Assessing Organizational Culture in Real Estate Brokerages: Links to Real Estate Agent Success

Dean A. Koutroumanis
The University of Tampa

Stephanie J. Thomason
The University of Tampa

Real estate agents interested in maximizing their sales commissions may consider the impact of their brokerage firm's organizational culture on their incomes. They may also seek to understand whether the size and age of their brokerage firms correspond to four popular organizational culture types: clan, hierarchical, market, and adhocracy. A survey distributed to United States real estate agents was analyzed to examine these relationships. The results supported hypotheses indicating that clan cultures were dominant in small firms with 20 or fewer employees and in younger firms under six years, while market cultures prevailed in larger and older firms. Additionally, market and adhocracy cultures correlated positively with brokerage firm size, and adhocracy cultures were more prevalent in younger firms. Real estate commissions were highest in companies with market culture features, followed by clan, adhocracy, and hierarchical cultures. Linear regressions and bootstrapping further supported a negative relationship between hierarchical cultures and real estate commissions and a negative relationship between adhocracy cultures and the age of firms. Theoretical and practical implications are discussed.

Keywords: organizational culture, real estate brokerages, real estate, organizational behavior

INTRODUCTION

The current research study examined key elements of organizational culture and the extent to which the organizational culture of real estate brokerages impacted the success of real estate agents. Success regarding the study was measured by the length of time an agent engaged in the industry and commissions earned. Developing a dynamic organizational culture in real estate brokerage firms could significantly impact developing successful real estate agents. While there has been a great deal of research related to organizational culture in various industries, there are limited studies regarding the impact of organizational culture on the real estate brokerage industry (Koutroumanis, 2021). The current study investigated various real estate brokerages in hopes of linking specific organizational culture types to real estate agent success.

The real estate industry has traditionally had a great allure to those who desired to become entrepreneurs. With limited barriers to industry entry for new agents, excluding licensure, the real estate industry has been very attractive to enter. In most states, the licensing requirements include a state mandated and approved class, class and state examinations, post-licensing classes and continuing education requirements. Many new real estate agents feel that they will begin generating income immediately once they complete these requirements. There are also minimal financial startup costs compared to other entrepreneurial startups (Handy, 2021).

Adding to the attraction of the real estate industry are the glorified real estate television reality shows like Million Dollar Listing, New York and Los Angeles, Selling Sunset, Flip or Flop and many more which had glamorized the real estate industry (Koutroumanis, 2021). These reality television shows depicted real estate agents living opulent lifestyles, driving expensive cars, flying in private jets, sailing on luxury yachts, and making millions of dollars in commissions. The true reality of a real estate agent's life paints a much different picture. According to Anderson, Byrd and Hurst (2012), 76% of first year agents made less than $30,000.

Entrepreneurial startups have had a profound economic impact in the US throughout history, creating two out of every three jobs (Lussier, 2005; Williamson, 2000). Typical failure rates of startup businesses in various industries ranged from 20% in year one to 60% in year five (Lussier, 2005). The real estate industry, however, boasted a much higher failure rate of real estate agents than most startups in other industries. According to the National Association of Realtors (NAR, 2014) an estimated 75% of real estate agents fail in their first year of business and 87% of real estate agents leave the industry in five years (Ferry, 2014). Various studies citing reasons for the high failure rates included irregular and non-routine work schedules, commission-based pay structure and poor agent developmental programs. Nonetheless, low barriers to entry, low financial startup costs and entrepreneurial opportunity continued to drive prospective entrepreneurs into the real estate industry (Koutroumanis, 2021, Webb & Seiler, 2001). Furthermore, many may be concerned about the unknown impact of a recent $418 million settlement by the National Association of Realtors about buyer agent fees (Wile, 2024).

