THE LINKAGE BETWEEN COMPETITIVE AND OPERATIONAL ADVANTAGE AND ENTREPRENEURSHIP WITHIN AUSTRALIAN REAL ESTATE FRANCHISES

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ABSTRACT

Out of 37,000 enterprises operating within the Australian real estate industry, well over 50% of those are franchised outlets suggesting franchising popularity. The study collectively extends the franchising literature through semi-structured interviews with six leading real estate stakeholders, specifically focussing on three distinct yet interdependent areas of interest. Bound together in a contractual agreement, the franchisor and the franchisee form a strategic alliance which benefits both parties and enables each to be entrepreneurial. The study highlights the relevance of ownership potential as a key motivational force behind entrepreneurs choosing to franchise and stresses the importance of development of culture as a key consideration in brand strength for franchisors and nurturing good managerial talent to provide strong leadership for franchisees.

For the franchise to be successful, the research points to linkage between competitive advantage and efficiency arising out of correct implementation of business systems, training systems, recruitment of good operators and adoption of innovative strategies. The use of technology and specifically internet has revolutionised the real estate industry however, in acknowledging this, the study concludes that its scope of use and correct application are the keys to reaping greatest benefits. There is evidence to suggest that divergence in formation of franchise models to adopt a less formal approach to franchising is on the rise in some areas of Australian states. It is envisaged that this research will enhance an understanding of the rationale behind the insurgence of hybrid franchise models and thus bear great significance to the industry.

Keywords: real estate franchising, operational advantage, competitive advantage, efficiency, motivation

INTRODUCTION

As a business format, franchising has been widely recognised and accepted in Australia since its conception in the 1970's with the introduction of predominantly fast food retail outlets such as KFC, Pizza and McDonalds. The franchising concept is based on its ability to provide those with the entrepreneurial tendencies with a lucrative vehicle towards capitalising on the marriage potential between innovation and profit making (Franchise Council of Australia 2012, Wright and McAuley 2011). Its major drawcard lies in the inherent ability to offer those with entrepreneurial tendencies approaches to run their businesses from two differing perspectives, thus confirming the intangible link between entrepreneurship and franchising.

As a commercially viable business format in general, franchising boasts impressive statistics. The latest franchising statistics conducted by the Franchise Council of Australia (2012) reported 1,180 business format franchise systems covering 65,000 business format franchised units currently in operation in Australia. The total sales turnover of business format franchise units was estimated to be $131 billion in 2012, being an increase of 2% from the 2010 survey. In comparison, the real estate industry statistics in the franchising sector include the latest statistics obtained by IBISWorld (2012) which show that there are 37,030 franchised business units operating in Australia which attests to the popularity of the adoption of this business format within the real estate sector. It is further reported by Australian Bureau of Statistics (ABS 2004) that the franchised real estate agency business generates higher overall income with $3.7 billion recorded in income compared to $3.1 billion recorded for independently owned real estate agencies.

Franchising as a business format is well suited to service based industries, where the emphasis is placed on provision of "diverging scales of operation between the production of goods and services and development of a business goodwill attached to it" (Anderson et al 1998, Caves and Murphy 1976). This concept is expandable to the real estate industry as a service based industry which boasts a high concentration of independently owned and mostly locally operated companies. Whilst the overall trend to franchise appears to be on the increase over the next five years with an estimated 2.1% increase, in the short term the real estate industry has been adversely affected by the global financial crisis of 2008. This is reflected in the reduction of demand for real estate, especially in the residential sector, which in turn has affected the revenue produced by this sector leading to an estimated decrease of 1.6% between 2012 and 2013 (IBISWorld 2012).

Most research in this area has emanated from theories focussed on issues such as franchising as a distribution channel (Stanworth and Curran 1999). Whilst this approach to research lends substantial validity to franchising as a business format, it does not provide adequate focus on the format as viewed from different perspectives of study. It is for this reason that this research explores franchising format from the individual stakeholder perspective and focusses on the macro level of analysis by analysing the organisational aspects at play within the real estate industry.

Given this lack of focus, this study aims to explore the concept of franchising at, predominantly, the individual level to gain an insight into how key stakeholders in the franchising arena view the format and its benefits specific to the Australian real estate industry sector. The research therefore proposes the following questions for broad discussion and analysis:

i. what are the Australian stake holders' motivations for adopting a franchising format within the real estate industry?
ii. is competitive advantage gained as a direct result of the strength of the franchise brand and its business systems?
iii. does technology have an impact on the real estate franchises from an operational perspective?

