9.9 Mann-Whitney Test – HC Differences

9.1 The Learning Company Characteristics

In a checklist on organisational learning originally published in Pedlar et al (1991) each of the 11 characteristics were elaborated by 5 exemplary statements. This checklist used here serves to illustrate the meaning of each characteristic and explains the focus of each corresponding set of 4 statements to which respondents gave their office a mark.

1. The Learning Approach to Strategy

- Company regularly takes stock and modifies direction and strategy as appropriate.
- Managerial acts seen as conscious experiments.
- Policy and strategy structured as learning processes.
- Business plans are evolved and modified as we go along
- Deliberate small-scale experiments and feedback loops are built into the planning process to enable continuous improvement.

2. Participative Policy Making

- All members of the company take part in policy and strategy formation.
- Commitment to airing differences and working through conflicts.
- Appraisal and career planning discussions often generate visions that contribute to strategy and policy.
- Policies are significantly influenced by the views of stakeholders.
- Company policies reflect the views of all members, not just those of the top management.

2. Informating

- Information is used for understanding, not reward or punishment.

- You can get feedback on how your department is doing at any time by pressing a button
- Information technology is used to create databases and communication systems that help everyone understand what is going on.
- We really understand the nature and significance of variation in a system, and interpret data accordingly.
- Information technology is used to create databases, information and communication systems that help everyone to understand what is going on and to make sound decisions.

4. Formative Accounting and Control

- Systems of accounting, budgeting and reporting are structured to assist learning.
- Accountants and finance people act as consultants and advisors as well as score keepers and 'bean counters'.
- The financial system encourages departments and individuals to take risks with venture capital.
- Everyone feels part of the firm responsible for its own resources.
- Control systems are designed and run to delight their customers.

5. Internal Exchange

- Departments see each other as customers and suppliers, discuss and come to agreements on quality, cost, delivery.
- Departments speak freely and candidly with each other, both to challenge and to give help.
- Each department strives to delight its internal customers and remains aware of the needs of the company as a whole.
- Managers facilitate communication, negotiation and contracting, rather than exerting top down control.
- Departments, sections and units are able to act on their own initiatives.

6. Reward Flexibility

- Basic assumptions and values underpinning reward systems are explored and shared.
- Alternative reward systems are examined, discussed, tired out.
- Flexible working patterns allow people to make different contributions and draw different rewards.
- The nature of 'reward' is examined in depth
- We are all involved in determining the nature and shape of reward systems.

7. Enabling Structures

- Roles and careers are flexibly structured to allow for experimentation, growth and adaptation.
- We have discussed rules and procedures but they are frequently changed after review and discussion.
- Appraisals are geared more to learning and development than to reward and punishment.
- Departmental and other boundaries are seen as temporary structures that can flex in response to changes.
- We experiment with new forms of structures

8. Boundary Workers as Environmental Scanners

- It is part of the work of all staff to collect, bring back and report information about what's going on outside the company.
- We meet regularly with representative groups of customers, suppliers, community members and so on to find out what's important to them.

- There are systems and procedures for receiving, collating and sharing information from outside the company.
- All meetings within the company regularly include a review of what's going on in our business environment.
- We receive regular intelligence reports on the economy, markets, technological developments, socio- political events and world trends and examine how these might affect our business.

9. Inter company Learning

- We regularly meet with our competitors to share ideas and information.
- We participate in joint learning events with our suppliers, customers and other stakeholders.
- We engage in joint ventures with our suppliers, customers and competitors, to develop new products and markets.
- People in the company go on attachments to our business partners, including suppliers, customers and competitors.
- We use benchmarking in order to learn from the best practice in other industries.

10. Learning Climate

- If something goes wrong around here you can expect help, support, and interest in learning lessons from it.
- There is a general attitude of continuous improvement – always trying to learn and do better.
- Difference of all sorts, between young and old, women and men, black and white, etc. are recognised and positively valued as essential to learning and creativity.
- People make time to question their own practice, to analyse, discuss and learn from what happens.
- When you don't know something, it's accepted that people will ask around until they get the required help or information.

11. Self- development Opportunities for All

- People have their own self-development budgets – they decide what training and development they want and what to pay for it.
- With appropriate guidance people are encouraged to take responsibility.
- Self-development resources are available to external stakeholders.
- There are lots of opportunities, materials and resources available for learning on an 'open access' basis around the company.
- The exploration of an individual's learning needs is the central focus of appraisal and career planning.

9.2 The Scoring of Office Performance – CEO Template

A score of 1 indicated a poor rating and a score of 10 a top class performance i.e. 1 = poor, 2 = below average, 3 = average, 4 = good, 5 = excellent

	Office #						
Income/profitability							
Innovative marketing techniques							
Sound business practices							
Management competencies							
Staff recruitment & retention							
Stimulating culture							
Reputation							
Ethical/professional behaviour							
High level of real estate qualifications overall							

9.3 A Learning Company Questionnaire – for Real Estate Businesses

Section A

Give your office a score out of 5 for each of the statements listed below. Giving 5 points to any statement would mean that your office is very much like this, giving 1 point would mean your office is never like this. Although we would appreciate an effort to answer each question, if there is any question you feel you cannot comment on, please move on to the next question.

