

The Ethical Values of Registered Valuers in New Zealand

*Richard W. Hoyt, Professor of Finance/Real Estate, University of Nevada, Las Vegas
Michael J Wright and Cedric S Croft, Senior Lecturers, Lincoln University, Canterbury.*

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ABSTRACT

A study of the Ethical and Moral values held by Registered Valuers in New Zealand. This paper forms part of a series being developed by the authors, dealing with different sectors of the real estate industry within the same cultural setting, as well as across different cultural settings.

This study utilises a self-administered survey questionnaire to measure five constructs adapted from those developed by Harris (1990). The constructs are concerned with Deceit, Fraud, Coercion, Influence Dealing, and Self-interest, and are multi-layered in the survey instrument.

The results indicate differences between respondent's beliefs and values based upon differences in age, valuation experience, education, type of employment, and relating to whether they had taken a professional ethics course or not.

INTRODUCTION

Registered Valuers or Real Estate Appraisers, and others working in the commercial world are often subjected to pressures that may result in a compromise of accepted ethical behaviour.

This paper examines the ethical values of Registered Valuers in New Zealand. Five constructs, or domains, of ethics are examined. The constructs are; deceit (deceitful practice), fraud (fraudulent activities), coercion (coercive power), self-interest, and influence dealing. The constructs are adapted from those developed by Harris (1990) and allow investigation of respondents' ethical values. The paper reports on the differences that various demographic factors may have upon valuers' ethical values. Variables such as gender, age, valuation experience, and type of work performed are considered.

The study measures ethical values using multi-layered constructs, versus a common methodology of treating a range of ethical values as a single construct reported as a single, additive score. For each construct there are three different vignettes or scenarios, for a total of fifteen vignettes. This multi-layered approach allows the analysis of specific areas of ethical values in which there are statistically significant differences.

THEORETICAL FRAMEWORK

Although professional property or real estate organisations have developed codes of ethics to which the members are expected to subscribe,ⁱ there has been little empirical research pertaining to ethics in real estate. The majority of writings on real estate ethics have been descriptive and often included case studies, or examples of ethical issues. For example, *Real Estate Issues*, published by The Counsellors of Real Estate (1994), devoted an entire issue to ethics in real estate, all articles being descriptive. Sharplin et. al (1992) wrote on the concept of ethics for property managers. Hurley (1996) wrote an essay on changes in the regulatory environment and ethical demands placed upon real estate appraisers. Similarly, books pertaining to ethics in real estate, such as Long (1995), Pivar and Harlan (1995) and Roulac (ed.) (1999) follow the descriptive and case study format.

Empirical studies include Allmon and Grant (1990), who used voice stress analysis on real estate sales agents. They found that 20% of the respondents gave stressed responses to ethical questions, which implies they either broke the code of ethics or were uncomfortable with it. Sayre et. al (1991) found that for ethical code violations, female real estate licensees in California are not penalised any less severely than males and that females have less unethical violations than men. Long and Guglielmino (1994) administered a test of ethical judgment, the DIT (Defining Issues Test) to real estate licensees in Florida. The DIT was originally developed by James Rest (1979) “as a measure of moral judgement based on Kohlberg's CMD (Cognitive Moral Development) theory” (Wright, 1995,18). Long and Guglielmino's (1994) results indicated that licensees are ethically immature compared to other professionals. The data also revealed no relationship between the DIT test scores and gender, age, years of real estate experience, real estate income, or formal education. Okoruwa and Thompson (1994) found that the higher the income level, the more likely that a real estate agent will “bend the rules” to close a transaction. They also found that female real estate agents are less likely to “bend the rules” than male agents. Nelson (1995) studied ethical behaviour complaints against real estate licensees and found no statistically significant differences for age and experience and the disciplinary actions of probation and license revocation.