As an industry sector providing employment for some 30,540 people and encompassing a staggering 3,434 businesses (IBISWorld 2012), it is envisaged that this study will have a two-fold positive impact on the real estate sector. Firstly, focussing on the individual perspective leads to a greater awareness of the power of the individual perception on the uptake of this business format by highlighting the key aspects that each stakeholder views as important and essential for the general business survival within the industry. Secondly, on the organisational level, the study is essential for understanding the motivations behind different stakeholders emanating from distinct sections of the industry leading to adoption of this business format.

This approach together with the literature review allows for the development of descriptive questions based on pre-determined key themes which are necessary for obtaining an insight into the uniqueness of each individual perspective for delivery via a semi-structured interview technique. This enables the research to be validated through paying close attention to meaning and process with the desired effect of counterbalancing the reliability of the data collected.

The research adopts a systematic method of analysis based on the key research questions outlined by initially detailing the background information on the franchising format as it applies to the Australian real estate industry. Literature review follows with a specific aim to describe and explain the franchising concept by focussing on the relationship between the stakeholders and how different theoretical frameworks defined by previous research are used as determinants of the organisational choice from the operational perspective. Additionally franchising structure adopted by the real estate organisations is outlined in reference to the entrepreneurship factor from the motivational perspective as well as the source of competitive advantage with a view to providing a solid and considered foundation for the findings. Lastly, constraints for franchise growth, such as impact of technology and quality of business systems, are analysed relative to the franchise's ability to gain competitive advantage and thus grow and expand. The following section outlines the methodology with the findings and discussion following thereafter. The final section provides a conclusion summarising key study outcomes and proposes future directions.

LITERATURE REVIEW

Franchise Concept

A relationship between the franchisor and the franchisee is referred to as the agency relationship and occurs whenever there is a delegation of authority from one party to the other. It is the divergent goals exhibited by each party which leads the franchisor having to expend agency costs in order to ensure that the franchisees act in the best interest of the franchise. Rubin (1978) explains that, even though the lowered monitoring is conducive to franchising, it does pose the problem of significantly endangering the franchisor's ability to control the behaviour and standards of its franchisees without having some type of a control mechanism built into the system. It is for this reason that Rubin arrives at the proposal which suggests that the best way to deal with this problem and thus mitigate any potential associated risks with it is to provide the franchisee with an incentive to remain efficient such as offering some type of profit-share to the franchise.

There is evidence of the efficiency factor being linked to the utilisation of resources and motivation by the management of the franchisee organisation (Lewis and Anderson 1999, Anderson and Fok 1998). It is proposed that the franchisee motivational levels are linked to the structure and overall competitiveness of the market in which the franchisee operates which can impact on the efficiency of the franchisee. It is the association with notions such as "monopoly, cartel and price fixing as well as excessive commissions" in the market in which the franchisee organisations operate that have led to the implication of relative inefficiency of the market and "less than competitive behaviour" (Lewis and Anderson 1999).

Furthermore, it is suggested that structural changes occurring within the real estate industry are directly responsible for influencing the real estate agency market. This is supported by the recent survey conducted by Parker (2012a) which shows evidence of structural changes taking place in the market by highlighting the divergence in development and uptake of business models which vary substantially from the standard format of franchising, currently regarded as a preferred choice of a format for the independent agencies. By placing a greater weight on the notion of sharing resources without losing independence, trade name and brand, as well as operating procedures and systems, it is found to ultimately affect the product mix, agency arrangements and legal liability of the real estate agencies and thus leading the way for innovative redevelopment and revision of standard business models.

Dant (1995) contends that the main reason franchisors adopt franchising format is due to the ready access to capital provided by the franchisees which was subsequently also supported by findings reported by Gonzalez-Diaz and Solis-Rodrigues (2012) in their study on franchising serving in the capacity as a financial tool. The importance of obtaining capital necessary for the expansion of a franchise emanates from the proposition made by Oxenfeldt and Kelly (1969) which claims acquisition stems from adoption of a “life-cycle” model of franchising whereby access to capital from the franchisees adopts the greatest importance at the onset when it is utilised for the growth and expansion of the franchise.