The office is never like this 1 2 3 4 5 It is very much like this

- | | |
|---|-----------|
| 1. Whenever its necessary we work and communicate with our market competitors to achieve positive results. | 1 2 3 4 5 |
| 2. We get rewarded for our work in this office in many different ways. | 1 2 3 4 5 |
| 3. When things go wrong here there is no apportioning of blame. | 1 2 3 4 5 |
| 4. Personal performance appraisals or one on one interviews are often a useful 'two way' learning experience for both parties. | 1 2 3 4 5 |
| 5. Everyone expects to regularly update his or her skills and real estate knowledge. | 1 2 3 4 5 |
| 6. We often examine how things like the economy, the property market, political, social and world events affect our office performance. | 1 2 3 4 5 |
| 7. In this office individuals are given the opportunity and support to grow their careers. | 1 2 3 4 5 |
| 8. The sales, administration, marketing and management teams or groups in this office both challenge as well as help each other. | 1 2 3 4 5 |
| 9. The office structure is always open to discussion and possible change. | 1 2 3 4 5 |
| 10. The basic assumptions and values underpinning the reward systems used here are open to discussion and exploration. | 1 2 3 4 5 |
| 11. All members of the company take part in helping to form policy and strategy. | 1 2 3 4 5 |
| 12. We often engage with either our customers, clients and/or competitors to develop new products and markets. | 1 2 3 4 5 |
| 13. We regularly examine by discussion, the assumptions we make about the market and general environment. | 1 2 3 4 5 |
| 14. Information Technology (IT) really helps us to do new things rather than just automating procedures we've been doing for ages. | 1 2 3 4 5 |
| 15. We feel included in the business, almost like partners, not employees. | 1 2 3 4 5 |
| 16. We get regular feedback about the office financial targets. | 1 2 3 4 5 |
| 17. Our IT systems make it possible to learn about and gather much more information than before. | 1 2 3 4 5 |
| 18. People around here like the way financial information is presented. | 1 2 3 4 5 |
| 19. We feel OK about challenging where this office is going. | 1 2 3 4 5 |
| 20. We discuss strategy widely before it gets put into place. | 1 2 3 4 5 |
| 21. Contributing to office policy is seen as part of everyone's job. | 1 2 3 4 5 |
| 22. Accounting and budgeting systems are designed so that we learn from them. | 1 2 3 4 5 |
| 23. The sorts of teams mentioned in question 8 understand and accommodate each other's purposes and values. | 1 2 3 4 5 |
| 24. We all speak freely and candidly with each other. | 1 2 3 4 5 |
| 25. Both roles and career paths are open to experimentation, growth and adaptation. | 1 2 3 4 5 |
| 26. People are often given tasks that extend them and allow them to take responsibility. | 1 2 3 4 5 |
| 27. To move us all forward we share market and research data with our competitors. | 1 2 3 4 5 |

- | | |
|--|-----------|
| 28. We don't rubbish other people's stories. | 1 2 3 4 5 |
| 29. It's clear to us that the IT system serves the company, not vice versa. | 1 2 3 4 5 |
| 30. If something goes wrong you can expect help, support and interest in learning from it. | 1 2 3 4 5 |
| 31. We often contact our competitors to seek extra important information. | 1 2 3 4 5 |
| 32. Our office policies reflect the values of all members, not just those of the managers. | 1 2 3 4 5 |
| 33. There is always recognition of good work and its not always monetary. | 1 2 3 4 5 |
| 34. All our information systems are user friendly. | 1 2 3 4 5 |
| 35. Policy making is seen as a way of helping people to stay really involved with the company | 1 2 3 4 5 |
| 36. We all use business plans as a helpful guide rather than as a stick to beat ourselves with. | 1 2 3 4 5 |
| 37. Everyone has something good to offer and we make a point of recognising it. | 1 2 3 4 5 |
| 38. People have a strong sense of how the company has developed to meet the changes in the real estate business. | 1 2 3 4 5 |
| 39. People understand the connection between what's going on outside the company and their day to day work. | 1 2 3 4 5 |
| 40. In this office its possible to admit you are wrong without losing face. | 1 2 3 4 5 |
| 41. Its normal to talk about developing oneself in this place. | 1 2 3 4 5 |
| 42. IT systems summarise financial data in a relevant way and deliver it in a user friendly way. | 1 2 3 4 5 |
| 43. People openly express when they need to learn something. | 1 2 3 4 5 |
| 44. We often discuss the question 'where do we go from here?' We have lots of discussions about the future of the business | 1 2 3 4 5 |

Section B

- How many years have you been in the real estate industry?
Under 1 year 1 – 3 years 3-6 years 6 –9 years over 9 years
- What is your age group?
Under 30 30-40 41-51 52-64 over 65
- What is your gender?
Male female
- How many years have you worked at this office?
Under 1 year 1 – 3 years 3-6 years 6 –9 years over 9 years
- What is your major role in the business?
Sales Management Administration
- What is your level of education? Please tick one box.
No formal educational qualification Completed high school Professional Diploma or similar
Bachelor's degree Post-graduate qualification
- What real estate professional qualifications do you have?
Salespersons certificate Branch Manager certificate A.R.E.I.N.Z Licence
- What is your speciality in real estate?
Residential Commercial Business Brokerage Rural Other

9.4 The Covering Letter

A Study of Company Learning and Performance

Information Sheet

As part of a research project at Massey University I would like to examine the degree to which real estate companies function in a learning way. We all know that certain individuals seek to learn by improving their skills and knowledge and keeping their minds open to change. However my interest lies in studying how more informal or group learning takes place in the real estate workplace and whether the degree of its presence in a particular office has an effect on performance.

As part of my study I want to profile individual offices and explore how the Auckland group of xxx franchises meets the criteria of a '*learning company*.' Organisational learning theory is a widely studied concept but to date has never been applied to the real estate profession in this way. As you are a member of a real estate franchise I invite you to take part in my survey by answering this questionnaire.

The information I get from you will remain strictly confidential to those working on the study. Any personal information provided when you answer the questionnaire will be merged to give me an overall 'group picture' of the Auckland franchise group. No individual responses will be identified. Similarly neither head office nor any individual franchise owner will be able to identify respondents.

