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Article

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Cogent Business & Management

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Suggested Citation: Rattanaprichavej, Niti (2023) : Decision-making process towards real estate agents, landlords, and expatriate tenants' criteria with perspective from principal-agent theory, Cogent Business & Management, ISSN 2331-1975, Taylor & Francis, Abingdon, Vol. 10, Iss. 3, pp. 1-22,
<https://doi.org/10.1080/23311975.2023.2288692>

This Version is available at:

<https://hdl.handle.net/10419/294781>

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To cite this article: Niti Rattanaprichavej (2023) Decision-making process towards real estate agents, landlords, and expatriate tenants' criteria with perspective from principal-agent theory, Cogent Business & Management, 10:3, 2288692, DOI: [10.1080/23311975.2023.2288692](https://doi.org/10.1080/23311975.2023.2288692)

To link to this article: <https://doi.org/10.1080/23311975.2023.2288692>



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Published online: 29 Nov 2023.



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Received: 24 July 2023
Accepted: 22 November 2023

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MANAGEMENT | RESEARCH ARTICLE

Decision-making process towards real estate agents, landlords, and expatriate tenants' criteria with perspective from principal-agent theory

Niti Rattanaprichavej^{1*}

Abstract: This study aims to analyse the details of the stages in the decision-making process of real estate agents to reconcile the landlords and expatriate tenants' criteria and to explain these relationships with the principal-agent theory. Using a qualitative approach, the research engaged in semi-structured, in-depth interviews with 30 agents actively working in real estate agencies with foreign tenants as their target market. The findings of this research showed significant results about the unique reasons and criteria regarding the decision-making processes of each party. Additionally, it also highlighted the strategies used in addressing the various needs of these parties. These strategies included having a variety of property options available, skillfully using effective techniques such as matching, probing, and translating during communication, making trade-offs between factors, and employing effective negotiation methods. From a theoretical standpoint, the study discussed several significant aspects. These included examining power imbalances and negotiation dynamics, maximising the principal's interests, addressing situations where there are double principals involved, and considering contextual factors that sometimes contradict the assumptions of the principal-agent theory.

Subjects: Property and Real Estate Practice Management; Business, Management and Accounting;

Keywords: real estate agent; decision-making; landlords; principal-agent theory; tenants

1. Introduction

Over the decades, foreign direct investment (FDI) has been an essential driving force behind Thailand's economic growth. Many governmental incentives, especially tax and non-tax benefits, have been promoted to encourage and support foreign companies to invest in Thailand. Additionally, the readiness of basic infrastructures, such as labour, transportation, water, and electrical supplies, has attracted many multinational companies to invest and settle their businesses in Thailand. Consequently, this has resulted in more than 180,000 skilled foreign labourers (Foreign Workers Administration Office, 2020) working and residing throughout Thailand, thereby reflecting growing housing demands. Furthermore, this advantage attracts numerous individual investors to invest in rental real estate, such as apartments, condominiums, and houses, targeting expatriates who are in need of accommodation. Through these investment opportunities, investors

have a chance to earn a 3–7% yield, which is already a desirable return when compared with the local bank's 12-month interest rates not exceeding 1.5%. Moreover, the global rental yield rates are around 5–7% in Southeast Asian countries, still lower than the 3% in developed countries such as England, Japan, Singapore, and America (Global Property Guide, 2020).

The unique characteristics of real estate, constituting an imperfect market, result in somewhat limited channels between buyers, tenants, sellers, and renters, primarily due to geographical factors (Appraisal Institute, 2020). Matching demand and supply without the involvement of international agents is even more complex in the expatriate real estate market due to barriers such as language, trustworthiness, culture, preferences, etc. This complexity increases in a unique country like Thailand, where the dominant language is not English and the country has its own distinct culture. For landlords, attracting expatriate buyers and renters differs significantly from attracting local buyers and renters. Conventional marketing activities, such as displaying outdoor posters, posting unit information via agency websites and in newspapers, or simply placing a placard at the management office building, appear ineffective as the decision-making process for most prospective expatriate tenants tend to begin through a real estate agency (Kirk et al., 2016).

Securing accommodation in foreign countries presents expatriates with very different challenges from those in their hometowns. With these complexities, real estate agents emerge as the primary and most convenient channels for both buyers and sellers to effectively address their respective demands. Consequently, real estate agents play a vital role in the real estate market, possessing the necessary knowledge, experience, and insight into buyer and seller requirements (Benites-Gambirazio, 2020; Hasu, 2018; Levy et al., 2008). In contrast to the situation in the private rental sector in Western Europe, which focuses on landlords selecting tenants (Bonnet & Pollard, 2020), landlords in Thailand tend to be very limited in getting expatriate tenants independently. Instead, they rely solely on real estate agents as their single avenue. As a result, landlords have lower bargaining power compared to real estate agents (Levy et al., 2008), mainly when there are many vacant condominiums, apartments, and houses, coupled with a decreased demand due to expatriate migration resulting from the ongoing COVID-19 pandemic. These scenarios occur because a landlord's properties become just one of several options to be selected from by the real estate agents.

The decisions made by agents to address the demands and conflicts of landlords and tenants are the focal point of this research. Landlords and tenants serve as their principals, creating a multi-principal situation (Hu et al., 2023). The principal-agent theory could explain the dynamics among these three parties and their decision-making processes, resulting in three main research questions concerning agents' decisions: 1) What criteria do the agents use when selecting a property to offer to prospective expatriate tenants? 2) How do agents cope with different criteria between landlords, tenants, and themselves? and 3) How are their relationships? These reflected the research objectives, which are: 1) to study the criteria and decisions of landlords, tenants, and agents in each stage of decision-making. 2) to study the techniques used by agents in order to complete their job of finding the most proper unit for their tenants and 3) to study the relationship between real estate agents, tenants, and landlords with the principal-agent theory in the real estate context.

In addition to the above explanation, there are few research pieces that study the decision-making of real estate agents, despite their pivotal role as intermediaries between buyers and sellers in the real estate market (Benites-Gambirazio, 2020; Dabholkar & Overby, 2006; Levy et al., 2008). Therefore, this research will be beneficial for academics to learn, understand, and fill the theoretical gaps regarding the principal-agent theory in the real estate context. The agents can learn about the techniques of dealing and reconciling with both parties' demands as well as the unique criteria of each party's requirements. In addition, landlords can learn how to manage their properties well to enhance their chances of being one of the units selected by real estate agents,

and to increase their chances of having expatriate tenants with high occupancy rates and rent prices, which are crucial to earning a better yield.