As the franchise grows and sufficient capital is acquired, the franchisor is then able to regain larger units from the franchisees by way of collecting royalties which increase as the franchisees market saturation leads to a larger number of sales. The constraint of capital is noted by Rubin (1978) who states that, despite the presence of “gross capital market imperfections” which are cited as the cause of the franchisors having to rely so heavily on acquisition of capital from the franchisees, there is another way the franchisors can reduce capital costs and thus limit their reliance on the franchisee’s capital. To this effect, he proposes that the franchisor issues shares in a portfolio of all its units or franchised offices, supporting the relativity of implications involving incentivising franchisees explained earlier in this section showing direct link with the agency theory.

Oxenfeldt and Kelly (1968) contended in their study that successful resource rich franchise networks will ultimately become independent company-owned systems predominantly based on the hypothesis that the franchisors have opportunistic, power-hungry and materialistic tendencies. Their contention depicts the franchisors as being purely driven towards ultimate ownership and highest profit margins and that the “availability of essential resources” such as access to capital ultimately leads the franchisors towards ownership. Though adopting a relatively narrow perspective on interlinking franchising and ownership, many researchers have since emerged with varying and wider perspectives on this topic.

Research conducted by Shane (1996a) into managerial resource scarcity alludes to franchising enabling managerial growth. This appears to be in disagreement with the findings reported by Flint-Hartle (2005) who found that, when applied to the real estate industry, the franchisors exhibited the tendency towards growing franchisees by encouraging education and providing ongoing in-house training. Flint-Hartle further reports that, due to the stringent regulatory requirements bestowed upon the New Zealand real estate industry, there appears to be an ongoing and ever ready supply of managerial talent looking to take up the franchisee mantle.

Combs et al (2004) refer to the term franchise initiation as a way of looking beyond the mainstream theory explanations to explain the reasons behind why organisations choose to initiate franchising. Whilst Dant (1995) established that capital scarcity is an influential factor in the franchisor decision-making process, there is limited literature emanating from decision-making processes of non-franchised organisations in direct contrast to this theory. In essence, the research undertaken to date confirms that capital scarcity is indeed an influential factor in starting up of any fledgling franchise organisation. The question then arises as to how the concept of franchise initiation affects the overall bigger picture when diverging from the mainstream agency theory.

Flint-Hartle and de Bruin (2010) agree with this theory and support the other emerging strands such as resource-based and institutional theories by claiming that these theories have direct application to the real estate industry sector despite the fact that the diverse theories are yet to be applied to real estate franchising. They contend that the resource-based theory works on the pretext that resources can be predicted and thus utilised as a measure of competitive advantage and it is for this reason that this theory is particularly well suited to the real estate sector. As the resources can freely flow from the franchisee back to the franchisor and all resources can be utilised and used in a productive way, whereby the knowledge base can be expanded and performance enhanced, it is argued that this ability lends a franchised organisation a competitive advantage over an independent organisation.

This is supported by Shane and Foo (1999) who show that, essentially, franchisors will carry on with franchising "as long as it suits the legitimacy of the institutional environment" whereby the legitimacy is defined in terms of age and size. This proposition further leads into the explanation that franchising will therefore flourish in countries where there are franchising regulations and laws in place as the presence of the institutional environment significantly lowers the franchisee risk. This notion becomes especially pertinent for termination of franchise contracts and resolution of conflict arising out of franchising activities being settled without litigation which, in turn, provides a safe environment for the franchisees and thus encourages more franchising (Combs et al 2004).

Franchise Structure

Shane and Hoy (1996) relate franchising to cooperative entrepreneurship and further state that franchising takes on a rather unique form as it involves cooperation between two entrepreneurs – a franchisor and a franchisee – in order to make it successful. Whilst both parties emanate from the same professional standing, that is, both are real estate agents, each has a different approach in relation to achievement of their respective business goals. Franchisors focus on building and growing the franchise by expanding the network of offices across geographically diverse locations and providing the franchisees with a known brand and proven business systems. Conversely franchisees focus on applying their local market knowledge and experience in running a single, or in some cases multiple, offices under the umbrella of the franchisor by utilising its brand and systems in return for a royalty fee.

Thus, as an organisational form, it revolves around a creation of a symbiotic relationship between two entities which "remain distinctly separate, yet are closely linked to one another" (Lee 1999) and thus leads to further elaboration that franchising provides both entrepreneurs with an ability to create a strategic alliance. Justis and Judd (1989) state that there is a presence of three distinct types of interdependence within a franchise system, namely the business form, the legal form and the agreement form. It is through satisfying these interdependencies that each party is able to accommodate one another's independence.