Izzo (2000) utilised Rest's DIT in conjunction with his own RES (Real Estate Survey) score, an industry specific DIT measure. Izzo set out to compare the responses of Real Estate salespeople in California, where ethics education is mandatory, with those of their counterparts in Florida, where no such compulsion exists. Izzo found no statistically significant difference between the responses of the two groups, and concluded that “the value of compulsory ethics education as an intervention to improve the moral reasoning of real estate practitioners is highly questionable” (2000, 234). However, his survey sample was not randomly selected being respondent self-selected, and was additionally small relative to the “populations” of salespeople in the two States. These factors may have had a significant effect upon the validity of the results.

The property industry is one that provides many opportunities for valuers to face ethical conflict on the job. Valuers are in a position where they represent not only their principal, but often also known or unknown third parties. This places valuers in a position of potential ethical conflict. Furthermore, since many valuers' earning potential is dependent upon the level of fees they generate, there may be potential to bend ethical behaviour in order to please clients and generate valuable repeat business. As Ferrell and Gresham (1985) point out, opportunity strongly influences ethical behaviour and can override ethical beliefs. Allen and David's (1993) finding, that high personal and professional values related to professional ethics diminished when ethical dilemmas were experienced in the marketplace, supports this.

ⁱ For example, codes of ethics in such organisations as the New Zealand Property Institute, Real Estate Institute of New Zealand etc.

Hoyt (1998), and Hoyt and Schwer (1998) were the first to apply the current measure to the ethical beliefs and values of real estate industry professionals. The first of these studies focused upon Licensed Real Estate Appraisers (Valuers) practising in the State of Nevada, USA and the second on Real Estate Salespeople licensed in Nevada. Both papers reported differences in response based upon differences in gender, and position within the firm, but interestingly not depending on whether or not the respondent had completed a professional ethics module or not.

These studies are based upon a model developed by Harris (1990) to measure specific ethical domains (deceit, fraud, etc) in contrast to the DITs more generalist measure of moral development. Harris developed and trialed the model on a single firm, an established regional organisation with a hierarchical structure and “clearly defined code of corporate ethics” (1990, 743) in place. Unlike the later studies of Hoyt (1998) and Hoyt and Schwer (1998), no statistically significant difference was found for gender, but hierarchy within the organisation was identified as significant, just as the Hoyt (1998) and Hoyt and Schwer (1998) results indicated. Results of this nature have also been generated by other studies using models based upon tailored scenarios or vignettes. Examples include Dawson, (1997), and Lund (2000) in sales and marketing, Hoffman (1998) with listed company managers, and Bacur and Hisrich, (2001) comparing managers with entrepreneurs.

In summary, empirical data pertaining to the study of ethics in the property industry is generally lacking. Therefore, this study seeks to add to the literature on real estate ethics and identify areas that need to be emphasised in the ethical education for valuers.

RESEARCH METHODOLOGY

Fifteen vignettes, three for each of the 5 constructs of (1) fraud, (2) coercive power, (3) influence dealing, (4) self-interest, and (5) deceit, were assembled into a self-administered survey questionnaire. Each vignette was accompanied by a 5 point Likert-type scale, requiring respondents to indicate their level of approval or disapproval of the scenario described in each vignette.

To aid understanding by respondents, the vignettes were tailored for local use. This required only minor word changes from the original instrument used in the Hoyt (1998) and Hoyt and Schwer (1998) studies.

Research Objective

The specific objective of this research is to determine if statistically significant differences exist in the ethical values of individuals operating as Registered Valuers in New Zealand based upon differences in:

1. Age
2. Gender
3. Level of education
4. Level of valuation experience
5. Type of work undertaken
6. Employment type
7. Income
8. Membership of professional organisations
9. Coverage by Professional Liability Insurance (PLI)
10. Completion of a professional ethics module

Research Administration

Participants in this study comprised all Property Valuers holding Registered Valuer status with the New Zealand Property Institute (NZPI). With assistance from the NZPI, 1480 questionnaires were mailed out to this group in January 2000.

A covering letter with the questionnaire explained that the research was aimed at seeking information on property industry practices. As an incentive to responding, three cases of wine were offered under a special prize draw.