The impetus for the following research study stemmed from the lack of current literature and empirical data on the impact of organizational culture in real estate brokerages. Much of the academic literature of real estate research has not advanced the level of discourse between the impact of organizational culture and real estate agent success (Koutroumanis, 2021). Real estate agents are required to work under a licensed real estate broker. Real estate brokers provide opportunities for newly licensed agents at a very low marginal cost as they typically provide a desk and administrative support (Webb & Seiler, 2001). Depending on the specific brokerage, training and development of newly licensed agents could be limited, leaving agents to navigate how to succeed independently. The required state mandated education for licensure does not give any instruction or training on building a real estate practice. The focus of the state required education focuses on real estate law and procedures.

The current study examined the construct of Organizational Culture (Schein, 1990; Cameron & Quinn, 1999) and assessed if specific culture types posited increased levels of real estate agent success. The current study examined if specific culture types were better suited in training and developing new agents. Why are so many real estate agents unsuccessful in building real estate careers? This current study examined organizational culture types (the foundation of every organization) in real estate brokerages to see if culture plays a role in agent success.

The study was organized as follows. First, the real estate industry in the United States between 2020 and 2023 was examined. Next, factors contributing to real estate agent success within this volatile environment were analyzed. Finally, hypotheses were formed and tested using a dataset of 122 real estate agents throughout the United States. A discussion was then offered, along with practical and theoretical implications.

THE U.S. REAL ESTATE INDUSTRY

The real estate industry has grown tremendously since the Covid 19 pandemic. Total home sales for the year ending 2021 were over 528,000, representing a 19% increase from 2020 (Malone, 2022). Total residential sales topped $2.8 trillion, which exceeded 2020 and 2005's record years by $600,000 (Malone, 2022). Real estate agents saw record sales in 2021, more than in years past (Malone, 2022). The "Great Resignation" had seen employees exit many industry sectors coast to coast in search of new career opportunities. Some of the hardest hit industries included the hospitality and healthcare industries, which saw some of the largest loss of employees and struggled to find employees well into 2022 and 2023. Due to the "hot" real estate market over the past several years, many of the "resignees" made their way to the real estate industry. According to the National Association of Realtors (NAR), 156,000 became real estate agents in 2021. Combined totals of new real estate agents for 2020 and 2021 increased nearly 60% from the previous two years, 2018 and 2019 (Jackson, 2022). In 2017, the U.S. Census Bureau (2017) reported that there were 106,548 real estate brokerage firms and the Association of Real Estate License Law Officials (ARELLO), had estimated that the United States (U.S.) has over 3 million active real estate licensees. According to the NAR (2019), 81% of real estate firms had a single office with two full-time real estate licensees and 82% specialized in residential brokerage.

From March 17 of 2022 to July 6 of 2023, the Federal Reserve raised interest rates 525 basis points to curb a forty-year high inflation rate, which increased the federal funds rate from .25% to 5.50% (Adams, 2024). These moves led to increases in thirty-year mortgage rates from a low of 3% to over 7% in the same time period (Jayakumar, 2023). These rapid increases in interest rates triggered an approximate 20% drop in home sales year over year (Pettypiece, 2022). With rising interest rates, looming recession and slowing housing sales, the real estate market had seen a slowdown. Of all the new real estate agents who had entered the industry, approximately 10% of them would have sustained careers in real estate in the subsequent five-year period (Jackson, 2022, NAR, 2014, Ferry, 2014). According to NAR (2023a) an estimated 100,000 real estate agents left the industry by early 2023. Within the United States, the real estate market varied significantly by region. All regions were lower than the pending home sales index of 100 in 2001, according to the NAR (2023b): West, 59.4 index with a month-over-month decline of 8%; Midwest, 75.7 index with a month-over-month decline of 10.7%, Northeast 66.6 index with a month-over-month decline of 8.1% and the South, 99.6 index with a month-over-month increase of .2%. Given the attractiveness of the South based on its index and month-over-month slight increase, the present study examined real estate success in this region to mitigate negative market influences.