Whilst there are many types of franchise systems identified in the market place, it is the adoption of business format franchising that is applied to the real estate industry. Lee (1999) defines business format franchising as a format which allows the franchisors to "sell the opportunity for business ownership" with the foundation based on the fact that the need to franchise arises from the franchisor's "desire to widen the distribution of its trademarked services". This is in contrast to product trade-name franchising where the franchisee is granted the right to sell the franchisor's product in exchange for a fee (Franchise Council of Australia 2012). Business format franchising is generally much more advantageous to a potential franchisee on the basis that the entry is a fraction of the cost of product trade-name franchise, which significantly lowers the risk factor and increases the affordability factor. Additionally, business format franchising includes provision of a comprehensive business system as well as an entire business concept encompassing operational standards, training and ongoing support, guidance, assistance and supervision as well as product and trade-name and thus provides the franchisee with greater opportunities to grow its business by utilising the tools of the big business (franchisor).

The franchisors, as corporate entrepreneurs, instead focus on growing the system by creating a brand image of reliability and success. Based on the pretext alone, as defined by Shane and Venkataraman (2000), that entrepreneurship invites identification and taking advantage of profitable opportunities, real estate fits the bill perfectly due to the existence of a high degree of disequilibrium emanating from relatively low entry barriers and high competition levels (Porter 2001).

The continual presence of evolving change within the real estate industry is also said to encourage entrepreneurial activity (Flint-Hartle and de Bruin 2008, 2010). Due to the highly competitive environment, the key stakeholders are always on the lookout for new activities and systems with evidence of this arising from recent industry reports and surveys stating that organisations are redefining their business approaches by adopting more "hybrid" style models in order to gain the best advantage through achieving the most benefits whilst still holding on to their independence (Parker 2012). The effects created by new technology are also regarded as significantly influencing the real estate industry and its franchised organisations, which will be explored in greater length later in this section.

As market share is critical to success of a franchise, the onus falls on the franchisor to establish a powerful brand in order to populate the national and international markets with franchisees, each representing a successful clone of the system developed by the franchisor. Flint-Hartle (2005) identifies systematic progress by the franchisors in relation to achieving market share by using brand awareness; initially by leveraging off an established brand awareness leading to the franchisees being encouraged to feel confident about ownership, then expansion through selling company owned offices to new franchisees and taking over existing businesses by merger and acquisition on the national level, followed by further expansion internationally adopting similar approaches.

Similarly, ownership is highlighted as a strong theme due to the ready availability of the talent pool with organisational and industry experience ready to move into positions of ownership. This theme directly supports Combs and Castrogiovanni (1994) who claim that ownership leads on from the coupling of a source of people to implement the business format. Acculturation is closely associated with ownership; it is through ownership that assimilation into the industry followed by the assimilation into the culture of the franchisor is achieved. Flint-Hartle and de Bruin (2010) further note that it is this trait that ensures a "continuous source of new blood".

Constraints for Growth

It is the rapid advancement of technological change that is the main challenge faced by the real estate industry. Flint-Hartle (2007) argues that the use of the internet has been revolutionary for the industry. Information technology controls every aspect of our lives with the internet now being essential for living and not merely used as a tool for research or work (Cradduck 2012). There is evidence that a significant portion of gross sales is attributable to the internet and thus adapting to the use of internet and other technology is regarded as an opportunity to "attract new buyers, reduce marketing costs and customer acquisition costs" (Muhanna 2000). Furthermore, it is found that larger organisations use more technology by having better websites and state of the art software products which result in greater web presence and ensure more sales and thus higher revenue streams (Demisi 2004). Flint-Hartle (2007) contends that this is an area which furnishes franchises with an advantage on the basis that they have dedicated teams of information technology experts especially assigned to the upkeep and maintenance of new technology.

In Australia, the uptake of the full use of internet in business models and strategies has been relatively slow within the real estate industry on the basis that it gave the professionals an "erosion of power as information providers" (Benjamin et al 2005, Hamilton and Selen 2003, Tuccillo 1997). Hamilton and Selen (2003) also refer to the high cost of programming and the idiosyncratic nature of real estate transactions and portfolios as being regarded as major deterrents of internet uptake. This now appears to be no longer the case as the organisational need to retain a competitive edge in the business has ensured a rapid intake of internet related activities over the last decade with a positive outcome (Stockdale 2012).