If you decide to take part in the study you have the right to:

- Decline to answer any particular question.
- Ask any further questions about the study you may wish

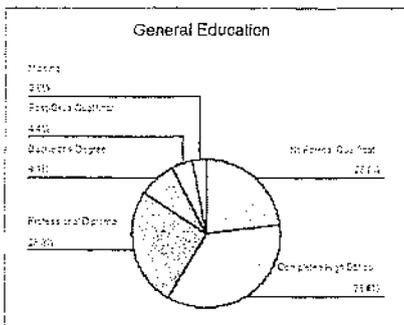
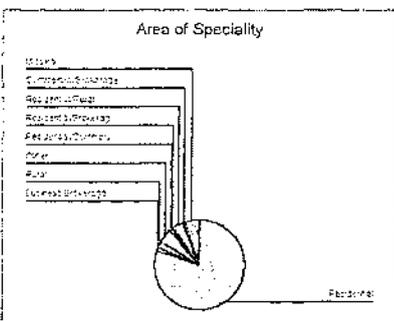
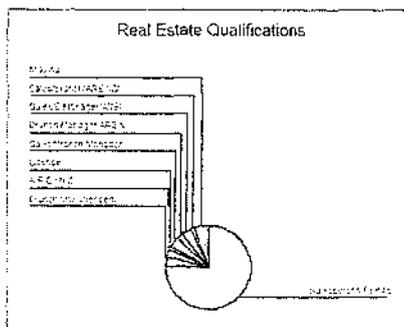
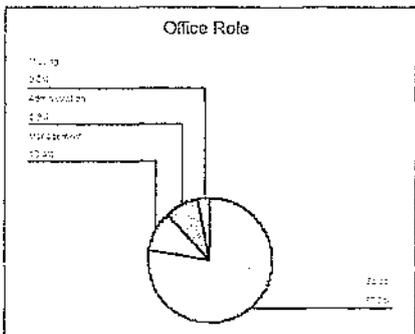
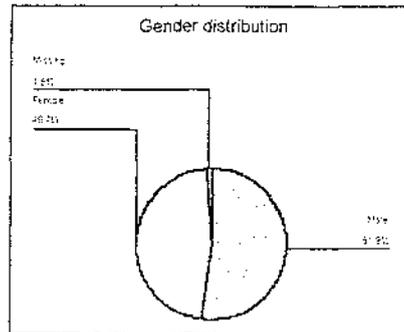
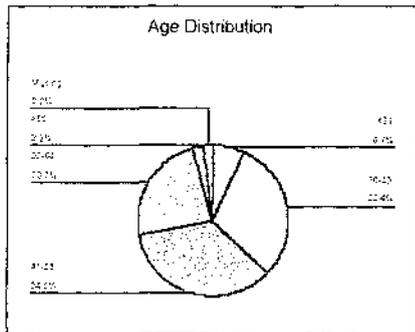
I am an independent Massey University researcher and not associated with any company or market research firm. This work is being used as an academic thesis project.

Your assistance is crucial for the success of my work and I thank you very much for taking the time and making the effort to contribute.