ORGANIZATIONAL CULTURE

Next, the focus shifted from the macro level to the micro level to review the literature on organizational cultures. An organizations' culture sets the stage on how it operates, develops its people, and is perceived within the overall market (Strategic Direction, 2019). Organizational culture is also defined as a set of values, beliefs and assumptions that drive management processes and styles (Laforet, 2016; Schein, 1990). Organizational efficiency has also shown to be positively impacted by the overall culture of the organization (Song, Lee & Wang, 2016). Organizational culture literature has shown that culture has had a significant, positive impact on employee behaviors, attitudes, commitment, customer service and customer retention (Koutroumanis, Alexakis & Dastoor, 2015; Seidman, 2001; Kattara, Weheba & El-Said, 2008; Davidson 2003; Schneider & Bowen, 1993; Stamper & Van Dyne, 2003).

A study by Meng et al. (2016) found that corporate real estate firms, in addition to other organizations, can improve employee retention if these organizations leveraged their organizational culture as a corporate competency. Studies have also shown that firms that understand the transformative value of an appropriate organizational culture and link management style, HR practices and talent management (TM) can build stronger levels of organizational commitment (Koutroumanis, 2021; Meng et al., 2016; Mattila, 2006; Goodman, Zammuto & Gifford, 2001). Schein (1990) defined organizational culture as "what a group learns over a period of time as that group solves its problems of survival in an external environment and its problems of internal integration. Such learning is simultaneously a behavioral, cognitive, and an emotional process" (p. 111). In a study conducted by Davidson (2003) organizational culture is defined as "the shared beliefs and values that are passed on to all within the organization" (p. 206). Davidson's study concluded, "The culture and climate shape employee actions and their commitment to a service ethic. It is this commitment to service that is of paramount importance if customer satisfaction is to be achieved" (p. 211).

The Competing Values Framework, adapted by Cameron and Quinn (1999), is one of the most well-known models of Organizational Culture. The model identified four culture types: (1) Clan Culture, (2) Adhocracy Culture, (3) Market Culture, and (4) Hierarchy Culture. Table 1 presents definition and examples of the culture types.

TABLE 1
ORGANIZATIONAL CULTURE TYPES

Culture Type	Characteristics	Examples
Market	– Goal focused – Market superiority – Highly competitive – Individualized focus	– Automobile dealerships
Clan	– Family-type environment – High level of autonomy – Focus on human development – Environment of loyalty & commitment – Team oriented	– Small, independently operated businesses – ie. "mom & pop" type organizations
Hierarchy	– Distinct authoritarian structure – Rules & regulations – Distinct lines of communication – Tight control & accountability	– Large corporations – IBM, General Motors Corp, GE
Adhocracy	– Breeds entrepreneurship – Highly dynamic environment – High levels of creativity	– Many advertising firms – High-tech software companies

(Koutroumanis, 2021, Koutroumanis, Watson & Dastoor, 2012; Cameron & Quinn 1999)

Organizational culture has been researched in a wide variety of industries. As examples, in a study of contracting firms in construction in Hong Kong, Fong and Kwok (2009) found that clan cultures were the most popular at the project and organization levels, while hierarchy cultures were the least popular. Fong and Kwok (2009) characterized clan cultures by their honest communication, trust, respect for people, and cohesive relationships. In another study of labor offices in Poland, employees rated higher levels of organizational commitment in clan cultures than in hierarchy cultures (Marzec & Fraczkiewicz-Wronka, 2016).

A current literature search found limited studies regarding the impact of organizational culture on the real estate brokerage industry. A study by Nase and Arkesteijn (2018) investigated the impact of organizational culture on corporate real estate management strategies. The study posited that larger firms exhibit characteristics of market and hierarchy culture types, whereas smaller firms exhibited clan and adhocracy culture types. Larger real estate firms may be more likely to be older than their smaller counterparts due to the time it takes to enter and establish an organization in the market. Clan and adhocracy organizational culture types emphasized investing in the employee's workplace experience, whereas market and hierarchy culture types focused on process and market superiority (Nase and Arkesteijn, 2018; Strategic Direction, 2019). With a research gap existing in the real estate brokerage industry and a high level of agent failure and defection (Ferry, 2014), the current study focused on gauging the dominant organizational culture type in real estate brokerages and sought to see if those culture types led to agent success.