The mailing produced a response of 619 useable questionnaires, for a response rate of 41.7%. This is a good response rate compared to those in the studies of Hoyt (1998), 31% and Hoyt and Schwer (1998), 19%.

Demographics

Of those responding, 557 (92.7%) identified themselves as male and 43 (7.3%) as female. The ages of respondents were grouped and the largest age group represented was 36 to 45 years (32.4%) followed by 46 to 55 years (30.1%). 78.3% of respondents were over 36 years of age. The majority of respondents have a tertiary qualification being either an undergraduate degree (71.1%) or technical college qualification (22.6%). Twenty-four respondents (4.2%) hold an advanced degree. An approved undergraduate degree has been the minimum educational requirement for gaining registration as a valuer in New Zealand since 1980.

Despite the majority of respondents being over 36 years of age, 31.2% have had 10 years or less experience as valuers, 30.8% 11-20 years experience, and 38% more than 20 years experience. 554 (90.4%) respondents identified themselves as registered valuers and 59 (9.6%) as near registered valuers. 33.6% of respondents work predominantly in residential valuation. 45% of respondents indicated that they were self-employed with the next largest employment category being Government agency (12.7%) followed by consultants (11.7%).

All respondents belong to the NZPI and a number (23.6%) to additional professional organisations such as the Real Estate Institute of New Zealand (REINZ) and the Property Council of New Zealand.

Members of the NZPI and REINZ are expected to subscribe to defined professional standards and codes of ethics. The NZPI has additionally mandated that all registered valuers take the Institute's 7 hour Professional Practise and Ethics Module before 2002 as part of their continuing professional development requirement (which is 20 hours per annum).

69.8% of respondents indicated that the length of their last professional ethics course was 4-8 hours and 70.4% of respondents had undertaken a professional ethics course within the last 3 years.

Analysis

The fifteen vignettes used in the study are presented in the appendix.ⁱⁱ The five constructs and vignettes used by Harris have been tested and reported upon in previous studies. (Harris,1990; Harris,1991; O'Clock and Okleshen,1993; and Okleshen and Hoyt, 1996). The integrity of each of Harris' constructs was retained, but the vignettes for each construct rewritten to correspond with situations pertaining to the real estate industry, and to contextualise for the New Zealand environment.

Each construct (deceit, fraud, coercive power, self-interest, and influence dealing) has three different vignettes, oriented toward real estate sales, valuation, and lending. The real estate industry is sufficiently interrelated for individual participants to be knowledgeable in the basics of each of the three areas (sales, valuation and finance) and thus should have some familiarity with the concept addressed in each vignette.

The three vignettes in the questionnaire for each construct are identified as follows: deceit as A, B and F; fraud as C, N and O; coercion as D, J and K; self-interest as G, L and M; and influence dealing as E, H and I. A response to each vignette was requested using a 5-point Likert-type scale, with 1 indicating the greatest approval and 5 indicating the greatest disapproval. The responses to the three vignettes for each construct are summed, resulting in a possible range from 3 (most approval) to 15 (greatest disapproval).

On a range of 3 to 15 the mid-point, or point of indifference, is 9.00.

ⁱⁱ. Authorisation for use of the questionnaire for studies by Hoyt was obtained from Harris.

RESULTS

The means and standard deviations for the five constructs are presented in Table 1.

Construct	Mean	Standard Deviation
Deceit (n = 611)	11.76	2.30
Fraud (n = 616)	13.76	1.80
Coercion (n = 611)	11.11	2.45
Self-Interest (n = 606)	9.09	2.40
Influence Dealing (n = 605)	7.09	2.66

Of interest is the observation that the greatest level of disapproval is in the area of fraud (13.76) and the greatest level of approval is in the area of influence dealing (7.09). An analysis of these five constructs and various demographic variables follows.

Table 2 presents the means and standard deviations of the respondents by gender, using a 2-sample, t tailed, t-test with significance at the 5% level.

