

# The Ethics of Real Estate Agents: A Comparison of Realtor and Public Perceptions

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**Abstract.** This paper reports the results of nationwide opinion surveys of the public and Realtors concerning real estate agent ethics. Among other things, the data indicates no significant difference between the two group's ratings of agent ethics. The public rating of agent ethics in this survey is higher than last reported by Gallup. Also reported are respondent characteristics that are significantly related to the opinions of both survey groups. For example, people who have used an agent hold a significantly higher opinion of agent ethics compared to those who have not, and they rate the agent they dealt with higher than agents in general.

Each year since 1976 the Gallup organization has conducted a telephone survey and published the results in a report entitled "Honesty and Ethics Rankings of Professions." Between 1976 and 2005, the profession "real estate agents" (agents) was included in the poll seventeen times and has not fared well. The percentage of poll participants who rated agent honesty and ethics to be either "very high" or "high" (on a five-point Likert scale) averaged only 15.1%. In 2005, 20.4% of the poll participants who expressed an opinion rated agent honesty and ethics to be at least "high." This highest rating ever for agents placed them in 11<sup>th</sup> place of the 21 professions rated.<sup>1</sup>

The public perceptions of real estate agents revealed in the Gallup Poll no doubt contributed to the implementation, in 1998, of an ongoing public awareness campaign by the National Association of Realtors® (NAR). The extensive campaign was designed to enhance the image of Realtors and distinguish them from real estate licensees who are not NAR members. In addition, NAR commissioned Riter Research to conduct an annual tracking study to measure the campaign's impact. The results of the most recent tracking study suggest that the campaign has been fairly successful. In 2004, 46% of 900 individuals who had purchased or sold real estate in the past twelve months (or planned to purchase or sell real estate within the next twelve months) stated that Realtors are "someone you can trust."

Every survey is subject to error attributable to sampling and other random effects. In addition, question wording and practical difficulties in conducting surveys can introduce bias into the findings of public opinion polls. The Gallup and Riter surveys are not perfectly comparable because the critical question asked and the groups being rated in each survey were not identical; not all agents are Realtors (although most

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are). Still, the fact that 46% of respondents to the Riter survey stated that Realtors are “someone you can trust” does not appear to be consistent with only 20.4% of respondents to the Gallup Poll rating agent ethics as at least “high.”

In this paper, the results of two nationwide surveys, sponsored by the authors, are reported. Similar to the Gallup Poll, a phone survey was conducted to gather the opinions of the general public. An Internet survey was employed to gather Realtor opinions. Both surveys were conducted at approximately the same time as was the 2005 Gallup Poll. The current study should be of interest to members of the real estate brokerage industry because the public survey provides an additional timely measure of the public’s perception of agent ethics. The percentage of respondents to our survey rating agent’s ethics as at least “high” is statistically significantly higher than last reported by Gallup. In addition, the results indicate that the public believes that agent ethics have improved over the last five years, and that Realtors have higher ethics than non-Realtors. Both of these findings may, in fact, be the truth, but they are also consistent with an effective NAR public relations campaign.

The present study is also unique because it reports the first survey of Realtors concerning their perception of agent ethics. Interestingly, the rating of agent ethics provided by the Realtor respondents is not significantly different from the rating assigned by respondents to our public survey. Comparison of responses to the two surveys facilitates an investigation of several issues, including the factors associated with both the public’s and Realtors’ perception of agent ethics.

The remainder of the paper is organized in the following manner. In the next section, a review of the real estate agent ethics literature is presented. In the third and fourth sections, respectively, the survey results are presented and analyzed. The last section contains a summary.

## Literature Review

The academic literature contains hundreds of papers on the topics of ethics and real estate brokerage, but only a few have focused on a combination of the two topics. One of the earliest studies to do so, conducted by Conway and Houlihan (1982), analyzed the NAR Code of Ethics (Code) for coherence, clarity, comprehensiveness, and enforceability.<sup>2</sup> They concluded that, despite flaws in several of the Code’s articles, it does an effective overall job in providing Realtors with well-developed ethical standards for regulating their daily activities.