HYPOTHESES

With limited research conducted in the real estate brokerage industry related to culture, the current study's findings can be of value to the real estate industry, real estate brokerages, and real estate agents alike as well as extend the academic literature. The motivation for this research from a practical standpoint is to help real estate brokerages build appropriate programs, including cultural orientation, business model development and best practices to increase real estate agent success.

The current study investigated which organizational culture type was dominant in real estate brokerages as defined by Cameron and Quinn (1999). The study examined the existence of clan culture type, market culture type, adhocracy culture type and hierarchy culture type. The study further examined the linkage of each specific culture type to real estate agent success.

Each of Cameron and Quinn's (1999) organizational culture types contains characteristics that may work well within the highly competitive and highly dynamic real estate industry. Market cultures are highly competitive, individualized, and goal-focused. Clan cultures are family-oriented with high autonomy, honesty, and integrity. Hierarchy cultures include distinct lines of communication. Adhocracy cultures breed entrepreneurship, creativity, and are highly dynamic. However, real estate firms are likely to exhibit features of more than one of these four culture types, so it is acknowledged that each firm may not neatly align with all of the features of a given culture.

The financial success or turnover rates of agents within these cultures may depend upon whether agents' values align with the cultural values of their organizations. According to Kristof (1996) and person-organization fit theory, person-organization fit is achieved (1) when at least one party (person or organization) provides something the other needs or (2) when they share similar fundamental characteristics or (3) both. High P-O fit corresponds to lower intentions to quit and turnover (e.g., McCullough & Turban, 2007) and higher organizational commitment (e.g., Bretz & Judge, 1994). Accordingly, it seems more likely that real estate agents who share the values of their firms will be more representative within those firms.

Dominick, Iordanoglou, Prastacos, and Reilly (2021) analyzed the espoused values of the "Fortune 100 Best Companies to Work For" list and then mapped those 24 values onto the Competing Values Framework. Clan cultures corresponded to 12 of the values, including integrity, respect, teamwork, people first, and commitment. Market cultures corresponded to six of the values, including reputation, client-driven, and agility. Hierarchy cultures correspond to five values: integrity, professionalism, and fairness. Adhocracy cultures corresponded to four values: innovation, continuous development, diversity, and agility. Market and adhocracy cultures focus externally on entrepreneurialism, achievements, and outcomes with a customer-focused approach, while clan and hierarchy cultures focus more internally on employees (Eisand, Evanschitzky, & Gilliland, 2015). Clan cultures focus on mentoring, leadership, consensus-building, teamwork, and morale, while hierarchy cultures focus on coordinator-style leadership, structure, stability, and formalization (Eisand, Evanschitzky, & Gilliland, 2015). Desphande and Farley (2004) proposed the following ordering of cultures based on high to low performance: market > adhocracy > clan > hierarchy. In a meta-analysis of 123 studies, Eisand, Evanschitzky, and Gilliland (2015) determined that market cultures had the highest new product performance, while hierarchy cultures had the lowest. Clan cultures were more effective in collectivistic national cultures than in individualist societies, while adhocracy cultures were less effective in national cultures with higher uncertainty avoidance.

Considering the individualistic nature of the United States (Hofstede, 2001) and its entrepreneurial and innovative values, the ordering above is supported. Consequently, the first hypothesis is stated as follows:

H1: *The financial success of real estate agents will be highest in firms with dominant market cultures, followed by adhocracy, clan, and hierarchy cultures.*

The replicability of the study by Nase and Arkesteijn (2018) in the real estate industry was further examined by analyzing dominance based on firm size. Additionally, the study considered firm age, as smaller firms are more likely to be younger than their more established counterparts.

H2: *Clan cultures will be dominant in (a) smaller and (b) younger real estate brokerages.*

H3: *Market cultures will be dominant in (a) older or (b) larger real estate brokerages.*

H4: *Adhocracy cultures will be dominant in (a) younger and (b) smaller real estate brokerages.*

H5: *Hierarchy cultures will be dominant in (a) larger and (b) older real estate brokerages.*

H6: *Dominant clan culture types will be positively related to real estate agent sales commissions.*

H7: *Dominant market culture types will be positively related to real estate agent sales commissions.*

H8: *Dominant adhocracy culture types will be positively related to real estate agent sales commissions.*

H9: *Dominant hierarchy culture types will be negatively related to real estate agent sales commissions.*

METHODOLOGY

Study Sample

Links to an online survey were sent to real estate agents across the United States, and responses were received from 220 participants. However, 98 surveys were incomplete. The current study analyzed complete surveys from 122 real estate agents, which included 66 males, 51 females, and 5 individuals who did not respond to that question.