Construct	Male (n = 543 to 553)	Female (n = 42 to 43)
Deceit (t = -0.12)	11.75 (2.32)	11.79 (2.13)
Fraud (t = 0.75)	13.76 (1.80)	13.55 (1.69)
Coercion (t = 1.25)	11.13 (2.46)	10.65 (2.15)
Self-Interest (t = -0.12)	7.09 (2.68)	7.05 (2.38)
Influence Dealing (t = 0.11)	9.07 (2.40)	9.12 (2.18)

* 2-sample, 2 tailed, t-test, statistically significant @ 5% level

Standard deviation in parentheses

The results show that female valuers as a group, are no more concerned than their male counterparts on matters concerning deceitful actions, fraud, coercion, self-interest or influence dealing activities. Thus, we find there is no statistical difference between the female and male valuers. This is in contrast to the findings of Harris (1990) who found a significant difference in the self-interest construct, and Hoyt (1998) who found significant differences in influence dealing and self-interest constructs for US Valuers.

A significant difference was indicated for two of the constructs, fraud and coercion, depending on respondents' level of education. An analysis of responses by education is presented in Table 3.

TABLE 3
EDUCATION

Construct	Some or high school (n=6)	Polytech or professional qualification (n=123-129)	Incomplete or complete undergraduate degree (n=398-404)	Incomplete graduate degree (n=5)	Masterate or PHD university Degree (n=23-24)
Deceit (F=1.07)	11.50 (2.74)	11.76 (2.46)	11.71 (2.25)	10.40 (2.19)	12.47 (1.56)
Fraud* (F=2.92)	14.33 (1.21)	14.16 (1.45)	13.56 (1.84)	14.00 (1.73)	13.75 (2.40)
Coercion* (F=3.19)	13.33 (1.86)	11.44 (2.49)	10.84 (2.45)	10.40 (2.61)	11.50 (2.11)
Self -Interest (F=1.54)	8.33 (3.98)	7.42 (2.69)	6.85 (2.61)	7.25 (2.50)	7.25 (2.54)
Influence Dealing (F=1.90)	11.50 (2.26)	9.06 (2.37)	8.96 (2.31)	8.40 (1.14)	9.29 (2.96)

* ANOVA statistically significant @ 0.05 level

Standard deviation in parentheses.

In the area of fraud, the highest levels of disapproval are among those with ‘some or high school’ and ‘polytech or professional qualification’. A similar trend is evident for coercion (although the measure for ‘masterate or PHD university degree’ holders exceeds ‘polytech or professional’). The ‘some or high school’ and ‘polytech or professional qualification’ groups would generally represent older members of the profession as it has not been possible to obtain registered valuer status without the minimum qualification of an undergraduate degree since 1980.

This hypothesis is further supported by comparison on the basis of age. Table 4 demonstrates that for all but the deceit construct, age of the respondent is a significant variable (2-sample, t tailed, t-test with significance at the 0.1% level). Generally, the older the respondent the higher the level of disapproval expressed for the scenarios presented.

TABLE 4
AGE

Construct	18-35 years (n=129-132)	36-45 years (n=194-198)	46-55 years (n=176-183)	56-65 years (n=75-77)	Over 65 years (n=19-20)
Deceit (F=1.08)	11.80 (2.12)	11.53 (2.38)	11.94 (2.27)	11.60 (2.34)	12.25 (2.99)
Fraud*** (F=8.37)	14.21 (1.83)	13.59 (1.98)	14.01 (1.62)	14.35 (1.22)	14.70 (0.73)
Coercion*** (F=4.90)	11.53 (2.29)	11.04 (2.47)	11.11 (2.54)	11.93 (2.15)	12.10 (2.59)
Self -Interest*** (F=5.24)	6.69 (2.37)	6.76 (2.62)	7.35 (2.64)	7.56 (2.86)	9.00 (3.10)
Influence Dealing*** (F=8.64)	8.44 (2.21)	8.86 (2.31)	9.26 (2.24)	9.81 (2.64)	11.11 (2.84)

*** ANOVA statistically significant @ 0.001 level

Standard deviation in parentheses.