Many thanks

Susan Flint-Hartle
Lecturer in Property

9.5 Sample Demographics



9.6 The Calculation of Vo

Rspdnt	G1	G2	G3	G4	G5	G6	G7	G8	G9	G10	G11	VO
p1	3.50	3.25	3.50	2.75	3.50	3.25	4.00	3.50	3.00	3.00	3.25	0.38888889
p2	1.75	1.50	2.50	2.00	1.50	2.75	2.50	3.00	1.75	3.00	2.75	0.38888889
p1	2.50	1.00	2.75	1.00	2.75	2.50	2.33	4.00	3.50	2.50	4.00	0.03125000
p2	2.00	1.50	2.67	2.33	3.50	3.25	3.50	4.25	2.75	4.00	4.00	0.03125000
p3	1.25	2.00	2.00	1.00	2.75	2.50	3.50	3.50	2.00	3.25	2.50	0.03125000
p4	4.25	3.50	3.50	4.00	4.00	3.75	4.50	4.75	1.75	4.67	3.00	0.03125000
p5	3.25	2.25	3.25	2.50	3.00	2.25	4.00	2.75	3.00	3.00	3.75	0.03125000
p6	2.25	2.50	2.00	1.50	2.75	2.75	3.50	2.75	3.50	4.25	2.75	0.03125000
p7	3.50	3.50	4.00	1.50	3.75	3.50	4.75	4.00	3.00	4.00	4.00	0.03125000
p8	5.00	5.00	5.00	*	5.00	5.00	5.00	5.00	5.00	5.00	5.00	0.03125000
p1	4.00	4.25	3.75	3.75	4.00	2.75	4.33	3.50	4.25	3.75	4.25	0.01183432
p2	1.75	1.00	1.00	1.00	2.00	1.50	1.00	1.75	2.00	1.50	2.25	0.01183432
p3	1.00	1.50	2.00	1.25	2.25	2.00	2.00	2.50	1.75	2.25	2.25	0.01183432
p4	2.75	3.00	2.25	3.00	3.75	2.75	2.75	3.25	2.75	3.75	3.50	0.01183432
p5	3.25	2.00	1.50	1.75	3.00	1.75	2.25	3.00	1.75	2.50	2.75	0.01183432
p6	2.50	2.50	1.50	2.50	3.00	2.50	3.25	3.00	3.00	2.50	3.00	0.01183432
p7	3.25	3.00	2.75	1.75	4.25	4.50	4.25	3.75	3.25	4.00	4.25	0.01183432
p8	4.25	4.25	4.75	4.50	4.25	4.50	5.00	4.50	4.75	4.75	5.00	0.01183432
p9	3.00	2.50	2.50	2.50	2.25	3.00	2.25	2.75	2.50	2.75	3.00	0.01183432
p10	1.25	1.00	1.00	1.25	1.25	1.25	1.25	2.25	1.25	1.25	1.25	0.01183432
p11	4.50	5.00	3.75	4.25	5.00	4.50	4.75	4.50	4.75	4.50	5.00	0.01183432
p12	2.25	1.00	1.50	1.50	2.50	1.50	2.75	3.00	2.50	2.25	3.00	0.01183432
p13	1.75	1.00	2.00	1.25	2.25	2.00	3.00	3.50	2.50	4.00	3.25	0.01183432
p1	1.50	1.25	1.50	1.25	1.75	2.33	1.75	2.25	1.75	3.50	1.75	0.08950617
p2	1.75	3.00	4.00	1.00	3.25	3.75	2.50	3.50	1.75	4.25	1.75	0.08950617
p3	1.75	1.25	2.00	1.00	1.50	1.25	1.50	1.50	2.50	3.25	2.50	0.08950617
p4	3.50	3.00	4.25	2.00	3.50	4.25	4.50	3.25	3.00	4.25	3.75	0.08950617
p5	2.00	2.00	2.75	2.00	1.75	2.75	2.50	3.50	2.00	2.50	2.50	0.08950617
p6	4.00	4.75	3.75	3.25	4.75	4.75	4.50	4.25	3.25	3.75	4.00	0.08950617
p1	2.25	2.75	2.75	1.25	2.50	1.75	2.25	2.50	2.25	3.67	2.50	0.06944444
p2	3.00	3.50	1.75	1.33	3.25	2.25	2.75	3.50	3.25	1.50	2.75	0.06944444
p3	2.33	2.25	3.00	1.67	2.25	2.50	3.00	3.00	2.50	2.67	2.00	0.06944444
p4	2.75	3.00	1.75	1.25	2.25	1.75	2.00	1.75	1.25	2.50	2.50	0.06944444
p5	2.25	3.00	1.00	1.25	1.75	2.75	1.50	2.00	3.00	3.50	2.50	0.06944444
p6	2.00	3.00	1.50	1.00	3.00	2.25	3.00	3.50	2.25	3.25	2.00	0.06944444
p7	2.00	2.00	2.00	1.75	2.00	2.25	2.50	2.50	2.75	2.75	2.00	0.06944444
p8	2.50	3.75	2.25	1.50	3.00	2.00	2.00	2.50	2.00	3.00	3.00	0.06944444
p1	3.75	5.00	4.25	4.00	4.75	4.25	4.25	4.25	3.75	3.75	3.75	0.05895692
p2	3.33	2.67	2.00	3.50	2.50	2.00	2.50	4.00	*	2.50	3.00	0.05895692
p3	2.25	1.00	1.50	1.75	1.75	1.50	1.25	1.75	2.00	2.75	1.50	0.05895692
p4	2.25	2.25	1.50	1.75	2.00	2.50	2.75	2.25	2.00	2.25	2.25	0.05895692
p5	1.50	1.00	2.75	2.25	2.25	1.25	1.75	2.50	2.25	3.25	2.00	0.05895692
p6	2.25	5.00	4.00	1.00	5.00	3.75	5.00	3.50	2.00	3.25	3.50	0.05895692
p7	4.50	4.50	4.00	2.00	3.75	4.00	4.00	5.00	3.25	4.50	4.50	0.05895692
p1	2.50	2.00	2.75	3.00	2.50	2.50	2.00	3.75	2.50	2.25	3.50	0.52777778
p2	2.50	3.50	3.00	3.00	3.00	3.50	3.50	3.33	3.00	4.33	3.33	0.52777778
p1	2.75	2.50	2.25	3.00	3.25	3.00	2.50	3.25	2.00	3.00	3.00	0.03292181
p2	4.25	4.75	3.75	2.00	4.50	4.50	4.00	4.75	4.50	4.75	5.00	0.03292181
p3	4.00	2.33	2.75	4.00	4.00	2.75	2.33	3.33	3.67	4.00	4.25	0.03292181
p4	2.75	2.75	2.75	3.25	4.25	3.75	4.50	3.00	2.25	4.25	4.25	0.03292181
p5	1.75	1.75	1.00	1.25	1.75	1.75	1.00	2.50	2.25	2.75	2.50	0.03292181
p6	2.50	3.00	2.75	3.00	3.33	2.75	2.50	3.00	2.00	2.75	3.00	0.03292181
p7	3.75	2.75	3.25	2.25	3.75	3.25	3.50	3.25	2.00	3.25	3.50	0.03292181
p8	2.00	2.25	1.75	1.50	2.50	3.00	3.75	2.75	2.50	2.75	2.50	0.03292181
p9	1.67	1.75	1.50	1.00	3.25	2.75	2.00	3.00	1.67	3.50	3.00	0.03292181
p1	3.00	2.25	2.25	2.00	2.75	3.00	3.00	3.75	1.75	3.50	3.25	0.02721088
p2	4.00	4.67	2.50	1.50	4.50	3.67	3.00	4.25	4.33	4.25	4.00	0.02721088
p3	2.00	1.25	1.25	1.00	2.00	1.50	2.25	1.50	1.00	2.25	2.00	0.02721088
p4	3.50	2.50	2.50	1.00	2.50	3.67	2.50	3.00	1.00	4.00	2.25	0.02721088
p5	2.25	2.25	3.00	1.25	3.25	3.25	3.00	3.50	1.25	3.25	3.00	0.02721088
p6	3.50	3.25	3.25	3.25	3.50	4.00	4.50	4.50	1.50	3.75	3.00	0.02721088
p7	2.00	2.75	1.50	1.00	4.75	3.50	2.75	3.00	3.00	4.75	3.00	0.02721088
p1	2.00	1.50	2.75	1.25	2.00	1.75	2.00	3.25	1.50	2.50	2.25	0.01475694
p2	2.00	1.00	3.00	2.50	3.75	4.00	3.25	3.50	1.33	3.25	3.33	0.01475694
p3	3.50	3.00	3.50	3.25	3.50	4.00	4.00	4.00	2.00	3.75	3.50	0.01475694
p4	3.25	3.33	3.00	3.25	3.75	3.75	3.75	3.75	2.00	4.00	4.00	0.01475694
p5	2.75	1.75	4.00	2.00	2.25	2.25	4.00	4.00	1.00	2.50	3.25	0.01475694
p6	2.25	1.00	2.75	1.25	2.50	2.00	2.75	2.25	3.00	3.25	2.25	0.01475694
p7	2.25	3.00	2.50	2.50	3.25	3.50	3.25	3.25	2.75	3.00	3.50	0.01475694
p8	1.75	1.00	3.50	2.50	2.50	1.75	2.00	2.25	1.25	2.50	2.25	0.01475694