Survey Instrument

The original organizational culture type scale had twelve questions, three questions per culture type classification. The responses were measured on a Likert-type scale with 1=low and 5=high (Yeung, Brockbank and Ulrich, 1991; Obenchain, 2002). In the current study questions 19, 21 and 24 measured clan type culture, questions 20, 22 and 23 measured market type culture, questions 26, 29 and 30 measured hierarchy type culture, and questions 25, 27 and 28 measured adhocracy type culture. A sample question for a clan type is as follows: "This brokerage is a very personal place. (It is like an extended family; people seem to share a lot of themselves)." A sample question for an adhocracy type is as follows: "This brokerage is a very dynamic and entrepreneurial place. (Staff is willing to stick their necks out and take risks." A sample question for a hierarchical culture is as follows: "This brokerage is a very structured and formal place.(Staff members pay close attention to details and procedures in order to get things done).A sample question for a market type is as follows: "The glue that holds this brokerage together is an emphasis of tasks and goal accomplishment. (A production and achievement orientation is shared). The 3-item scale measuring clan culture type yielded Cronbach alpha's reliability of .79 and .73 in two previous studies (Obenchain, 2002; Yeung et al, 1991) and .77 in the current study The 3-item scale measuring market culture type yielded Cronbach alpha's reliability of .79 and .77 in the aforementioned two previous studies and .61 in the current study. The 3-item scale measuring adhocracy culture type yielded Cronbach alpha's reliability of .70 and .76 in the aforementioned two previous studies and .81 in the current study. The 3-item scale measuring hierarchy culture type yielded Cronbach alpha's reliability of .79 and .73 in the previous two studies and .78 in the current study. The means and standard deviations of the organizational culture variables are as follows: adhocracy (mean = 4.00; s.d. = .87); clan (mean = 4.10; s.d. = .86), hierarchical (mean = 3.53; s.d. = .93); and market (mean = 3.87; s.d. = .82). See Table 2 for reliabilities and Table 3 for correlations of the study variables.

TABLE 2
RELIABILITIES (COEFFICIENT ALPHA) FOR ORGANIZATIONAL CULTURE TYPE SCALES

Culture Type	Obenchain (2002)	Yeung, Brockbank & Ulrich (1991)	Current study
Clan	.73	.79	.77
Market	.79	.77	.61
Adhocracy	.82	.80	.81
Hierarchy	.70	.76	.78

TABLE 3
PEARSON CORRELATIONS

Variable	Comm.	Firm age	Seniority	Brokerage size	Full-time	Clan	Adhoc	Hier
Comm.								
Firm age	.087							
Seniority	.585**	.192*						
Brokerage size	-.009	.107	.02					
Full-time	.340**	.111	.250**	.004				
Clan	-.01	.036	.053	.179	.007			
Adhocracy	-.099	-.161	-.056	.231*	0	.498**		
Hierarchical	-.176	-.03	-.041	.116	.016	.442**	.498**	
Market	-.019	-.018	-.03	.259**	.031	.404**	.528**	.544**

** Correlation is significant at the .01 level (2-tailed)
* Correlation is significant at the .05 level (2-tailed)
Adhoc is an abbreviation for adhocracy; Comm. is an abbreviation for commissions, Hier is an abbreviation for hierarchical.