This trend is further evident in the measure of valuation experience indicated by respondents. Table 5 shows statistically significant differences exist for the fraud, coercion, and influence dealing constructs depending on the respondents experience as a valuer. Generally, the longer the respondent has been practicing, the less tolerant that person’s response to examples of fraud, coercion and influence dealing.

Construct	0-9 years (n=129-132)	10-19 years (n=194-198)	20-29 years (n=176-183)	30-39 years (n=75-77)	Over 40 years (n=19-20)
Deceit (F=0.51)	11.77 (2.14)	11.94 (2.24)	11.72 (2.44)	11.53 (2.29)	11.61 (3.10)
Fraud** (F=3.66)	13.53 (1.70)	13.59 (1.95)	13.74 (1.92)	14.33 (1.21)	14.28 (1.27)
Coercion* (F=3.17)	10.78 (2.37)	11.21 (2.48)	10.82 (2.53)	11.64 (2.37)	12.17 (2.46)
Self -Interest (F=2.04)	6.87 (2.47)	6.95 (2.63)	7.10 (2.58)	7.76 (2.95)	7.83 (3.43)
Influence Dealing*** (F=2.60)	8.75 (2.13)	9.04 (2.43)	9.01 (2.242)	9.50 (2.52)	10.33 (3.00)

* ANOVA statistically significant @ 0.05 level

** ANOVA statistically significant @ 0.01 level

Standard deviation in parentheses.

Although income is somewhat correlated to age and experience, our analysis revealed no significant difference among the constructs for different levels of income.

There were no significant differences found involving the time since the respondents had taken a professional standards or ethics course or the length of such a course (less than four, four to eight hours and over eight hours) for any of the five constructs. However, analysis shows that respondents who had completed an ethics course were more approving of self-interest scenarios than respondents who had not taken such a course. There were no significant differences found between these two groups for any of the other constructs. Table 6 records the results of this analysis.

Construct	Yes (n=417-423)	No (n= 181-185)
Deceit (F=0.08)	11.71 (2.54)	11.77 (2.20)
Fraud (F=1.37)	13.89 (1.64)	13.70 (1.87)
Coercion (F=0.00)	11.11 (2.31)	11.11 (2.53)
Self -Interest* (F= 4.59)	7.43 (2.58)	6.93 (2.69)
Influence Dealing (F=0.55)	9.20 (2.38)	9.04 (2.42)

* ANOVA statistically significant @ 0.05 level

Standard deviation in parentheses.

Respondents were asked if they had Professional Liability Insurance (PLI). 487 (78.3%) indicated that they are covered by PLI and 123 (19.8%) that they are not. We found no significant difference (2-sample, 2 tailed, t-test with significance at the 5% level) between those who have PLI insurance and those who do not in all of the constructs except Fraud. Respondents who did not hold PLI indicated that they were significantly less tolerant of fraudulent behaviour than those with PLI insurance at the 0.1% level. This indicates that having such insurance may alter the tolerance for unethical practices. The results of this analysis are shown in Table 7.

Construct	Yes (n=472-477)	No (n= 122-123)
Deceit (F=0.54)	11.77 (2.35)	11.60 (2.14)
Fraud*** (F=1.37)	13.64 (1.88)	14.31 (1.18)
Coercion (F=0.28)	10.08 (2.50)	11.21 (2.29)
Self-Interest (F= 1.21)	7.17 (2.70)	6.87 (2.55)
Influence Dealing (F=1.11)	9.13 (2.45)	8.86 (2.17)

***ANOVA statistically significant @ 0.001 level
Standard deviation in parentheses.

Focusing on type of employment, significant differences were found for the deceit and self-interest constructs depending on respondents' type of employment. Respondents employed as valuers were less tolerant of self-interest than those employed in the lending/finance, insurance, consultancy or in Government agency (including State Owned Enterprises (SOE)), and those employed in the lending/finance sector were more tolerant of the scenarios described in the deceit vignettes than others. Table 8 shows the results of this analysis.