2. Literature Review

This literature review aims to understand the decision-making process of real estate agents regarding how they select a unit to offer to prospective tenants. It is structured around the concepts of decision-making processes and principal-agent theory. The decision-making process will be described through each stage in which real estate agents are involved, and the principal-agent theory will be conducted in this research for several reasons: First, to illustrate the differences in perspectives between tenants and landlords and what their underlying goals are, Second, the theory helps to understand how agents employ strategies to maximise benefits for each party and, third, to understand the imbalance of power among the involved parties, especially in relation to information asymmetry and bounded rationality.

2.1. Decision-making process

For decades, many decision-making concepts have been widely discussed from diverse perspectives. They were integrated into various fields of research, such as business, public administration, education, or production. They typically focus on similar ideas of uncertainty, resource allocation, information, choices, opportunity cost, chances, gains and losses, and probabilities (Buchanan & Connell, 2006; Chen et al., 2018; Cheng, 2014; Jariwala, 2015; Jonassen, 2012; Kirk et al., 2016; Sithipolvanichgul, 2021). In terms of research approaches, both quantitative and qualitative methods are commonly used, especially in mathematical, financial, and social science contexts. As a result, studies about the decision-making process can be varied in terms of ideas, scopes, and focuses, which is important to apply to the context of real estate stakeholders of landlords, tenants, and agents in order to understand the decision and technique details of each stakeholder in each process.

There are many models of the decision-making process, such as the rule-based view, limited rationality, or naturalistic theory. These models have different focuses and constraints, such as roles, available information, situational factors, levels of analysis (group or individual), or the forecast of consequences. One of the interesting concepts is the choice-based model, which is explored in various studies (Jonassen, 2012; Kohli et al., 2004; Munroe & Versteeg, 2004; Nelson, 2004; Teeramungcalanon, 2020). This approach can be considered naturalistic and focuses on the challenges posed by limited information and expectations about outcomes. It involves making choices among alternatives by evaluating the consequences of possible and good choices, which could be defined as a “screening” of choices (Nelson, 2004). In contrast, the advancement of the technological landscape offers an abundance of information, which might create challenges in decision-making, especially in the field of marketing. The sheer volume of information exceeds the decision-maker’s capacity to search, compare, and analyse. Fortunately, this challenge can be addressed through a quantified computer programme (Kohli et al., 2004).

However, the real estate business is different from general products due to its unique characteristics of immobility, non-substitutability, and uniqueness of the location, which significantly impact real estate products and make them challenging to replace ideally (Appraisal Institute, 2020). Therefore, the decisions to find real estate alternatives or analyse only quantitative data via computer programmes face certain limitations. In conclusion, a decision represents a specific commitment to action, and the decision-making process comprises a set of actions and dynamic factors (Munroe & Versteeg, 2004) involving the selection of the more beneficial or satisfying alternative from a large number of alternatives (Jonassen, 2012).

Decision-making Studies in real estate are primarily about the factors affecting decision-making, with very few concentrating on the actual process (Falkenbach, 2009; Levy et al., 2008; Low et al., 2008; Tim et al., 2013). However, in 2018, Hasu conducted a study that examined the decision-making process involved in selecting a house. This process comprises several stages, including the

decision to move, recognition of the house's difficulty, specification of housing requirements, formulation of a search strategy, the evaluation phase, determination to continue or terminate the search, and post-purchase evaluation. A similar sequential model of property investment decisions, consisting of ten stages from goal setting to post-investment appraisal, was uncovered in the study by Bolomope et al. (2020). The decision-making process when looking for housing and other properties is notably more complex than others due to its inherently social nature. This process involves goal setting, family needs discussion and negotiation, interactions with real estate professionals, envisioning modifications to potential purchases, and interpreting market trends (Levy et al., 2008; Stamso, 2015).

Building upon this review, this research will conduct its analysis based on the decision-making process and the principal-agent theory. Subsequently, drawing inspiration from Hasu (2018) and Levy et al. (2008), the study will delve into three distinct processes: problem identification, the developmental stage, and the final decision-making stage of the real estate agents, examining each in detail.

2.2. Principal-agent theory and real estate agents

The principal-agent theory is a well-known concept that has been studied in many contexts, including politics, production, fisheries, construction, management, and economics. However, it remains relatively rare in the real estate context. Therefore, studying the relationship between real estate agents, tenants, and landlords with the principal-agent theory under the real estate context is critical. The theory is concerned with the delegation of tasks to others (agents) by one party (the principal) to achieve the principal's goal (Hamman et al., 2010; Mirrlees & Raimondo, 2013; Pavlou et al., 2007; Shapiro, 2005). More importantly, agents in the context of the principal-agent theory do not entail only outsourcing or contracting tasks but reflect the relationship of any person who appoints someone to do something on their behalf. Therefore, doctor-patient, owner-manager, representative-people, licensor-licensee, buyer-seller, franchisor-franchisee, manufacturer-distributor, or employer-employee relationships are also counted under principal-agent relationships (Matinheikki et al., 2022; Shapiro, 2005).

While the principal benefits from the expertise and opportunities agents provide, agents earn fees, commissions, or other forms of agreed-upon benefits from the principal as incentives (Shapiro, 2005). Thus, a monitoring stage is crucial to validating the performance of agents. Hiring agents to work on behalf of the principal is mainly due to their expertise, channels, and market insights. Especially in the real estate business, real estate agents have an advantage over landlords in terms of expertise, access to channels, and information about tenants and alternative unit stocks (Hamman et al., 2010; Levy et al., 2008; Pavlou et al., 2007; Rauchhaus, 2009; Shapiro, 2005; Stamso, 2015). Consequently, the challenge of asymmetric information arises, potentially giving rise to adverse selection (hidden information) and moral hazard (hidden action) (Asare et al., 2020; Ding et al., 2023; Hamman et al., 2010; Pavlou et al., 2007; Rauchhaus, 2009; Shapiro, 2005). This dynamic seems to weaken landlords' bargaining power compared to agents, particularly due to the COVID-19 pandemic, wherein the supply of rental real estate units in Thailand is higher than the demand.

The relationship between principals and agents is not as simple as general relationships. Instead, it is complicated and dynamic due to different self-interests and motivations leading to different goals (Chau et al., 2023; Hamman et al., 2010; Pavlou et al., 2007). Many studies have indicated the challenges associated with the relationship between principals and agents. This pertains to diverse issues such as contracts, agency costs, opportunities, goal conflicts, performance evaluations, incentive structures, and trust (Chau et al., 2023; Fehr & Schmidt, 2004; Frederickson & Waller, 2005; Hamman et al., 2010; Sannikov, 2008; Shapiro, 2005; Tuo et al., 2018).