Parker (2012b), on the other hand, presents an argument supporting the positive uptake of the internet for the general public which presents a commercial challenge to the real estate industry as a whole. He claims that the standard franchise business model has been largely out-dated on the basis that the contact between the consumer and the franchised office has been vastly eliminated by the internet directing the contact direct to the property. Hamilton (2007) in defence of Porter's (2001) original claim concludes to the contrary; businesses should "use the internet as part of their overall strategy, focussing on making their traditional activities better and/or implementing new combinations of virtual and physical activities". In fact, Hamilton (2007) further adds that if correctly "matrixed" by the organisations, internet and mobiles, value networks and customer interaction channels can be used positively in the organisational "overall business competitiveness position". Promotion of listings and core business activity on main portal websites in Australia, such as realestate.com.au, realestateview.com.au and domain.com.au, is designed to ensure the ease with which information is transmitted to consumers to either, buy, sell or rent a property.

There are now also websites available for consumers to tap into directly which is resulting in cutting out the "middle man" or the intermediary such as the real estate agent (BRW 2012). Sites such as propertynow.com.au enable the customer to use the site as a virtual real estate agent; they can assist with arranging professional photographs, a for-sale board as well as provide general over-the-phone advice for negotiation with buyers as well as management of a rental property for a fraction of the usual price. Flint-Hartle (2007) agrees with these findings and states, as the real estate agents face strong external competition, they will therefore need to work on "developing a distinctive competitive advantage by extending their existing market strategies". She further claims that the franchised organisations are well placed to do this on the strength of three key reasons: one is the ability for a franchised organisation to bundle up its services and offer a set fee; second is to leverage off the trust established by the brand name as the consumers are drawn to the value of trust; and third involves the change in strategic thinking by developing a range of complementary activities.

METHODOLOGY

Creswell et al (2007) state that adopting a case study design within the qualitative frame allows a researcher to develop in-depth and descriptive questions in order to develop an understanding into how each case provides an insight into a specific and unique situation. The application of case study design to this research is vital. Firstly, it enables the researcher to draw from the experiences and perceptions of key real estate "entrepreneur" stakeholders with an intention to produce a much needed insight into the franchising phenomenon within the Australian real estate industry sector. Secondly, the researcher is able to rely on contextualising the findings emanating from the participants' stories where each participant represents a specifically defined group of stakeholders in order to find the "truth value" of the research.

For the purpose of this research, the key industry stakeholders are defined as a franchisor, a franchisee, a salesperson employed at a franchised office and an industry body representative. Table 1 describes the current positions, background and experience of the real estate stake holders chosen to be participants in this study.

The qualitative data is derived from six participants selected on two bases: firstly by isolating certain pre-determined criteria emanating from the literature review and coupling these with the participant's position within the real estate industry and breadth of experience in a franchised real estate office environment; and secondly by drawing on the experiences from their extensive knowledge of the residential real estate industry.

Participant	Current Position	Background & Experience
Franchisor A	CEO of a fast growing premium franchise network based in NSW specialising in premium or top end real estate	Originally hailing from the accounting background Commenced real estate career in a franchise as a Chief Operational Officer and progressed to a pivotal role in acquisition and acculturation of new franchised offices Consultative role led to being instrumental in growing a small franchise network in NSW through successful conversion of company systems, and eventually to try a hand at developing own franchise
Franchisor B	Managing Director of an independently owned real estate company with multiple offices in outer Melbourne	Commenced in real estate in the 1970's Instrumental in development of one of the first Victorian franchise networks After selling out of the franchise due to a shift in the market during the 1990's, established an independent agency with multiple offices
Franchisee C	Director and one half of the business partnership running two successful franchised offices in south eastern suburbs of Melbourne	Career in real estate spans 26 years having started out as a salesperson at an independently owned and run boutique real estate agency in the south eastern suburbs of inner city Melbourne which later became a franchise Currently still involved in the same franchise
Franchisee D	Director and one half of the business partnership running two successful franchised offices in south eastern suburbs of Melbourne	In excess of 26 years' experience in real estate, entered real estate industry through a family-run real estate business After eventually leaving due to lack of professional development opportunities, ended up becoming a franchisee
Salesperson	Real Estate Sales Consultant and independent consultant to the buyers at a boutique real estate agency in the inner eastern suburbs of Melbourne	In excess of 30 years' experience in real estate having spent most of the years in business operating from a blue chip suburb of inner city Melbourne and specialising in premium type property initially as a salesperson, later as a business owner running an independent boutique real estate agency and then as a franchisee.
Industry Representative	Manager of Memberships within a professionally accredited industry body governing the real estate profession in the state of Victoria	Originally hailing from teaching education which remained unpursued following completion of studies led to a long professional career spanning over two decades as a valued and respected employee of the industry body.