Construct	Self-employed or employed valuer (n=335-346)	Lending or finance sector (n=73)	Government agency or SOE (n=77-78)	Consultant (n=71-72)	Life insurance (n=17-18)	Retired or other (n=23)
Deceit* (F=3.54)	11.87 (2.32)	11.75 (2.36)	11.99 (2.15)	11.93 (2.33)	12.28 (2.08)	12.22 (1.91)
Fraud (F=0.83)	13.82 (1.64)	13.86 (1.57)	13.39 (2.21)	13.77 (2.04)	13.89 (1.49)	13.83 (2.01)
Coercion (F=0.78)	11.23 (2.47)	11.18 (2.35)	10.75 (2.44)	11.00 (2.55)	11.12 (2.15)	10.52 (2.50)
Self-Interest* (F=2.26)	7.38 (2.70)	6.40 (2.33)	6.99 (2.58)	6.22 (2.51)	7.04 (2.80)	7.10 (2.66)
Influence Dealing (F=1.78)	9.32 (2.38)	8.71 (2.23)	8.81 (2.29)	8.75 (2.57)	8.44 (2.83)	9.04 (2.16)

* ANOVA statistically significant @ 0.05 level
Standard deviation in parentheses.

Analysis failed to measure any significant difference based upon valuers' primary valuation work (greater than 50% of income earned) whether residential (n=371) or other (n=188).

CONCLUSIONS

Of the five ethical constructs (deceit, fraud, coercion, self-interest, and influence dealing) viewed by the registered valuers, the greatest disapproval of situations involves fraud. The levels of disapproval were then followed by deceitful practices and coercive power influences. Of interest is the approval of situations involving self-interest and influence dealing, which supports earlier studies by Harris (1990), Okleshen and Hoyt (1996) and Hoyt (1998). For registered valuers, the acceptance of these types of activities may reflect the independence generally associated with the vocation. The fraud, coercion and self-interest constructs are the predominant constructs (three out of six each) showing statistically significant differences when evaluated using various demographic factors. These are followed by the influence dealing construct with three out of six statistically significant differences.

The finding that male valuers are no more tolerant than female valuers is contrary to the Hoyt (1998) and Harris (1990) studies which both found a difference for the self-interest construct and Hoyt additionally for the fraud, coercion, and influence dealing constructs.

Age, experience and education were identified as significant variables although there is intuitively some correlation between these variables when applied in the context of this study. Generally, the older and more experienced a respondent the less tolerant he/she will be to an unethical scenario. Although in a different commercial sector, Lund (2000) also found age and education significant in his study of marketing professionals. This finding reflects the moral development of individuals hypothesised by Kohlberg in his CMD theory.

Our finding that respondents who have undertaken a professional ethics module are more inclined to respond positively to self-interest scenarios is of concern both for those delivering professional ethics modules and the professional organisations promoting them. The insignificant differences measured for the other constructs may also be of concern indicating that attitudes toward ethical behaviour are not influenced by the ethics oriented courses required by professional organisations.

Another finding of concern is the statistically significant difference measured between those with PLI and those without with respect to the fraud construct. The results indicate that respondents with PLI are more tolerant of the fraudulent scenarios than those without.

This study has identified some areas in which there are significant differences in ethical beliefs among registered valuers in New Zealand. The study should be replicated in other sectors of the property industry in New Zealand and there are also further opportunities to undertake cross cultural comparisons with sectors of the property industry in the USA and other countries. Local and/or regional influences may impact upon valuers' ethical beliefs differently. Differences in ethical beliefs may have an effect upon the interaction of property participants. Being aware of and resolving any differences can assist in building relationships of trust between those who use valuers and other property professionals and those property professionals. Finally, although this study indicates (with the exception of self-interest) that professional ethics courses may not significantly affect ethical behaviour, it has identified areas of ethical behaviour that need to be emphasised in existing professional standards and ethics courses.