p9	1.25	1.00	2.50	1.00	1.75	2.25	2.25	2.75	2.25	2.75	2.25	0.01475694
p10	2.75	2.50	3.50	2.25	3.75	3.00	3.00	4.00	2.75	2.50	4.00	0.01475694
p11	3.75	3.00	3.00	4.00	3.75	3.75	3.25	4.25	2.50	3.25	4.00	0.01475694
p12	1.00	1.00	2.75	1.00	1.50	1.50	1.75	2.50	1.00	2.25	2.00	0.01475694
p13	3.00	3.25	3.75	2.25	3.75	3.25	4.25	3.75	1.75	2.25	3.25	0.01475694
p14	2.00	2.50	1.75	1.75	2.50	1.75	1.50	4.25	1.75	3.25	4.25	0.01475694
p15	3.00	2.75	3.25	2.25	3.25	3.25	3.50	4.50	2.00	3.50	3.50	0.01475694
p16	3.25	2.67	3.00	3.00	2.75	3.67	4.00	3.67	1.00	3.50	3.50	0.01475694
p1	3.25	3.75	3.75	2.75	4.50	4.75	4.50	4.25	3.50	3.75	4.50	0.03000000
p2	2.75	2.33	2.50	2.25	3.50	2.75	3.50	3.50	3.00	3.25	3.25	0.03000000
p3	1.67	2.00	4.33	1.00	3.00	4.00	4.00	3.00	2.00	3.67	2.75	0.03000000
p4	4.00	2.75	3.25	2.50	4.25	3.25	4.25	3.25	3.00	3.75	3.50	0.03000000
p5	2.75	2.00	3.50	1.75	3.75	3.25	3.25	4.75	3.00	4.00	3.75	0.03000000
p6	3.75	4.25	3.75	3.00	3.50	4.00	4.00	3.50	2.75	3.50	4.25	0.03000000
p7	3.50	2.75	3.50	3.25	3.75	3.75	3.75	4.00	3.25	3.50	4.00	0.03000000
p8	4.00	3.75	3.50	3.25	4.25	4.00	4.25	3.50	1.50	4.00	4.50	0.03000000
p9	4.25	3.50	4.00	3.50	4.00	4.00	4.00	3.50	2.75	3.75	4.25	0.03000000
p10	1.75	2.00	2.75	2.00	2.25	1.75	2.00	2.25	3.25	3.00	2.50	0.03000000
p1	3.25	1.25	3.50	3.50	4.50	4.00	4.75	3.50	1.75	3.75	4.00	0.06597222
p2	3.00	3.50	3.50	1.75	4.00	4.75	4.50	2.50	3.00	3.50	4.25	0.06597222
p3	4.25	3.50	3.75	2.50	3.50	4.00	4.25	4.00	2.75	4.50	4.50	0.06597222
p4	5.00	4.50	5.00	5.00	5.00	4.00	5.00	4.75	5.00	4.67	4.67	0.06597222
p5	4.25	4.50	5.00	4.33	4.50	4.50	4.50	4.50	4.25	4.25	4.75	0.06597222
p6	3.50	3.75	4.25	3.50	4.25	3.25	4.25	3.50	2.50	3.50	4.50	0.06597222
p7	5.00	5.00	5.00	4.25	4.75	5.00	5.00	4.75	5.00	4.75	4.75	0.06597222
p8	4.50	4.75	4.00	1.75	4.50	4.75	5.00	4.00	2.75	4.50	4.25	0.06597222
p1	2.25	2.50	2.00	2.50	2.50	2.50	1.75	2.50	2.25	3.25	3.00	0.01840894
p2	3.25	3.00	3.00	2.67	3.50	3.00	4.25	3.50	2.50	2.25	3.75	0.01840894
p3	3.50	2.67	2.33	2.75	2.75	3.00	3.25	3.33	3.50	2.75	3.50	0.01840894
p4	2.75	2.75	2.50	3.25	2.50	2.50	3.00	3.25	1.75	3.50	4.25	0.01840894
p5	3.25	2.00	2.00	1.75	2.75	2.50	3.00	2.50	3.25	2.50	2.50	0.01840894
p6	4.50	4.00	4.25	4.25	3.00	3.75	2.25	3.50	4.25	3.75	3.75	0.01840894
p7	1.75	1.67	2.00	1.75	2.75	2.75	2.25	2.75	2.50	3.67	3.25	0.01840894
p8	3.50	2.50	2.00	1.00	3.75	3.50	4.50	3.25	2.00	4.75	4.25	0.01840894
p9	3.75	3.25	2.75	3.00	3.75	4.00	4.67	3.25	2.50	4.50	4.50	0.01840894
p10	4.50	3.50	4.00	4.50	4.50	5.00	4.50	3.00	4.00	4.25	4.00	0.01840894
p11	5.00	4.00	4.00	3.33	5.00	4.75	4.00	3.75	3.25	4.50	3.75	0.01840894
p12	3.25	3.00	3.50	3.67	3.75	3.75	3.50	3.25	3.50	3.75	3.33	0.01840894
p13	4.67	2.00	3.50	2.67	3.50	4.67	5.00	4.50	2.75	2.50	4.67	0.01840894
p1	5.00	5.00	5.00	5.00	5.00	5.00	5.00	5.00	4.67	5.00	5.00	0.05895692
p2	2.67	2.75	4.00	2.50	3.33	3.75	3.33	3.75	3.00	3.50	3.33	0.05895692
p3	4.00	4.00	5.00	4.50	5.00	4.50	4.50	4.75	3.25	4.25	4.75	0.05895692
p4	4.00	4.25	4.25	4.00	4.25	4.75	4.25	4.50	4.00	3.75	4.00	0.05895692
p5	3.75	4.00	4.00	3.25	4.75	4.25	4.25	4.50	4.25	4.50	4.75	0.05895692
p6	3.75	4.25	3.75	3.50	4.50	4.50	4.25	4.00	3.25	4.00	4.25	0.05895692
p7	4.25	3.75	3.00	3.33	3.67	4.25	3.25	4.25	3.50	4.50	4.00	0.05895692
p1	3.50	4.75	3.75	3.00	4.50	4.25	4.50	2.75	2.00	4.25	3.75	0.18750000
p2	3.00	4.00	3.75	2.75	3.67	3.25	4.00	3.50	2.25	3.75	3.50	0.18750000
p3	3.75	4.00	4.00	3.25	4.25	3.75	3.75	3.50	3.50	3.75	3.75	0.18750000
p4	4.50	4.75	5.00	4.25	4.50	5.00	4.75	4.25	4.50	5.00	5.00	0.18750000
p1	3.67	3.00	4.25	3.00	4.25	3.50	4.00	4.00	3.67	4.00	3.50	0.38271605
p2	4.75	4.50	5.00	4.75	4.50	4.75	5.00	4.00	5.00	5.00	4.00	0.38271605
p3	4.25	4.50	4.50	4.00	4.75	4.00	4.25	3.75	4.25	4.25	4.75	0.38271605
p1	3.75	2.50	4.75	*	4.75	4.50	4.50	4.50	4.00	5.00	4.00	0.32098765
p2	4.50	4.25	4.50	5.00	5.00	5.00	4.25	4.75	3.25	4.50	4.25	0.32098765
p3	3.25	3.25	4.00	2.75	3.25	4.25	3.75	3.25	3.75	3.75	4.25	0.32098765
p1	3.75	3.25	3.75	3.25	4.00	3.50	4.25	5.00	3.00	3.75	4.75	0.04526749
p2	4.25	2.25	3.00	3.00	4.25	4.33	3.25	4.00	4.00	3.75	4.25	0.04526749
p3	3.25	2.75	4.25	3.25	4.25	4.00	4.25	4.25	1.75	4.00	4.00	0.04526749
p4	2.50	1.75	2.50	1.00	2.75	2.50	4.00	4.00	1.75	3.25	3.75	0.04526749
p5	3.75	3.25	3.00	2.75	3.75	3.25	3.50	3.25	2.75	3.25	3.75	0.04526749
p6	4.00	3.75	2.75	3.25	4.25	3.75	4.25	3.75	2.00	4.25	4.75	0.04526749
p7	5.00	5.00	5.00	*	5.00	5.00	5.00	4.67	5.00	5.00	5.00	0.04526749
p8	4.25	3.75	4.25	3.25	4.00	4.00	4.25	4.00	3.75	4.25	5.00	0.04526749
p9	3.50	2.50	3.00	2.25	3.50	2.75	3.25	3.25	2.25	3.00	4.00	0.04526749