The real estate context offers illustrative examples. For instance, consider the study by Chau et al. (2023), which delves into the application of a principal-agent model by entities for analysing public sector planning decisions in Hong Kong. The main idea discussed is the divergence between

the interests of the principal (citizens), whose objective is to maximise the overall land value in Hong Kong, and the agent (planning approval authority), whose concern is about approval risks. Further study by Stamso (2015) shows that in order to achieve their higher benefit, the real estate agents have another interest that the owners do not have. Their focus is on achieving rapid sales, leading to a trade-off between the earnings from a potential new sale and ongoing sales processes. This dynamic could potentially prompt agents to initially set prices lower than their actual value. As a result, topics such as professional ethics, policing control and monitoring, evaluation, and participation are frequently studied (Mirrlees & Raimondo, 2013; Rauchhaus, 2009). However, controlling and monitoring agents proves to be a challenging task (Fehr & Schmidt, 2004), especially in the context of the real estate business.

In conclusion, the main challenges that come to light within principal-agent relationships are situations where one side possesses more information than the other and where goals conflict, which are both influenced by limited reasoning abilities and contextual factors. These challenges often result in decision-making deviations from the explanation given by the principal-agent theory (Chen et al., 2021; Tuo et al., 2018). For further details, real estate presents two theoretical gaps worth of exploration. 1) Both landlords and tenants assume the roles of both principals and agents concurrently, potentially causing their relationships to diverge from the normal concepts that involve only one principal and one agent. 2) The distribution of power among agents, tenants, and landlords is the critical factor in explaining their relationships, particularly depending on the contextual factors, especially due to the demand and supply of the condominium at a certain time.

3. Research methodology

According to the principal-agent theory, all parties had their own motivations and tried to preserve their own benefits through their decision-making. In pursuit of gaining insightful information, exploring details, and getting a better understanding of the key stakeholders—agents, tenants, and landlords—a qualitative approach played a major role in this research. Ethical approval for this study was obtained from the Ethical Committee in the Social Science, Research, and Innovation Division, Thammasat University, with approval number 055/2563. Sample information was collected through semi-structured, in-depth interviews with telephonic and face-to-face approaches from July to December 2020. The questionnaires as shown in the [appendices](#) are adapted from the ideas of the residents' housing decision-making process and preference evaluations by Hasu (2018) and the three processes of problem identification, developmental stage, and final decision-making stage by Levy et al. (2008). Judgmental sampling was used to compose a group of thirty real estate agents from different companies through Thammasat's real estate networks and various online real estate agency communities via the LINE communication application.

To increase the credibility and validity of the information, 1) the respondents in the sample group needed to be at the operational or management level in their organisations and have experience working with expatriates for at least a year; 2) the interview questionnaire was applied and adjusted through a pre-test with a sample group of five real estate agents before being used in the field; 3) three experiential and trained research assistants were employed to collect data; 4) one expert in real estate academics and one expert in non-real estate academic fields checked and gave their opinions on each interpretation; and 5) the triangulation technique was employed. To elaborate, collecting information from various agents, such as differences in company sizes, targeted customer locations or segmentations, or genders and ages of agents. Finally, the Delve qualitative data analysis tool was applied with inductive content analysis through theming and coding techniques.

4. Results and discussion

After interviewing 30 real estate agents who have dealt with foreign tenants for at least a year, information has been gathered about the decision-making process of the real estate agents from two main perspectives: 1) general information and 2) information regarding decision-making processes.

Table 1. General information about the samples

Samples' Attributes	Numbers (Percentages) (n = 30)
Gender	
Male	5 (16.6%)
Female	24 (80.0%)
Others	1 (3.3%)
Work Position	
Manager	11 (36.6%)
Company Owner	10 (33.3%)
Sales Executive	9 (30.0%)
Agency Work Experiences (Years)	
1–5	11 (36.6%)
>5–10	9 (30.0%)
>10	10 (33.3%)
Company Nationality	
Thais	23 (76.6%)
Non-Thais	7 (23.3%)
Main Target Customer	
Europeans	5 (16.6%)
Asians	2 (6.6%)
Mixed Targets	23 (76.6%)
Company Employees (Number)	
1–10	20 (66.6%)
>10–50	8 (26.6%)
>50–100	0 (0%)
>100	1 (3.3%)
Not specified	1 (3.3%)
Location of Interest/Focus	
Bangkok's Inner and Outer CBD	22 (73.3%)
Bangkok's Peripheral	1 (3.3%)
Non-Bangkok Areas	7 (23.3%)
Company's Goal Orientation	
Individual's Property Sale/Rent	25 (83.3%)
Individual's Property Sale/Rent plus Services	3 (9.9%)
Project-Scaled Property Sale/Rent	1 (3.3%)
Supporting Core Business of the Property Development	1 (3.3%)

*As defined by CB Richard Ellis (2023), Bangkok CBD includes Silom, Sathorn, Rama IV Road, Ploenchit, Wireless Road, Asoke, and the early Sukhumvit areas.

From Table 1, it can be seen that most of the sample was female, and the work positions were almost equally dispersed among 11 managers, 10 company owners, and 9 sales executives. Moreover, the 19 samples had an average work experience of more than five years. Even though the targeted samples in this research were the ones who had dealt with foreign tenants, most of the companies were Thai. Initially, it was believed that each agency would precisely position its targets; however, the information showed that about 70% of the companies broadly scoped their customers as multi-targets. Almost all sample companies employed less than 50 people, implying that the Thai real estate agency market is still not dominated by any single player and usually

consists of freelancers or small enterprises. Additionally, there were no distinct differences in the findings regarding the companies' sizes.

In line with the boom of condominium development due to the expansion of the monorail transits in Bangkok, the most targeted areas for the agency companies were in Bangkok's Central Business District (CBD). Almost all of the goal orientations were to do general sale-rent property business to serve customers and make a profit. However, it was noted that some companies tended to expand their scope of business by adding more services, seeking new customer segments, and fulfilling their existing real estate business structure. In addition, some companies attempted to differentiate themselves from the red ocean of many players in the agency market.

4.1. Decision-making process

In today's rental real estate markets, it is witnessing a decline in demand from expatriates while the abundant supply of properties remains high. This situation, combined with the rapid pace of technological advancements, has extensively shaped real estate agents' decision-making compared to that in the past. As a result, studying the decision-making process of these agents can provide us with new insights, a better understanding of their role, and increase the likelihood of landlords' units being selected. This decision-making process consists of three linked stages: problem identification, development stage, and final decision-making.

4.1.1. Problem identification stage

This stage involves addressing problems (challenges), opportunities, or situations that concern various stakeholders in the real estate business. It marks the beginning of all tasks an agency undertakes. The main stakeholders under consideration in this research are a combination of real estate agents, tenants, and landlords.