Allmon and Grant (1990) investigated the relationship between the Code and agent values by evaluating the responses of forty-seven successful real estate agents in a Southeastern city to a battery of ethical questions. In most self-reporting techniques (including the method used in the present study), it is possible to determine the true magnitude and direction of respondents’ feelings or attitudes only if they actually know their feelings and respond honestly. Taking no chances that the latter applied to their sample, Allmon and Grant used Voice Stress Analysis, similar to that used in lie detection by law enforcement agencies, to analyze responses. Their findings

suggest that the mere presence of formal ethical guidelines does not assure that they will be followed.

Two studies provide conflicting evidence on the benefit of ethics training for real estate agents. Brinkmann (2000) analyzed short essays, written by sixteen Norwegian real estate agents and forty-one Norwegian real estate students, about moral dilemma scenarios encountered in professional and private life situations. He concluded that both groups could benefit from basic training in professional ethics and moral conflict management. Izzo (2000a) surveyed 272 agents from California and Florida and concluded that the value of compulsory ethics education as an intervention to improve the moral reasoning of agents is highly questionable. The results, perhaps counterintuitive, do provide insights into the relationship between ethics education and cognitive moral development.

Three studies have identified economic circumstances and other factors associated with the ethical behavior of real estate agents. Miller (1999) reported a negative relationship between real estate sales levels and license suspensions in Ohio over the time period 1987–1996. It is important to note that ethical behavior frequently requires a higher standard of behavior compared to that needed to comply with laws and regulations. Although Miller examined suspensions resulting from violation of state statutes and regulations, his findings suggest that unethical behavior by agents is more likely when sales activity is low.<sup>3</sup> Okoruwa and Thompson (1999) analyzed survey data collected from fifty-five members of the Des Moines Board of Realtors and concluded that ethical behavior varied by agent gender, income, and formal education level. Boyle (2000) used responses from eighty real estate agents located in a large Midwestern city to hypothetical sales scenarios to consider whether customer characteristics influence a salesperson's ethical judgment formation. Boyle reported differences across customer gender, customer income, and level of the respondent's idealism. Significant interactive effects with these factors were also found involving the agent's gender and level of idealism.

Two studies provide evidence that success in real estate brokerage is associated with the direction of the agent's moral compass. Aziz (2005) analyzed responses to various scenarios from seventy-two real estate agents from two agencies in South Carolina and found a significant positive correlation between Machiavellianism scores and self-reported sales volume. Machiavellianism scores measure the degree to which a person is pragmatic, maintains emotional distance, and believes that the end justifies the means. A person with a high Machiavellianism score lacks affect in interpersonal relations and concern for conventional morality, and theoretically would be more successful as a salesperson compared to those with lower scores. Izzo (2000b) investigated the ethical reasoning of Realtors using Kohlberg's cognitive moral development (CMD) approach.<sup>4</sup> He found that standardized measures of CMD were significant indicators of success in real estate, along with education and experience in his sample of 365 Realtors from California, Tennessee, and Florida. In addition, he concludes that the ethical standards of real estate practitioners compares favorably with other professional and societal groups.

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In a closely related strand of research, Webb (2000) analyzed survey data collected from seventy-three agents in Ohio to determine how the respondents rated their own professionalism. Only 23.6% of the respondents rated the professionalism of other agents as at least “very good,” and yet 79.5% of the respondents rated their own professionalism as at least “very good.”

The present study follows an approach similar to that employed by Webb (2000), but here the focus is on the perception of agent ethics. Another important difference between the present study and that conducted by Webb and all other previous studies is that the opinions of both agents and the general public are collected and compared. In addition, the samples in the present study are drawn from a more geographically dispersed area, and the total size of the two samples is larger than that employed in any previous study of real estate agent ethics.