Study Participants
Source: Author
Table 1

The chosen method of the research focusses on acquiring qualitative data from one-on-one semi-structured interviews using a set of carefully structured project research questions emanating from the adoption of three distinct themes and underlying effects arising from the themes as outlined by past research. These are set out in Table 2.

The adopted themes emanate from previous research undertaken on franchising within the real estate sector and are loosely based on similar research undertaken by Flint-Hartle and de Bruin

(2010) on real estate franchising in New Zealand. Acquiring and sustaining competitive advantage is associated with the strength of the franchise brand as well as the efficiency factor of the business systems provided by the franchisor in relation to achieving market share and boosting growth potential. Similarly the operational advantage gained by the franchised organisations stems from the impact of technology and utilisation of business systems whilst the entrepreneurial activity is underpinned by the ownership direction adopted by the stakeholders.

Key Theme	**Key Franchising Considerations**
Competitive Advantage	Efficiency of a franchise Ownership Direction Importance of the brand
Entrepreneurship	Motivational Factors
Operational Advantage	Technology and internet

Research Study Scope
Source: Author
Table 2

This approach enables the "eliciting of the participants' views and experiences in their own terms, rather than to collect data that are simply a choice among pre-established response categories" (Kaplan and Maxwell 2005). This flexibility in manoeuvring through the set questions allows the researcher to elaborate on the question should the participant not understand by rephrasing the question and thus probing further into the issue. The desired effect is to unearth a valuable source of information which may have otherwise gone unreported.

All interviews were audio-taped, transcribed and then put through a rigorous analysis based on the pre-determined criteria. This approach to data collection led to development of an analytical strategy involving identification of key themes within each case followed by looking for common themes transcending the cases studied and thus adopting an approach favoured by Yin (2003). This further enabled interpretation of the meaning of each case by outlining a broad interpretation of what was learned or highlighted through the analysis (Guba and Lincoln 1989).

FINDINGS AND DISCUSSION

The findings of this research were expressly aimed at exploring the concept of the franchising phenomenon within the Australian real estate industry sector as seen through the experiences of selected industry stake holders (participants). Analysing the participants' responses and aligning previous research to the responses has highlighted several important findings as well as illuminated areas of strength as well as concern regarding the future growth of this business format within the Australian real estate industry. Table 3 outlines a summary of the findings, followed by an extensive discussion disseminating the information with reference to the literature review and current market conditions.

The key points in Table 3 can be explored through their relationship to the reviewed literature. Agency theory assumes that "franchising substitutes powerful ownership incentives for costly direct monitoring" as well as "franchisees that do not depend on repeat business will free ride on the brand-building efforts of others" (Coombs et al 2004). Findings from this study essentially support these assumptions whereby the franchisor participants indicated the existence of a correlation between ownership potential given to the franchisees negating the brand strength. Franchisor A argues that total brand control is imperative for ensuring the ongoing success of a franchise and the most expeditious way to achieve this is by ensuring that stringent monitoring is in place across the franchise network. This accords with Flint-Hartle's (2005, 2007) assessment of the monitoring being an assumed role of the franchisor as well as a necessary key measure of brand quality enabling the franchisor to recoup costs associated with monitoring through ongoing levies charged out to the franchisees.

Key Theme	**Key Franchising Considerations**	**Findings/Emerging Franchising Considerations**
Competitive Advantage	Efficiency of a franchise	Efficiency is positively and directly related to monitoring
	Ownership Direction	Franchisee ownership potential can negate the brand strength
	Importance of the brand	Monitoring as an essential key measure of brand quality Brand built on values vs identity and/or contribution of experiences Brand as a business tool and not a real estate tool Evidence of sub-branding
Entrepreneurship	Motivational Factors	Evidence of existence of sub-individual entrepreneurship Choice and flexibility in model selection Emphasis on building quality of relationship
Operational Advantage	Technology and internet	Limited application among Australian real estate franchises Reliance on internet in the growth stage

Summary of Findings/Emerging Franchising Considerations
Source: Author
Table 3

The impact of efficiency is significant in the role of monitoring. Franchisor B stipulates that monitoring involves correct allocation and utilisation of resources such as business systems, training regime and business philosophy across the franchise network, to ensure not only the optimum performance of each franchised office but also, more importantly, to mitigate risks arising out of what is known in the real estate industry as a "rogue office" syndrome. Essentially the findings confirm that efficiency is directly and positively related to monitoring.