From Table 2, the interview results have shown that the main reason agents are in this business is profitability. They found that, by working in agency business, they could be paid well, earn rapidly, and garner an easy and large amount of fees, especially without the huge capital investment that might be a requirement of owning their businesses. This inference stems from the information given by A, a male agent with five years of management-level experience, as follows:

I ended up as an agent because it was a career that did not require much investment, and my family did not have money either. We needed money urgently, and this profession offered a solution. It was an easily accessible option, open to anyone. I first tried to do it for about a year and had a monthly income of approximately 100,000 baht (approximately USD 3,000). The quick and effortless earnings convinced me to continue pursuing this path. A, a male agent with five years of management-level experience

*Weighted-average Interbank Exchange Rate by the Bank of Thailand = 31.615 Baht/US Dollar

Apart from financial reasons, the dynamic nature of work activities is satisfied by many agencies, which makes agents' workflows full of fun and excitement as they are constantly interacting with new tenants, landlords, and buildings. The flexibility of work hours in this career is also advantageous. Most agents have the freedom to manage their times and places, and they can work at any time and any place as long as they can manage their tasks well. For these reasons, most agents came into this business following the opportunities and the strengths of the business rather than being forced by existing challenges or situations.

Although today's advancement of technology has made finding rental units much easier than in the past, most tenants, as is evident from Table 3, still rely on agency services to help them find the most suitable unit conforming to their criteria of locations, facilities, designs, or budget-friendliness and quicker than if they spent time to find units themselves. Trust in agency companies or an individual agent seems critical when tenants decide to use services. Tenants choose

Table 2. Agents reasons behind being involved in the real estate agency business analysed by theming and coding techniques, with brief examples of codes

Agents' Reasons (n = 30)	Number of Sources/ Codes	Brief Examples of Codes
Financial opportunities	18/18	<ul style="list-style-type: none"> • This job can make a lot of money and earn a high income. • It is a remarkable career that does not require high investment costs and, on the other hand, generates returns very quickly. • I do real estate agency work because I want to tuck away my money; it returns fast, easily, and earns high incomes.
Dynamic/Challenge/ Fun	8/3	<ul style="list-style-type: none"> • There are lots of things to be learned in this career. • I am passionate about talking with various kinds of owners. • Good opportunity to meet various kinds of people. <p>It is a challenging and exciting job.</p>
Flexibility or no fixed working hours	3/3	<ul style="list-style-type: none"> • This job does require working all the time in the office. I can work at any place and time, as it is easy to manage. It is a flexible job. • I can manage my timetable.

their agencies because they expect agents to understand their complicated demands due to different languages, lifestyles, and cultures. Once the tenants experience and trust the services of the agents, they tend to recommend them to their close ones (word-of-mouth). Interestingly, one agency company satisfied tenants by offering extra services such as moving services and lending stuff.

From Table 4, similar to tenants, most landlords also heavily depend on agencies' services due to their main reason for the timing of renting out units. As most landlords invest in rental real estate with full or partial support from a bank or other sources of finance, they need help from agents to rent out their units as soon as possible to secure their cash flows. This was seen in the case of B, a female agent with three years of operations-level experience, as follows:

Because the landlord wanted to rent out or sell faster, we focused on speed, guaranteeing that we could close the job for him within the time he stated. We thought that few people had bought a condo with cash and, therefore, most landlords also had to bear expenses that must be paid to the bank. To get the rent, whether to cover all the installments or not, maybe even half, the owner had to top up a little more, or the landlords would bear the whole cover. We thought the owner should be concerned with this. *B, a female agent with three years of operations-level experience*

Service quality was also another important reason for choosing agents. Traits such as fast response, easy communication, and helpfulness impressed the landlords. The agency's marketing programmes were also necessary for the landlords, as it was complicated to reach high-end tenants without a special connection, promotional plan or market information. Moreover, as real estate is usually of high value, landlords are expected to have excellent and reliable tenants who can take care of their properties during their stay. Another expectation from the landlord was to be free from all the hassles of renting. The renting-out process puts some landlords under pressure due to time-consuming, which made them use agency services. This was primarily applicable to those who still have a permanent job and have busy schedules, such as doctors, pilots, professors,

Table 3. Tenants' reasons behind being involved in the real estate agency business analysed by theming and coding techniques with brief examples of codes

Tenants' Reasons (n = 30)	Number of Sources/ Codes	Brief Examples of Codes
To find the most suitable unit conforming to their criteria	12/14	<ul style="list-style-type: none"> • Tenants are always concerned with the properties and their particular criteria. • Using agent services can help tenants find the most suitable unit that conforms to their requirements better and faster. • We help our customers to deal with their sophisticated requirements.
Agency's brands and trustworthiness	4/4	<ul style="list-style-type: none"> • Some tenants pay much attention to reliable agency companies. • Tenants rely on our services. • Tenants will rely more on friend-recommended agents.
Services	4/4	<ul style="list-style-type: none"> • Most of our customers are very happy to use our services. • They are so happy that they will return if we serve them well. • I can manage my timetable.

or CEOs. This was observed by C, a female agent with seven years of experience in management-level roles, as follows:

When landlords attempted to sell and promote properties independently, they could receive as many as ten inquiries in a single day. This situation proved particularly inconvenient for landlords who were engaged in full-time employment. I once encountered an individual who attempted to sell a condominium unit on his own. He expressed his frustration, explaining that he could no longer tolerate the numerous customers who engaged in negotiations, scheduled appointments to view this unit, and finally did not show up. This pattern resulted in a waste of his valuable time. He concluded that it was more effective to pay an agent in order to avoid such challenges and delegate the tasks to professionals. *C, a female agent with seven years of management-level experience*

Overall, the primary duty of agents is to serve the needs of both tenants and landlords. Therefore, agents have to understand the unique demands of each side and try to balance their requirements, which also include the goals of the agents themselves.

4.1.2. Developmental stage

Generally, the development stage is about how to develop alternative solutions for the decision-makers to further select the most appropriate ones that conform to their criteria. Likewise, in the agency business, agents also have to set and scope the demand of the tenants well and find the most suitable units to save on the cost of agents and satisfy the tenants.