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Appendix

Note: original formatting has been removed from the following:

BUSINESS PRACTICE QUESTIONNAIRE

The following situations describe some aspect of property business practice. Please evaluate each scenario and respond with your degree of approval or disapproval of the described action. A scale similar to the following will be provided after each scenario:

Approve _____ X _____ _____ _____ Disapprove
 approve some indifferent some disapprove
 approval approval disapproval

Please indicate your response by placing an "X" in the space that best describes your feelings regarding the scenario explained as shown in the example above. Note, there is no "right" or "wrong" response.

A. Veritable Valuation Associates advertises that Registered Valuers do all property valuations. Advent has several unregistered graduates on the staff who actually perform and write most of the valuation reports, although the reports are signed only by one of the Registered Valuers associated with Veritable.

Approve _____ _____ _____ _____ _____ Disapprove
 approve some indifferent some disapprove
 approval approval disapproval

B. Reliable Real Estate Mortgage Brokers has observed that a recent increase in interest rates has resulted in a lower volume of real estate loans made and a reduction in profits. Reliable estimates this situation will continue for the next 3 to 5 years. Although Reliable can survive with lower profit margins, management believes that they can maintain earlier profit levels by adding supplemental charges to some of the existing processing fees, for example: solicitor's fee, credit report, house check report, document preparation fee, and loan processing fee.

Approve _____ _____ _____ _____ _____ Disapprove
 approve some indifferent some disapprove
 approval approval disapproval

C. Doug Watson is a regional manager with a franchise real estate firm and is responsible for sales in three offices. With salary and bonuses, his annual take home pay averages \$77,000. Doug has made a practice of supplementing his salary by at least \$3,000 by padding his expense account. He rationalises this behaviour by saying that everyone else in the business and company is doing it.

Approve _____ _____ _____ _____ _____ Disapprove

approve

some approval

indifferent

some disapproval

disapprove

D. Pamela Phillips, Regional Real Estate Manager of Unified Bank calls the human resources (HR) director of one of the major independent valuation firms performing valuations for the bank and asks in a non-threatening way that her nephew be interviewed for a job in their organisation. The HR director complies with Phillips' request and arranges the interview. Phillips' nephew fails miserably on the aptitude test, which is required of all applicants, but is employed anyway because Unified is one of the firm's biggest clients.

Approve _____ _____ _____ _____ _____ Disapprove

approve

some approval

indifferent

some disapproval

disapprove

E. One of Australasia's largest mortgage companies is the corporate sponsor of the popular TV series ANYTOWN VICE. The sponsor has been approached by a national coalition of concerned citizens about the impact of this program on the morals of today's youth. The coalition demands that the sponsor exert its influence on the show's producer to tone down the sex and violence on the program. The sponsor's reply to the coalition is, in essence, that "our job is to make mortgage loans not censor what the public wants to watch on TV."

Approve _____ _____ _____ _____ _____ Disapprove

approve

some approval

indifferent

some disapproval

disapprove

F. Modern Homes has recently converted an office building to 85 medium priced apartments. Just after completion and prior to any sales becoming unconditional Modern Homes discovered that the painting contractor had used a lead based paint, which is banned in New Zealand. One major problem with lead based paint is the possibility of small children eating paint chips that flake off of the painted surface. Alltime Sales, the real estate firm marketing the apartments, suggests that Modern Homes sell the apartments as "retirement only units," thereby avoiding the possibility of families with children purchasing a unit.

Approve _____ _____ _____ _____ _____ Disapprove

approve

some approval

indifferent

some disapproval

disapprove

G. Anycity Municipal Airport Company recently awarded an exclusive contract to Tiger Valuations to value 45 houses for an airport expansion project. Tiger had just completed a larger valuation assignment with similar residences in the immediate vicinity for a Transit NZ roading project, thereby having completed all the basic sales research. Tiger's fee quote of \$150 per house was only slightly below that of competing valuation firms, although Tiger estimates that with the data from the earlier assignment the valuation on each house can be completed and delivered at a total cost of approximately \$45 per house.