9.7 Correlation Matrix- the Learning Characteristics

		a learning approach to strategy - s19,s20,s36,s44	informating – s14,s17,s29,s34	internal exchange – s8,s15,s23,s24	enabling structures- s4,s7,s9,s25
a learning approach to strategy - s19,s20,s36,s44	Pearson Correlation	1.000	.700**	.776**	.728**
	Sig. (2-tailed)	.	.000	.000	.000
	N	135	135	135	135
informating – s14,s17,s29,s34	Pearson Correlation	.700**	1.000	.729**	.762**
	Sig. (2-tailed)	.000	.	.000	.000
	N	135	135	135	135
internal exchange – s8,s15,s23,s24	Pearson Correlation	.776**	.729**	1.000	.808**
	Sig. (2-tailed)	.000	.000	.	.000
	N	135	135	135	135
enabling structures- s4,s7,s9,s25	Pearson Correlation	.728**	.762**	.808**	1.000
	Sig. (2-tailed)	.000	.000	.000	.
	N	135	135	135	135
inter company learning – s1,s12,s27,s31	Pearson Correlation	.646**	.551**	.597**	.467**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	134	134	134	134
participative policy making –s11,s21,s32,s35	Pearson Correlation	.772**	.666**	.775**	.679**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	135	135	135	135
formative accounting and control - s16,s18,s22,s42	Pearson Correlation	.749**	.675**	.648**	.566**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	132	132	132	132
boundary workers as environmental scanners s6,s13,s38,s39	Pearson Correlation	.671**	.679**	.699**	.676**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	135	135	135	135
a learning climate – s3,s28,s30,s40	Pearson Correlation	.626**	.620**	.715**	.635**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	135	135	135	135
self development opportunities for all s5,s26,s41,s43	Pearson Correlation	.791**	.680**	.796**	.750**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	135	135	135	135
reward flexibility – s2,s10,s33,s37	Pearson Correlation	.768**	.768**	.839**	.821**
	Sig. (2-tailed)	.000	.000	.000	.000
	N	135	135	135	135