From the interview data, agents may start their work in two ways simultaneously: collecting residential unit stocks from landlords and receiving inquiries and requirements from tenants. Generally, there are different ways of acquiring unit stocks from landlords, such as by obtaining information from online websites, referencing landlords' friends, or directly approaching landlords at the buildings. Specific agents will use these techniques to better understand the strengths and weaknesses of the units. As a result, some agents try to bind themselves to the targeted buildings, becoming familiar with and specialising in the buildings and environment. On the other hand, agents receive information from tenants on their own or from free websites, references from

Table 4. Landlords' reasons for being involved in the real estate agency business analysed by theming and coding techniques, with brief examples of codes

Landlords' Reasons (n = 30)	Number of Sources/ Codes	Brief Examples of Codes
The rapidity of renting out the unit	9/10	<ul style="list-style-type: none"> Landlords are concerned about when to get tenants. They need to rent out their units as soon as possible to earn money to pay back the bank's loan. They want us to help them find tenants as soon as possible.
Want to have good services	7/9	<ul style="list-style-type: none"> Common and after-sale services are the keys to attracting landlords and tenants. Coordination is a very important task that landlords are concerned with.
Need for specialisation of marketing activities	7/7	<ul style="list-style-type: none"> Agents have better experiences bringing in potential customers, especially from the high-end segments. It is not difficult for low- and medium-income segments to penetrate the market for landlords themselves. However, for the high-end segment, it is much more difficult.
Free from any inconvenience of renting complications	6/6	<ul style="list-style-type: none"> It is time-consuming to do paperwork without agents. Landlords usually have no time to care for their tenants, especially CEOs, business owners, and medical doctors. We help landlords find tenants, making it more convenient for them.
Want to have good tenants	3/3	<ul style="list-style-type: none"> They believe premium tenants will take better care of landlords' units than poor or unreliable tenants. We will screen the tenants first before approaching landlords.

colleagues or friends, or contacts from the company's employees or overseas headquarters. Most agents agree that most tenants pay more attention to the interested units regardless of the agents' advice.

After obtaining the units' information from landlords, agents will promote each unit through free or paid online platforms. Agents may even obtain tenants' requirements regarding their criteria or interest in specific units they have shortlisted from online platforms. Thus, almost all agents pointed out that one of the most critical ways to close a deal at the earliest is to get as much tenant information as possible, which can help them scope and screen the most suitable alternatives as per the tenants' requirements. This is reported by *D*, a female agent with four years of operations-level experience, as follows:

Begin by asking customers how many bedrooms they would prefer, what their budget is, which area they are looking at, whether they live as a family or alone, and with pets or not. It would also be easy for us to scope and narrow down the details matching a particular building; we would take them to see. It depended on our skills and how much we could ask and advise them. *D*, a female agent with four years of operations-level experience

From Table 5, it can be observed that the tenants' criteria include budget, location, the building's facility, design and decoration, furniture and electrical appliances, unit size, view, direction, and physical conditions. So naturally, budget and location were the most important criteria that

tenants were concerned with. Furthermore, the budget was the most crucial key, leading to other possible criteria. To elaborate, a low budget commonly leads to a low-quality location, fewer facilities, poorer design and decoration, while a high budget leads to a higher quality of the concerned factors. With this complication, it is the challenging duty of the agents to handle these tenants' criteria.

From Table 6, it can be observed that the landlords' criteria are usually about the quality of tenants and rental fees. Landlords tend to care more about qualitative factors such as the nationalities of tenants, their profiles, and their ability to take good care of landlords' units than quantitative factors such as rental fee rate. This might be due to the high value of their properties as well as the fact that investing in rental properties is a long-term investment.

4.1.3. Final decision-making stage

Building on the classic research by Mintzberg et al. (1976), the final decision-making stage is about the approach to selecting the best alternative. There are usually two approaches: judgmental and factual analytics, of which the judgmental approach seems to be more popular as it is fast and easy, and some criteria are not easy to quantify for analysis. Even though everybody has access to technology in the modern world, all agents still use their judgment skills to eliminate alternatives and select the best units for tenants. On the other hand, agents who applied an analytical approach to their decision-making were not found. At most, agents use computer programmes to stipulate the database of unit supply and the tenants' requirements along with their judgment and without any artificial intelligence processing.

In Table 7, the four primary techniques that agents mostly applied for reconciling the triangulation requirements of landlords, tenants, and agents were demonstrated.

4.1.3.1. Stocking alternative units/discovering, scoping, and screening underlying requirement. Most agents highlight the presence of common challenges in gathering information, including instances where ideas are lacking or tenants fail to provide sufficient details. Consequently, it becomes important for the agents to apply their expertise in assisting tenants to obtain as much information as possible. This could involve the art of discovering an underlying requirement (Benites-Gambirazio, 2020; Bolomope et al., 2020; Levy et al., 2008). In some cases, this approach leads to the final decision being different from their initial criteria, either due to the discovery of some new criteria or a willingness to make trade-offs. As a result, having many unit stocks tends to help tenants succeed in searching for the most preferred one, preventing them from terminating their search due to unmet choice criteria (Hasu, 2018). An example of this case can be inferred from the information provided by E, a female agent with ten years of management-level experience, as they tried to list all tenants' requirements, scope them, and finally offer alternatives as follows:

Customers would often contact us with specific requirements, such as needing a house with 2–3 bedrooms, within a certain size, in a particular location, and within a specified budget. To better assist them, we delved further, inquiring about additional aspects, for example, Did they have children? Did they go to school? Where did they work? What kind of room did they like? Did they like the modern design? We would show them alternative units to compare and find out what they liked. By presenting them with various options for comparison, we aimed to understand their preferences better. Upon viewing the first unit, they might tell us that the bedroom and kitchen were too small while the living room was big enough. We would keep this in mind and take them to see which building was most suitable and closest to their needs. It is all up to us to ask them what they did not say or think. *E, a female agent with ten years of management-level experience*

4.1.3.2. Implying and probing requirements. Implying moderate factors from various tenant characteristics such as age, work position, nationality, culture, career, or lifestyle is essential for agents (Levy et al., 2008). Similar to Grum and Kobal Grum (2015), our study illustrated the relationship

Table 5. Tenants' criteria for deciding to rent or rent out the unit analysed by theming and coding techniques, with brief examples of codes

Tenants' Criteria (n = 30)	Number of Sources/ Codes	Brief Examples of Codes
Budget	24/24	<ul style="list-style-type: none"> • The first selective criterion for most tenants is their budget, which matches their requirements. • Budgets are the most crucial concern of tenants, especially during this challenging time of the COVID-19 pandemic, causing them to earn less. • Most expatriates got accommodation budgets from their companies that conformed to their work positions.
Location	20/21	<ul style="list-style-type: none"> • Our tenants, predominantly female, need a location that is convenient, easy to transport, safe, and not in remote areas. Therefore, walking distance is also an important decision-making criterion for them. • The first criterion for selecting the unit is a location that always comes with price, facility, and transportation. • Our tenants often want accommodations close to their offices, mass transportation, shopping malls, etc.
Common Facilities/ Services	15/15	<ul style="list-style-type: none"> • They are concerned about the building's facilities, especially the swimming pool and fitness room. • The essential facilities they need are a swimming pool, a fitness room, and other common facilities.
Design/decoration	11/12	<ul style="list-style-type: none"> • They love to have white and bright-toned units. • If the unit is well-designed, tenants tend to trade off price and location.
Furniture/Electrical appliances	7/7	<ul style="list-style-type: none"> • Electrical appliances in the unit are essential, while furniture might not be a problem as some tenants will have their own furniture sets. • Some tenants will ask to move the landlord's furniture away so they can move in their own.
Unit Size	5/5	<ul style="list-style-type: none"> • They like to have big-sized units. • They are always concerned about the unit's size as they have kids and sometimes visit parents.
View and direction of the unit	4/4	<ul style="list-style-type: none"> • The unit's east and west directions are an essential criterion for selecting the unit, keeping in mind the heatwave. • Most Japanese like tall buildings, as they have a better view and more privacy.
Physical conditions	4/4	<ul style="list-style-type: none"> • The second criterion for tenants is room condition. • The unit's condition has to be clean and ready to move in.
Building Services	4/4	<ul style="list-style-type: none"> • Tenants always ask for building services. They do not like the out-of-service during weekends policy. They need the staff to stand by at all times, as they might urgently need something. • Most tenants are concerned about building security.