Furthermore the findings indicate the presence of a potential free-ride on the brand-building efforts of other offices in the network; both franchisees and salesperson expressed the potential of using the geographic presence of other offices within the network as providing them with a valuable working tool which enables an increased income through sharing of listings and commissions. Indeed this benefit is mentioned as a major motivational factor in choosing to be a part of a franchised network. The findings show however that the concept in theory may often be relatively misaligned in reality. Franchisors tend to impose strict operational geographical constraints on the franchised offices and whilst this does mean that the potential for income sharing between the offices and salespeople is high, it does not necessarily follow that the income potential will be increased. In other words, it is often an illusory benefit rather than a real benefit.

There is evidence arising out of the study which links the concept of upper echelons theory to the Australian real estate industry. Both franchisor participants confirmed that the decision involved in selecting a business strategy is a direct product of the values and experiences of those in top positions (Hambrick 2007). This is reflected in both franchisors' philosophies; Franchisor A's philosophy of the brand being driven by the values rather than being built around an identity and Franchisor B's philosophy of the brand being shaped by the contribution of the experiences. This strategic approach to adopting the right brand philosophy ensures that a franchisor can make any brand successful.

Another stand out from the findings points to the relative inequality in business model choice between the Australian states and rural and inner city regions within the states. The participants allocate this anomaly to a greater emphasis being placed on the type of property and the market the franchisor chooses to pitch their brand to depending on the location and whether it is associated with premium or more affordable property. This is, in essence, in direct contrast to the standard franchise model which tends to be more rigid in its application. Whilst there is still the need to pitch the brand at the right level, there is a significantly greater importance placed on the protection of the brand by treating the brand as a business tool rather than a real estate tool.

The discussion points to some franchisors adopting the "sub-branding" philosophy which carries a potential to confuse the public rather than capture the wider net of clients. Additionally, it is the propensity of mixing several systems under the same brand umbrella which is potentially destructive to the traditional franchise model. The franchisors feel that the onus should fall upon the franchisor to ensure that the franchised offices comply with the business strategy by ensuring that each franchised office adopts the system and philosophy behind the brand. In theory, this in turn ensures that each office can operate efficiently and each franchisee can focus on running a real estate business.

In practical terms, the study shows the franchisees in certain locations and specifically in the inner city suburbs demand greater flexibility in operational freedom. There is evidence to suggest the presence of thought and awareness of growth potential of franchising within the real estate industry. However, what is also evident is that there is a growing trend towards adoption of a less rigid operational model which allows for greater independence for franchisees within the franchise network whilst still reaping the reward of standard benefits associated with a traditional operational model such as economies of scale, greater buying power, etc. This push for flexibility and independence is leading the trend towards formation of more unorthodox or "hybrid" models and it belies the current growth trend in franchising across these areas.

It is contended that structural changes occurring within the real estate industry are directly responsible for influencing the real estate market (Parker 2012a). The findings show that the structural changes are a result of the need to achieve and maintain competitive advantage in order for an organisation to survive as well as grow. Whilst Flint-Hartle and de Bruin (2008) state that propensity to enjoy benefits such as resource sharing, risk mitigation and increased market efficiency lead to "interdependence' rather than "independence", this is shown to be only partially true in this case. Indeed, the Australian real estate participants are looking for interdependence though not at the expense of losing the independence factor which they claim is synonymous with the personal factor associated with the real estate industry.

The findings show the existence of sub-individual entrepreneurship adopted by the salespeople within the collaboration of individual entrepreneurship adopted by the franchisees and corporate entrepreneurship adopted by the franchisors. This is in conflict with the traditional franchise model which generally does not encourage entrepreneurship based on relationship building. Instead, the traditional franchise model's strength lies in unwavering focus on the quantitative ability inherent within business practices. Real estate is described as a relationship industry rather than an industry necessarily built on expertise where connection with people on a personal level leads to the potential of achieving the greatest returns. The quantitative aspect is important, however the qualitative aspect of adopting the philosophy which allows for the building of trust and connection is ultimately more important for achieving competitive advantage.