Approve _____ _____ _____ _____ _____ Disapprove

approve

some approval

indifferent

some disapproval

disapprove

H. A prominent multi-office real estate firm, Sunny City Realty, which specialises in residential sales has been approached by community leaders requesting that the firm open a branch office in a low income part of the city. The leaders decide that low-income families, who have little access to the many services offered by multi-office firms in the suburbs, be given an alternative over the limited services offered by small, single office brokerages that serve the low-income market. Citing higher cost of facilities and greater potential losses due to vandalism, Sunny City Realty decides not to comply with the group's request.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

I. NPS (National Property Services) a large national firm, is currently a primary contractor for central government property valuation work in New Zealand. Because NPS relies heavily on this work and thus its revenues are tied directly to government spending, NPS management monitors the voting records of parties relative to government property issues. As a result, the employees of NPS have formed a political action committee (PAC) to provide support “funding” for candidates who favour NPSs interests.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

J. Johnny Jones is the sales manager for a large property finance company. One of Jones’s responsibilities is to train new sales agents as they come into the organisation. Experience has shown that one of the most difficult tasks in selling his company as a provider of finance for property loans, is getting a sales agreement. Jones believes that some customers need to be helped into the decision to use his finance company, so he teaches his new loan officers several high-pressure techniques proven to be successful in getting a sales agreement.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

K. First Real Estate, with four offices throughout the region, is one of the largest advertisers in The Daily Planet News. The newspaper has been running a series of articles to educate consumers on how to better protect their interests in the marketplace. Steve Adams, CEO of First Real Estate, hears on the grapevine that next week an article highly critical of First's sales and listing techniques will be featured in the paper. The next day he contacts the editor of the Planet and threatens to withdraw all advertising if the feature is run.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

L. Management of Jackson and Associates, a national real estate company, has word from reliable sources that its chief competitor is about to unveil new software that will greatly reduce the cost of a real estate transaction. In all likelihood, the software will also sweep the market and make substantial inroads into Jackson’s market share and profitability. Ray Richards, head of operations for Jackson, plays golf regularly with a member of the competitor's operations department (which developed the software) and is aware of his dissatisfaction with his recent low salary raise. Being made aware of this fact, top management at Jackson has instructed personnel to "hire that employee at any cost".

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

M. Borden Mortgage Brokers are suppliers of funds in the highly competitive residential lending market. In the past, they have experienced difficulty in maintaining customer loyalty among the real estate salespersons and agents who direct purchasers to them for home finance. To address this problem, Borden has developed a plan whereby real estate salespersons and agents are given points for every mortgage loan requested and made throughout the year. At the end of the year the salespersons and agents are awarded an all-expense vacation for two at various resorts depending on the number of points accumulated. Loan fees are, of course, increased to cover this expense.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

N. Todd Jackson is the manager for Wyler Mortgages and has the final say on which of numerous valuers his firm will contact to perform valuations. Conscious of the magnitude of the fees he controls, Jackson has let it be known that in those situations where price and other things are equal, his decision to assign a valuation job to a particular valuer can be swayed by the receipt of an "appropriate" gift.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove

O. John Smith has been recently employed by General Valuations in a new position "customer relations" and is responsible for the territory that includes among its potential customers, Wyler Mortgages (mentioned above). General has been unsuccessful in obtaining Wyler's business in the past because it has a strict policy against using company funds to provide gifts to any customer or potential customer. As a novice in the customer relations profession, Smith is determined to get some valuation work from Wyler even if he has to pay for a gift for Todd Jackson out of his own pocket.

Approve _____ _____ _____ _____ _____ Disapprove
approve some approval indifferent some disapproval disapprove