between psychological factors such as primary motives, status motives, and emotions, and real estate factors such as physical, living environment and socioeconomic that influence the real estate buyer's decision-making. For example, youngsters tend to enjoy accommodations near entertainment complexes, while elderly people prefer tranquil and peaceful areas. Similarly, a person with children tended to prefer a big common area with a playground and swimming pool, while a person with a programming background tended to need to work in a large residential unit.

Although this probing skill of the agents might help them save time and money by offering a unit matching the tenants' criteria, some agents base their probing skill on stereotypical ideas from previous tenant experiences, specifically when they have a shortage of time (Bonnet & Pollard, 2020). As a result, biases and discrimination are critically aware.

One agent emphasised that not preparing alternative units that conform to the tenants' criteria might lead to an unsatisfied stage in the tenants decision-making. A trick employed by one agent was to learn who the actual decision-maker was in a larger customer group, such as husband or wife, father or son, boss or human resources staff. A case of moderate factors can be exemplified by C, as they probed and matched the characters between tenants' personalities and accommodations as follows:

They differed according to nationality, age, and work. We had to use a little more experience to guess their real needs. Working in this position with this country of origin, we can see their picture as an unofficial way to analyse their underlying needs. Then we would ask them how many people are living together if they are alone. You could guess if they were single, but they might need a little more space if they lived with their spouse and two children. C, a female agent with seven years of management-level experience

4.1.3.3. Negotiation with landlords. Agents eliminate the unit choices of the landlord to conform to the tenants' criteria. In some cases, such as that of F, a female agent with five years of management-level experience, and G, a female agent with three years of management-level experience, agents might negotiate with both landlords and tenants in order to reconcile everyone's demands. To elaborate, negotiation is a subset of decision-making and selection theories about adjusting each side's initial goals until a compatible match is found (Bolomope et al., 2020) between the tenants and the landlords. As both sides prepare to make a deal, they will likely find common ground (Banks Pidduck & Archer, 2006). This, too, can explain the issues of the opposite requirements of landlords and tenants, such as budget and rental fees, newness and renovation or decoration, short and long rental duration, or unsatisfied furniture and furniture change. This negotiation skill can help agents create room to manage expectations and be more flexible in finding a result. For a successful case, a negotiation plan, a range of negotiations, and realising the different benefits or obstacles of both sides are crucial (Prowse, 2012; Urbanavičienė et al., 2009).

When he chose the preferred unit, he would tell us which ones he liked and disliked. After that, we tried to negotiate whether this could be changed or adjusted with the owner. F, a female agent with five years of management-level experience

The customer's problem was that he wanted a location near the Bangna area without a huge budget. So, I found a place on Bangna-Trad Road with a large space that the customer preferred. Nevertheless, the price was pretty high at 70,000 baht (around USD 2,300), but the customer had a budget of only 50,000 baht (around USD 1,700). Therefore, I tried to bargain with the landlord to reduce the price, as the customers would sign a long-term contract for three years. Then, the owner also reduced the price to 60,000 baht. (around USD 2,000) G, a female agent with three years of management-level experience

*Weighted-average Interbank Exchange Rate by the Bank of Thailand = 31.615 Baht/US Dollar

Table 6. Landlords' criteria for deciding to rent out the unit, analysed by theme and coding techniques, with brief examples of codes

Landlords' Criteria (n = 30)	Number of Sources/Codes	Brief Examples of Codes
Unit caring regarding The nationalities of the tenants	14/14	<ul style="list-style-type: none"> Landlords do not prefer tenants from some countries, as they often do not care for their units. Most landlords prefer to have European and Japanese tenants, as they usually take proper care of the unit. Tenants from some countries are usually dirty and do not keep our unit neat, clean, and proper.
Tenants' profile	10/10	<ul style="list-style-type: none"> Most landlords are concerned with tenant profiles, such as work, habits, or characteristics regarding taking care of their units. Landlords like to have tenants with a good profile. Where do they work? Are they illegal? These are important when the agents are screening potential clients.
Ability to pay rent/Rental fees rate	9/9	<ul style="list-style-type: none"> They are concerned about the ability of tenants to pay their rent regularly. They are concerned about tenants' jobs and whether they have work permits. About 90% of landlords ask for a work permit to ensure their tenants are not involved in any illegal matters and are likely to stay for a long time.
No pets/children/smoking	6/6	<ul style="list-style-type: none"> Some landlords do not prefer tenants with pets, as they are afraid of damaging their units. Some landlords do not prefer tenants with kids and pets. Therefore, agents have to ask landlords about pet criteria, such as acceptable dog sizes and other acceptable kinds of pets.

4.1.3.4. Trading-off requirements. The trade-off concept seems to be an essential technique for agents to manage or shift the expectations of landlords and tenants while delivering a similar level of satisfaction. It is a kind of compositional approach where some requirements are not as expected and other factors can compensate for them (Goetgeluk, 2011). In addition, the low value of one factor might be replaced with a higher value of another factor (Jansen, 2011). Finally, the trade-off concept is mentioned about the adaptability of the tenants' preferences aligning with the existing market supplies through the limited alternative selection rather than influencing the market supplies (Bolomope et al., 2020; Hasu, 2018). This is the case with real estate products, as they are unique, non-replaceable, and finite.