From the franchisor's perspective, the study shows that the quality of the relationship should be in developing and nurturing franchisees, as suggested by Castrogiovanni et al (2006) who argued that development of valuable and unique skills at managing franchisees may be a contributing factor to achieving competitive advantage. Franchisor A states that adoption of specific values for building the brand is essential for the success of the brand and that it is the values which are ultimately responsible for the franchisor being able to recruit good managerial talent who are open to adoption of organisational learning, company philosophy and transference of the franchisor systems. Therefore, the proposition that the strength of a franchise relies on the ability to invest in a relation-specific investment is fully supported by this study.

The study shows linkage between competitive advantage and operational advantage. The argument by Flint-Hartle (2007), based on the pretext that the internet has revolutionised the real estate industry, is evident from the participants' responses. It is shown that the franchised organisations do in fact have an operational advantage in terms of technology due to their sheer size and are able to offer their franchisees the inherent benefits associated with having a central website and use of state of the art software products to aid and improve the revenue stream.

The emerging finding from the study, however, reflects the limited application of the technology within the industry by highlighting a lack of usage scope employed by the franchises despite the availability of resources. This highlights the shortcomings associated with the digital domain remaining in its infancy and stresses the significance of franchisors needing to place greater emphasis on development of systems which can serve as a more effective business tool by directing the focus towards better client response tracking and conversion of listings into sales. This is where the franchised organisations can really obtain effective operational strength in the market place.

CONCLUSIONS

This study emphasises the relevance of ownership potential as a motivational driver behind joining a franchised network. Fledgling franchisees are willing to pay for the privilege of using an established brand, however there must be an opportunity present to collaborate and work alongside one another whilst having freedom to choose operating platforms. Whilst the lure of the brand is high, the autonomy of the franchisor-franchisee relationship is also identified as important. Sharing of ideas and being led by a strong leader is shown to be a strong motivational force for individual entrepreneurship whilst developing a culture and people within it as a force behind corporate entrepreneurship.

Managerial talent is mentioned as both a potential constraint of growth as well as a reason for future growth. The study draws a conclusion based on the pretext that the brand is only as good as the operator driving it and it is the values behind the brand that ensure engagement of good operators. Emphasis on relationship building is stated as the driver for growth however this places greater significance on the franchise being a real estate tool rather than a business tool. Nurturing franchisees who are good with people, good as leaders and managers and readily embrace the philosophy is essential for the success of the franchise. Conversely, a reliance on good salespeople as business operators is shown to be a major downfall of the franchised organisations.

Whilst provision of structure including operational systems and training is mentioned as being an important drawcard of a franchised organisation, it may be concluded that it is the correct implementation and regular review of the business structure and strategy that has greater significance. Overlooking this important aspect on the part of the franchisor may contribute to franchisee disillusionment, loss of efficiency and eventual demise of the franchise.

Positive implications of technology are vast and its applications have been readily embraced by the real estate industry in Australia despite a relatively slow start. Rather than being seen as a deterrent and a constraint to growth, as described in much of the literature reviewed, technology and particularly the internet is instead seen as having revolutionised the real estate industry. Generally speaking, it can be concluded that it is a case of using the internet correctly that reaps the greatest benefits as well as increasing the scope of usage in order to make it more effective as a valuable business tool.

This study contributes to the limited body of literature on franchising in the real estate sector. As such, it is envisaged that it will substantially encourage and induce industry professionals to become more open to sharing their perceptions. As a people-industry, real estate relies heavily on businesses evolving around individuals. Whilst this is regarded as a great strength in general, it does pose certain constraints on the growth of the format. Identifying the motivational foundations behind Australian real estate individuals brings about an understanding and carries with it a general acceptance of adopting flexibility in the development of a business model. This is seen as a key driver in understanding the Australian market forces which are responsible for Australian entrepreneurs adopting this business format and thus enjoying the many benefits associated with this business format.

The study highlights a possible path for future research through the insurgence of hybrid franchise models within inner city areas. The formation of these hybrid models essentially poses a question of relevance to the franchising format. While it is widely accepted in Australia that franchising encompasses a wider collective of organisations, unlike in other parts of the world, the hybrid models exhibit a certain code of operation which can be argued to constitute franchising and should therefore be included in the wider context for future analysis.

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