		inter company learning – s1,s12,s27,s31	participative policy making –s11,s21,s32,s 35	formative accounting and control - s16,s18,s22,s 42	boundary workers as environmenta l scanners s6,s13,s38,s3 9
a learning approach to strategy - s19,s20,s36,s44	Pearson Correlation Sig. (2-tailed) N	.646** .000 134	.772** .000 135	.749** .000 132	.671** .000 135
informating – s14,s17,s29,s34	Pearson Correlation Sig. (2-tailed) N	.551** .000 134	.666** .000 135	.675** .000 132	.679** .000 135
internal exchange – s8,s15,s23,s24	Pearson Correlation Sig. (2-tailed) N	.597** .000 134	.775** .000 135	.648** .000 132	.699** .000 135
enabling structures- s4,s7,s9,s25	Pearson Correlation Sig. (2-tailed) N	.467** .000 134	.679** .000 135	.566** .000 132	.676** .000 135
inter company learning – s1,s12,s27,s31	Pearson Correlation Sig. (2-tailed) N	1.000 .000 134	.613** .000 134	.558** .000 131	.490** .000 134
participative policy making –s11,s21,s32,s35	Pearson Correlation Sig. (2-tailed) N	.613** .000 134	1.000 .000 135	.610** .000 132	.590** .000 135
formative accounting and control - s16,s18,s22,s42	Pearson Correlation Sig. (2-tailed) N	.558** .000 131	.610** .000 132	1.000 .000 132	.567** .000 132
boundary workers as environmental scanners s6,s13,s38,s39	Pearson Correlation Sig. (2-tailed) N	.490** .000 134	.590** .000 135	.567** .000 132	1.000 .000 135
a learning climate – s3,s28,s30,s40	Pearson Correlation Sig. (2-tailed) N	.553** .000 134	.635** .000 135	.497** .000 132	.565** .000 135
self development opportunities for all s5,s26,s41,s43	Pearson Correlation Sig. (2-tailed) N	.608** .000 134	.682** .000 135	.660** .000 132	.737** .000 135
reward flexibility – s2,s10,s33,s37	Pearson Correlation Sig. (2-tailed) N	.561** .000 134	.743** .000 135	.631** .000 132	.693** .000 135

		a learning climate – s3,s28,s30, s40	self development opportunities for all s5,s26,s41,s43	reward flexibility – s2,s10,s33, s37
a learning approach to strategy - s19,s20,s36,s44	Pearson Correlation Sig. (2-tailed) N	.626** .000 135	.791** .000 135	.768** .000 135
informating – s14,s17,s29,s34	Pearson Correlation Sig. (2-tailed) N	.620** .000 135	.680** .000 135	.768** .000 135
internal exchange – s8,s15,s23,s24	Pearson Correlation Sig. (2-tailed) N	.715** .000 135	.796** .000 135	.839** .000 135
enabling structures- s4,s7,s9,s25	Pearson Correlation Sig. (2-tailed) N	.635** .000 135	.750** .000 135	.821** .000 135
inter company learning – s1,s12,s27,s31	Pearson Correlation Sig. (2-tailed) N	.553** .000 134	.608** .000 134	.561** .000 134
participative policy making – s11,s21,s32,s35	Pearson Correlation Sig. (2-tailed) N	.635** .000 135	.682** .000 135	.743** .000 135
formative accounting and control - s16,s18,s22,s42	Pearson Correlation Sig. (2-tailed) N	.497** .000 132	.660** .000 132	.631** .000 132
boundary workers as environmental scanners s6,s13,s38,s39	Pearson Correlation Sig. (2-tailed) N	.565** .000 135	.737** .000 135	.693** .000 135
a learning climate – s3,s28,s30,s40	Pearson Correlation Sig. (2-tailed) N	1.000 .000 135	.649** .000 135	.746** .000 135
self development opportunities for all s5,s26,s41,s43	Pearson Correlation Sig. (2-tailed) N	.649** .000 135	1.000 .000 135	.755** .000 135
reward flexibility – s2,s10,s33,s37	Pearson Correlation Sig. (2-tailed) N	.746** .000 135	.755** .000 135	1.000 .000 135

** . Correlation is significant at the 0.01 level (2-tailed).

9.8 Oneway Anova- Office Role

			Sum of Squares	df	Mean Square	F	Sig.
NEWGRP							
1 low scoring	G1 a learning approach to strategy - s19,s20,s36,s44	Between Groups	3.090	2	1.545	1.841	.166
		Within Groups	61.279	73	.839		
		Total	64.369	75			
	G2 participative policy making -s11,s21,s32,s35	Between Groups	4.529	2	2.264	1.770	.177
		Within Groups	93.359	73	1.279		
		Total	97.887	75			
	G3 informing - s14,s17,s29,s34	Between Groups	2.740	2	1.370	1.619	.205
		Within Groups	61.761	73	.846		
		Total	64.501	75			
	G4 formative accounting and control - s16,s18,s22,s42	Between Groups	3.243	2	1.621	1.787	.175
		Within Groups	65.332	72	.907		
Total		68.575	74				
G5 internal exchange - s8,s15,s23,s24	Between Groups	5.518	2	2.759	3.135	.049	
	Within Groups	64.237	73	.880			
	Total	69.755	75				
G6 reward flexibility - s2,s10,s33,s37	Between Groups	5.439	2	2.720	3.171	.048	
	Within Groups	62.600	73	.858			
	Total	68.039	75				
G7 enabling structures- s4,s7,s9,s25	Between Groups	2.806	2	1.403	1.266	.288	
	Within Groups	80.883	73	1.108			
	Total	83.689	75				
G8 boundary workers as environmental scanners s6,s13,s38,s39	Between Groups	.177	2	8.856E-02	.129	.879	
	Within Groups	49.949	73	.684			
	Total	50.126	75				
G9 inter company learning - s1,s12,s27,s31	Between Groups	5.545	2	2.773	3.414	.038	
	Within Groups	58.463	72	.812			
	Total	64.008	74				
G10 a learning climate - s3,s28,s30,s40	Between Groups	4.683	2	2.342	3.717	.029	
	Within Groups	45.986	73	.630			
	Total	50.669	75				
G11 self development opportunities for all s5,s26,s41,s43	Between Groups	2.747	2	1.374	1.844	.165	
	Within Groups	54.365	73	.745			
	Total	57.112	75				
2 high scoring	G1 a learning approach to strategy - s19,s20,s36,s44	Between Groups	1.820	2	.910	1.316	.277
		Within Groups	35.942	52	.691		
		Total	37.762	54			
	G2 participative policy making -s11,s21,s32,s35	Between Groups	.538	2	.269	.268	.766
		Within Groups	52.150	52	1.003		
Total		52.687	54				
G3 informing - s14,s17,s29,s34	Between Groups	.102	2	5.077E-02	.064	.938	
	Within Groups	41.185	52	.792			
	Total	41.286	54				
G4 formative accounting and control - s16,s18,s22,s42	Between Groups	.378	2	.189	.180	.836	
	Within Groups	52.592	50	1.052			
	Total	52.970	52				
G5 internal exchange - s8,s15,s23,s24	Between Groups	1.412	2	.706	1.294	.283	
	Within Groups	28.363	52	.545			
	Total	29.775	54				