By doing this, agents can offer some advantages to make up for other disadvantages, such as costly rental fees, the best quality and design, being located too far from the subway, an attractive price, or an old design with a larger living space. This was reported in the case of E, a female agent with ten years of management-level experience, as she tried to compensate one factor with another factor as follows:

When they were okay with the room, they might request additional conditions. Then, we would take the feedback to the owners to improve it depending on whether the customers liked it. For example, the customer liked this room but had a limited budget. We would

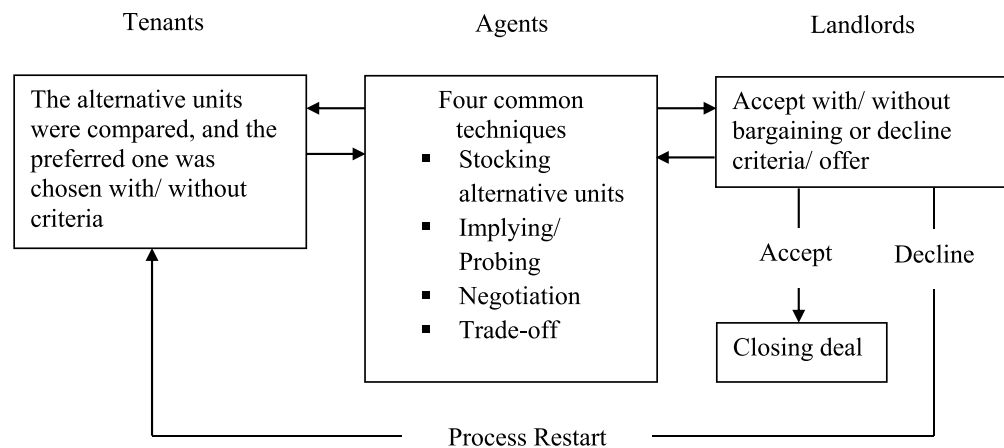
Table 7. Agents' techniques of handling tenants' requirements, analysed by theming and coding techniques with brief examples of codes

Agents' Criteria (n = 30)	Number of Sources or Codes	Brief Examples of Codes
Stocking alternative units and discovering, scoping, and screening underlying requirements	27/33	<ul style="list-style-type: none"> When we talk to tenants, we gather all their preferences, such as unit types, zones, or budgets. We then screen units and propose potential alternatives to them. We gather tenant requirements, such as when to move in, the budget, and whether they have pets. After that, we will carefully screen the most suitable unit that conforms to their requirements. First of all, we need to receive all requirements as much as possible, especially anything they like and dislike, to screen out the unit stocks and scope only the potential ones.
Implying and probing requirements due to related factors	18/26	<ul style="list-style-type: none"> It is all about the sense and experience of the agents in discovering the preferences of the tenants. We can tell that this customer from this nation tends to like this type of unit. Usually, Asians have no problem with the unit size, while Europeans need only large units. Europeans love to have a modern-style unit, while Japanese love to have a bathtub. Each expat prefers to live in a particular zone. This information comes from experience.
Negotiation with landlords for extra requirements	9/11	<ul style="list-style-type: none"> If tenants are interested in the unit, they will inform us. We then have to further negotiate with the landlords about the tenants' criteria, such as physical alteration, budget, or duration of stay. It is all about the negotiation skills of the agents to reconcile both tenants' and landlords' concerns. If the negotiation is settled, the contract is dealt with. When we take tenants to visit the unit, they will be satisfied or unsatisfied with some things. Then, it is the task of agents to negotiate these tenants' requisitions with the landlords.
Trading-off requirements	4/4	<ul style="list-style-type: none"> We always offer our customers many unit stocks, and tenants will have to trade off their requirements to choose the most appropriate unit. Lots of requirements cannot be perfectly settled. As a result, we have to approach them with trade-offs between the advantages and disadvantages of each alternative unit.

inform the owner that the customer liked this room very much but had a limited budget. Then we would ask if it was possible to pay the rent for a whole year or pay for it in advance to get a deal. *E, a female agent with ten years of management-level experience*

When comparing trading-off and negotiation, they are different in their details while appearing similar. The concept of trading off involves substituting one criterion with another such that either party requires no change. Here, only perceptions and expectations are shifted. However, negotiation means changing any party to find a mutual agreement. Therefore, a concept akin to a game theory of wins and losses might begin. Moreover, the result of this research shows that the tenants' criteria can be changed over time as they receive more information.

Figure 1. The stage of final decision-making of the agents, tenants, and landlords.



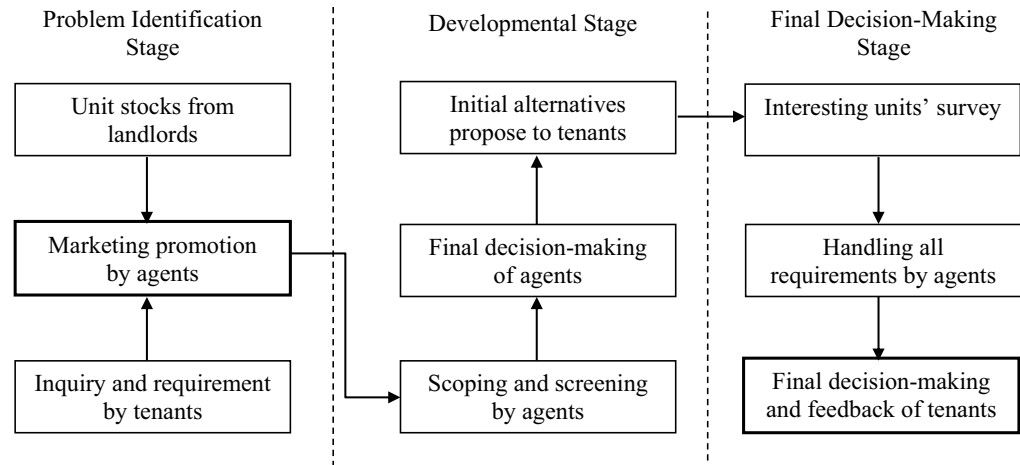
In conclusion, this final decision-making stage of the agents, tenants, and landlords can be explained in Figure 1. The tenants will compare, consider, and choose one, which might be finalised with or without criteria for the landlords. Finally, agents will present the criteria and conclusion to the landlords, and the landlords might accept or decline the offers. If accepted, the rental contract will be made. On the other hand, if it is accepted with bargaining or declined, the agents might continue to find the most probable solution for both sides or might need to find and present alternative units to tenants. It is about to restart the whole process again.