Hypotheses Testing and Results

The first hypothesis tested whether the financial success of real estate agents would be highest in firms with market culture features, followed by adhocracy, clan, and hierarchy culture features. The associates' profiles with scores between 4 and 5 on each of the four organizational culture sets of features were isolated. Next, their means and standard deviations on self-reported sales commissions were examined. Sales commissions were on a 6-point scale anchored by 1 to 6 with ranges of under $50,000 to over $200,000. The mean score of 3.71 indicated average commissions between $75,000 and $150,000. Results indicated partial support: market culture types had the highest sales commission means (3.81, s.d., 2.0), followed by clans (3.62, s.d., 2.0), adhocracies (3.54, s.d. 2.05), and hierarchies (3.28, s.d., 1.97).

Next, the strength of the four dominant culture types about self-reported sales commissions was evaluated using multiple regression. First, correlations between sales commissions and a dummy variable for full-time agent status (111 full-time agents) were examined. Brokerage size, brokerage age, agent education, agent seniority, whether the agent was part of an established team that has been in business for more than five years, and whether the agent had conducted a real estate industry analysis to determine whether or not to control for these potential contributors to the regression equation. Only full-time status and seniority were significant; therefore, those variables were controlled in the analysis. Further analysis scanned for outliers beyond three mean standard deviations, and none were found. Results from a hierarchical linear regression with sales commission as the dependent variable and seniority and the four organizational culture types at the first and second steps, respectively, provided support for hypothesis 9:

dominant hierarchical organizational culture types have a negative relationship with sales commissions (*b* = -.21, *t* =-2.33, *p* <.05). See Table 4 for detailed information about this hierarchical regression equation.

Three approaches were used to test hypotheses 2 through 5 by (1) examining significant results via a Pearson correlation matrix; (2) examining dominant culture features in brokerage firms distinguished by size and age and (3) running linear regression equations. Pearson correlations were examined and it found that dominant market and adhocracy culture types were significantly correlated with brokerage size. The next test of hypothesis two proposed that clan cultures would be dominant in (a) small and (b) young brokerages, 28 associates were isolated in brokerages with 20 or fewer associates and examined the prevalence of high or low clan culture features. Results supported 1a: 57.1 percent (16 associates) reported high clan culture features, while 42.9 percent (12 associates) had lower scores. Thirteen associates were isolated in brokerages that had been in business for five or fewer years, finding support for 1b: 76.9 percent (10 associates) in young firms reported dominant clan culture types, while 23.1 percent (3 associates) did not. The same process was used to test hypothesis 3, which posited that market culture features would be prevalent in (a) older or (b) larger firms. Ninety-two associates were isolated in brokerages with 21 or more associates and found that 65.8 percent (60 associates) reported dominant market types, while 34.8 percent (32) did not. Next, 107 associates were isolated in brokerages that had been in business for 6 or more years, finding that 57.9 percent (62 associates) reported high market features, while 42.1 percent (45) did not. The same process was followed to test the fourth hypothesis that adhocracy culture features would be dominant in (a) small and (b) young cultures. Results did not support 4a but provided some support for 4b: 53.8 percent (7 associates) reported numerous features of adhocracy cultures, while 46.2 percent (6 associates) did not. The same process was followed as in H2 to test the fifth hypothesis that hierarchical culture types would be prevalent in older and larger firms. Results did not support those hypotheses.

Multiple regression was used to test whether the age of the brokerage corresponded to its organizational culture, respondents were asked to indicate whether their brokerage had been in business for 1-5 years, 6-10 years, or 11+ years. Four organizational culture-independent variables were regressed onto the age variable. No outliers beyond three standard deviations from the mean were identified. Results for the overall regression equation were not significant, but the constant was significant (*p <.001)* due to the negative relationship between adhocracy cultures and brokerage age (*b = -.27, p=.03).* In other words, results suggested that adhocracy culture types may be dominant in younger firms.

To test whether the size of the brokerage corresponded to its organizational culture, respondents were asked to indicate whether their brokerage had between 1 and 10 associates, 11-20 associates, and 21 or more associates. Four organizational culture independent variables were regressed onto the size variable, finding support for the overall model but none of the culture variables were significant.