NEWGRP			Sum of Squares	df	Mean Square	F	Sig.
2 high scoring	G6 reward flexibility – s2,s10,s33,s37	Between Groups	4.258	2	2.129	3.584	.035
		Within Groups	30.893	52	.594		
		Total	35.151	54			
	G7 enabling structures- s4,s7,s9,s25	Between Groups	2.117	2	1.058	1.834	.170
		Within Groups	30.015	52	.577		
		Total	32.132	54			
	G8 boundary workers as environmental scanners s6,s13,s38,s39	Between Groups	.608	2	.304	.631	.536
		Within Groups	25.038	52	.481		
		Total	25.646	54			
	G9 inter company learning – s1,s12,s27,s31	Between Groups	.159	2	7.972E-02	.087	.917
		Within Groups	47.496	52	.913		
		Total	47.656	54			
	G10 a learning climate – s3,s28,s30,s40	Between Groups	2.601	2	1.301	3.199	.049
		Within Groups	21.140	52	.407		
		Total	23.742	54			
	G11 self development opportunities for all s5,s26,s41,s43	Between Groups	.925	2	.463	1.239	.298
		Within Groups	19.414	52	.373		
		Total	20.339	54			

9.9 Mann-Whitney Test - HC Differences

	HC	N	Mean Rank	Sum of Ranks
G1 a learning approach to strategy - s19,s20,s36,s44	1 C	48	74.55	3578.50
	2 H	87	64.39	5601.50
	Total	135		
G2 participative policy making -s11,s21,s32,s35	1 C	48	85.26	4092.50
	2 H	87	58.48	5087.50
	Total	135		
G3 informing - s14,s17,s29,s34	1 C	48	82.38	3954.00
	2 H	87	60.07	5226.00
	Total	135		
G4 formative accounting and control - s16,s18,s22,s42	1 C	47	74.01	3478.50
	2 H	85	62.35	5299.50
	Total	132		
G5 internal exchange - s8,s15,s23,s24	1 C	48	75.65	3631.00
	2 H	87	63.78	5549.00
	Total	135		
G6 reward flexibility - s2,s10,s33,s37	1 C	48	77.75	3732.00
	2 H	87	62.62	5448.00
	Total	135		
G7 enabling structures- s4,s7,s9,s25	1 C	48	74.91	3595.50
	2 H	87	64.19	5584.50
	Total	135		
G8 boundary workers as environmental scanners s6,s13,s38,s39	1 C	48	72.68	3488.50
	2 H	87	65.42	5691.50
	Total	135		
G9 inter company learning - s1,s12,s27,s31	1 C	47	79.33	3728.50
	2 H	87	61.11	5316.50
	Total	134		
G10 a learning climate - s3,s28,s30,s40	1 C	48	77.96	3742.00
	2 H	87	62.51	5438.00
	Total	135		
G11 self development opportunities for all s5,s26,s41,s43	1 C	48	69.90	3355.00
	2 H	87	66.95	5825.00
	Total	135		

Test Statistics^a

	G1 a learning approach to strategy - s19,s20,s36,s44	G2 participative policy making -s11,s21,s32,s35	G3 informing - s14,s17,s29,s34	G4 formative accounting and control - s16,s18,s22,s42	G5 internal exchange - s8,s15,s23,s24
Mann-Whitney U	1773.500	1259.500	1398.000	1644.500	1721.000
Wilcoxon W	5601.500	5087.500	5226.000	5299.500	5549.000
Z	-1.449	-3.816	-3.181	-1.683	-1.691
Asymp. Sig. (2-tailed)	.147	.000	.001	.092	.091

	G6 reward flexibility - s2,s10,s33,s37	G7 enabling structures- s4,s7,s9,s25	G8 boundary workers as environmental scanners s6,s13,s38,s39	G9 inter company learning - s1,s12,s27,s31	G10 a learning climate - s3,s28,s30,s40	G11 self development opportunities for all s5,s26,s41,s43
Mann-Whitney U	1620.000	1756.500	1863.500	1488.500	1610.000	1997.000
Wilcoxon W	5448.000	5584.500	5691.500	5316.500	5438.000	5825.000
Z	-2.157	-1.528	-1.036	-2.601	-2.206	-.420
Asymp. Sig. (2-tailed)	.031	.126	.300	.009	.027	.675

a. Grouping Variable: HC