4.2. Decision-making of agents, tenants, and landlords with perspective from principal-agent theory

In terms of theoretical contribution, the research fulfils the three pinpoints of principal-agent theory conflict in the real estate context, as shown in the interview data as follows:

- (1) The concept of principal-agent theory used in the real estate context is different from other contexts, as currently, the agents are much more powerful than landlords in almost all dimensions, such as higher knowledge, more specialisation, more information, more alternative units, more tools, and less cost (Hamman et al., 2010, Levy et al., 2008, Pavlou et al., 2007, Rauchhaus, 2009, Shapiro, 2005, Stamso, 2015). This is primarily due to the limitations of real estate, such as immobility, high investment costs, low liquidity, limited experience, and limited demand (Appraisal Institute, 2020). As a result, landlords have less bargaining power (Levy et al., 2008), making the relationship between landlords and agents differ from the theory, especially the assumption of maximisation of the principal's interests (Chen et al., 2021, Ding et al., 2023, Maggetti & Papadopoulos, 2018). Many times, tenants are inevitably forced to accept the negotiations offered by agents in order to meet the criteria set by landlords, such as timing, rental fees, and additional benefits.
- (2) According to the principal-agent theory, the unique nature of decision-making in the real estate context is due to the dual principal-agent relationship between tenants and landlords. This was also illustrated in the study by Hu et al. (2023) about multiple principals, as agents usually fully serve the tenants' requirements but rather not fully serve the landlords' requirements, even though the main agency fees come from landlords. Agents tend to consider the landlords as unit alternatives for the tenants rather than focusing on finding tenants for them (Levy et al., 2008).
- (3) In a time of oversupply of condominium units, it is easier for agents to find new landlords' units rather than new tenants; in contrast, it is difficult for landlords to find expatriate tenants themselves due to the limited channels and other factors, especially in a time of fierce competition in the market. On the other hand, in times of over-demand, the power balance between the three parties tends to change from the status quo. Moreover, in various

Figure 2. The decision-making process of agents.



contexts, the relationship between the three parties can also be different. Therefore, in order to understand the decision-making process and to apply the principal-agent theory in the real estate context, one must be concerned with contextual factors such as market disruption (Bolomope et al., 2020), timing, powers, number of principals (Hu et al., 2023), expatriates and agents, culture (Asare et al., 2020, Chen et al., 2021), social interactions, and affection (Tilton et al., 2023).

5. Conclusion

The overall procedure of the agencies is illustrated in Figure 2, which includes three phases: problem identification, developmental stage, and final decision-making.

While most research is about investigating factors affecting the purchase or renting of real estate units, this research is about the study of the decision-making process of real estate agents, who are vital in linking the demands of landlords and tenants. As the essential stage of the final decision-making is tenants choosing landlords' units, this is begun by the final decision-making of the agents.

In order to balance and reconcile the criteria of both landlords and tenants in the final decision-making stage, the four most common techniques are exposed. Each technique is suitable for each context, carefully selected, and applied to assure mutual benefits among the three stakeholders. Applying these techniques would expand the opportunity to close the deal among all three sides. Apart from this fact, landlords must realise that the actual and final decision to select the landlord's unit is mostly finalised by the agents, as if agents do not pick the landlord's unit to be in the alternatives list, there is a very low possibility for the tenant to select the unit. On the other hand, the earliest possible closing of the deal between tenants and landlords leads to a huge benefit for agents too, especially in terms of cost-saving, time-saving, and high-performance service.

Three implications of this study can be categorised as practical, social, and theoretical, which will be beneficial for all stakeholders. For practicality, landlords can prepare themselves to increase their chances of renting out their units, while agents can employ proper techniques to successfully close the deals and satisfy all parties. In terms of social implications, the research results of the activities conducted by all parties can be an important initiative in determining the regulations and work standards for real estate agency affairs. This initiative aims to mitigate moral hazard and adverse selection. Especially in Thailand, real estate professionals are not controlled by any official authorities, which causes many troubles and unethical practices for expatriate tenants and landlords. In terms of theoretical contribution, the research results indicate and address the research gaps in principal-agent theory, especially under the three aspects of powers, multi-principals, and

contexts. In encapsulation, the maximization of all parties' satisfaction is inherent to the principal-agent theory. However, the specific real estate context of the housing market in Thailand showed that among the three parties involved, the agents have higher bargaining power over the landlords and tenants.

This research result recommends further study, particularly 1) the changing behaviours of the agents, landlords, and tenants during the post-COVID-19 pandemic, as much impact affected them in various dimensions such as investment attitudes, cash reservations, financial flows, job changes, online working, etc., and 2) the challenging of the principal-agent theory as due to the advancement of today's technology as due to market functions and the various alternatives for selling a property without the services of an estate agent (Stamso, 2015). In addition, many real estate agency platforms show much influence on landlords and agents' relationships that would impact the assumptions of the principal-agent theory, such as closer knowledge levels between landlords and agents, ease of accessibility of tenant information, or more accessible usage of the advertisement tools to do market-ing by landlords, which finally might impact the lessening power of the agents.

The limitation of this study is that the information and attitudes provided by the samples may differ from everyday situations due to the impact of the COVID-19 pandemic. On the other hand, the collected information might reflect the new normal norms or practices of the agents. Therefore, the conclusion and recommendation should be flexible and conform to the specific situation. Moreover, the information in this research was mainly collected through real estate agents. Therefore, further study might expand the scope of the study to focus on and compare the direct opinions of tenants and landlords.

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Disclosure statement

No potential conflict of interest was reported by the author(s).

Data availability statement

The participants of this study did not give written consent for their data to be shared publicly, so due to the sensitive nature of the research supporting data is not available.

Citation information

Cite this article as: Decision-making process towards real estate agents, landlords, and expatriate tenants' criteria with perspective from principal-agent theory, Niti Rattanaprichavej, *Cogent Business & Management* (2023), 10: 2288692.

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Appendices

Questionnaire/Interview Form

(1) Screening Questions

Have you worked in the real estate agency business for at least one year and worked for foreign tenants?

(2) General information about the respondents and their companies

- Gender
- Position
- Years of working in this company or career
- Company name
- Company nationality
- Company's customer target
- Years of company establishment
- How many members are in your company?
- Do you or your company set the location of interest or specialisation?
- Company's goal

(3) Decision-Making Process

Identification Stage: Goal identification

- (1) What are the goals of the agency doing business? (Yourself/Companies/Customers/Landlords)
- (2) What are the goals of the customers and landlords?

Development Stage: Potential residential unit evaluation

- (3) What are the company procedures for doing agency business?
 - How does your company get the requirements and information of customers and landlords?
 - How does your company assign the requirements and information of the customers and landlords to you?
- (4) What factors are prospective tenants **and** landlords concerned about, such as unit design, price, brands, accessibility, zoning, etc.? Please specify, illustrate more details, and rank at least the top five factors.
- (5) What are the company procedures for doing agency?
- (6) How do you find the prospective properties?
- (7) How do you establish the screening criteria? By yourself or by the company or what else?
- (8) What are the screening criteria or other considerate factors?

Final Decision-Making Stage: Final decision-making

- (9) How do you eliminate the alternatives or make your choice? Only you or your committees or by computer analysis or else?

(10) What is your feedback evaluation?

- Most of the time, are your customers happy with your choices?
- How many alternatives does your customer need to decide?
- What are the common factors making customers decide?
- Any factor that regards to the unique character of the customers?