To test whether the age of the brokerage corresponded to its organizational culture, respondents were asked to indicate whether their brokerage had been in business for 1-5 years, 6-10 years, or 11+ years. Four organizational culture independent variables were regressed onto the age variable. No outliers three standard deviations beyond the mean were identified. Results for the overall regression equation were not significant, but the constant was significant (*p <.001)* due to the negative relationship between adhocracy cultures and brokerage age (*b = -.27, p=.03).*

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To determine whether greater confidence in the results could be achieved given the small sample size, two bootstrap analyses were applied to the regression equations, using simple sampling on samples of 5,000 with 95% bias-corrected confidence intervals. Results offered further support for the negative relationship between hierarchical organizational cultures and sales commissions (B=-.46, bias = -.03, s.e. = .18, *sig. = .012*) with a 95% confidence interval between -.81 and -.19. Since the confidence interval did not include zero, a significant regression parameter can be assumed. Results also supported the negative relationship between brokerage age and adhocracy cultures (B=-.20, bias = .002. s.e. = .06, *sig. = .003*) with a 95% confidence interval between -.34 and -.06.

TABLE 4
HIERARCHICAL LINEAR REGRESSION WITH SALES COMMISSION AS THE DEPENDENT VARIABLE

R^2	R^2 change	F	df	Model Sig.	Beta Variable Sig.		
Model 1	.38		36.25	2,117	<.001		
Seniority Full-time						.53 .21	<.001*** <.01**
Model 2	.42	.03	13.45	<.001			
Seniority Full-time						.52 .21	<.001*** <.01**
Clan						.03	.75
Adhocracy						-.04	.68
Hierarchical						.21	<.05*
Market						.11	.22

* significant at the *p*<.05 level, 2-tailed test
** significant at the *p*<.01 level, 2-tailed test
*** significant at the *p* <.001 level, 2-tailed test

DISCUSSION

The hypotheses proposed that real estate agent sales commissions would be highest for agents in dominant market cultures, followed by adhocracy, clan, and hierarchical cultures. They were highest in market cultures and lowest in hierarchical cultures, yet market cultures were followed by clan and then adhocracy cultures. Pearson correlations supported hypotheses that market and adhocracy cultures related positively to brokerage firm size. Support was found for hypotheses that the clan culture types were prevalent in small firms with twenty or fewer employees. Support was also found for the hypotheses indicating that market culture types would be prevalent in larger firms that had been in business for six or more years. Finally, there was support for the hypothesis suggesting that adhocracy culture types would be prevalent in young firms. Two of the relationships hypothesized were supported via multiple regressions and bootstrapping: adhocracy cultures positively related to smaller brokerages and hierarchical cultures negatively related to real estate commissions. Surprisingly, the results did not support other relationships hypothesized.

CONCLUSIONS AND PRACTITIONER IMPLICATIONS

The current study extended the literature regarding organizational culture constructs, specifically, clan, adhocracy, market, hierarchical culture types, as they relate to the real estate industry. Real estate agent failure rates are 10% higher than those in other industries (Lussier, 2005) and have a nearly 90% failure rates in a five-year period (Koutroumanis, 2021; Ferry, 2014). The implications of the current study are simultaneously many and of major significance to real estate agents and to the real estate industry itself. The study posited significant relationships between clan or adhocracy culture types for small brokerages and market culture types for larger brokerages, aligning with Nase and Arkesteijn's (2018) study results.

The current study suggested that smaller and nascent real estate brokerages should focus on developing the characteristics of a clan type organizational culture emphasizing a team orientation, development of human capital and investing in the agent's development. The study also suggested that as brokerages grow in size and stabilize, they may progress toward the characteristics of a market culture type, emphasizing a high level of competitiveness and market superiority. The current study additionally posits the importance of developing the appropriate, dynamic culture type that best fits the respective real estate brokerages.

The existing academic and practitioner literature of real estate research have not advanced the level of discourse in the areas of organizational culture and the impact of organizational culture in the real estate industry. The current study helped bridge the gap in this area and identified significant constructs that can assist practitioners. The study can serve as a platform for real estate brokerages to build appropriate programs that can have positive impact on agent success. The application of the findings of the current study presents broad implications for real estate agents, real estate brokerages and the real estate industry as a whole.

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