## The Survey and Results

Data for this study was collected via survey from national samples of the general public and Realtors during December 2005 and January 2006. The contact list for the general public survey consisted of 2,500 individuals. The list was selected to be proportional to state population, but was otherwise random. A professional polling service administered the public survey by telephone. Usable responses were received from 733 individuals, resulting in a response rate of 29.3%.<sup>5</sup>

Realtors were queried via a web-based online survey using WebSurveyor.<sup>6</sup> The contact list for this survey, compiled by the authors, was randomly selected with two qualifications; it was constructed to be proportional to state population and restricted to NAR members with an email address listed on a “find a Realtor” search engine.<sup>7</sup> Email messages were successfully delivered to 2,244 addresses. Usable responses were received from 292 Realtors, resulting in a response rate of 13%.<sup>8</sup> The relatively low Realtor response is not atypical. The response rate for the survey conducted by Webb (2000) was 11.2% despite the fact that his survey was distributed under the letterhead of the Division of Real Estate in the Ohio Department of Commerce, and the response rate of the survey conducted by the National Association of Realtors in compiling its 2005 Membership Profile was only 7%.

Descriptive statistics for the respondents to the public survey are summarized in Exhibit 1. In this (and subsequent) exhibit(s), the column labeled “*n*” shows the number of survey participants who responded to the question. For example, the average age of 707 respondents who disclosed their age was 52.9 years. Responses were received from 451 females and 281 males (and one participant whose gender was not identified). Although 316 respondents indicated that they had never used the services of a real estate agent, the majority of respondents had. For 233 respondents, their role in the most recent transaction involving an agent was as a seller. For another 68, their most recent role was as a buyer, and 115 respondents indicated that their most recent association with an agent was as both a buyer and seller.

Descriptive statistics for the respondents to the Realtor survey are also summarized in Exhibit 1. The average age of 287 respondents who provided this information was

**Exhibit 1**  
**Descriptive Sample Statistics**

	<i>n</i>	Mean	Low	High	Std. Dev
<b>Public</b>					
Age (years)	707	52.9	18	94	17.6
House price (dollars)	424	141,980	5,000	1,000,000	131,291
<b>Realtors</b>					
Age (years)	286	51.0	24	82	11.1
Years in real estate	289	11.9	1	41	9.5
Number of transaction sides in 2005	276	25.6	0	100	23.0

Notes: In the public survey, the role in the transaction of the 416 respondents is: 233 (56.0%) buyers, 68 (16.35%) sellers, and 115 (27.6%) both buyers and sellers. In the realtor survey, the work status of the 287 respondents is: 254 (88.5%) full-time and 33 (11.5%) part-time. In the realtor survey, the license type of the 292 respondents is: 73 (25.0%) brokers, 41 (14.0%), and 178 (61.0%) salespeople. In the realtor survey, the education level of respondents is: 18 (6.2%) high school, 106 (36.4%) some college, 24 (8.2%) associates degree, 81 (27.8%) bachelors degree, 23 (7.9%) some graduate school, and 39 (13.4%) graduate degree.

51.0 years, and their average tenure in real estate brokerage was 11.9 years. Eighty-eight and a half percent of the respondents indicated that they worked full-time in the brokerage business. The average number of transaction sides closed during 2005 by all respondents was 25.6.<sup>9</sup> Responses were received from 150 females and 142 males. Seventy-three of the respondents currently hold a broker's license, 178 currently hold a sales associates license, and 41 hold a broker's associate license. Almost half of the respondent's had obtained a bachelor's degree and/or continued their formal education beyond the bachelors degree level.

Participants in the public survey were asked to respond to the questions shown in the first column of Exhibit 2. Their responses to each of the four multi-response questions and three binary response questions are also summarized in Exhibit 2. For each multi-response question, the mean response is shown in the rightmost column. The mean response was calculated by assigning a numerical value to each response ranging from "5" for "very high," "substantially higher," or "substantially improved" for responses to various questions, respectively, down to "1" for "very low," "substantially decreased," or "substantially lower." The mean response, for example, for the question: "How do you rate the ethics of real estate agents in general?" is 3.28 ( $\pm 0.065$  at the 5% confidence level).

Examination of Exhibit 2 will reveal that while only 35.9% of the respondents rated the ethics of real estate agents in general as "high" or "very high," 77.5% rated the ethics of the agent whose services they last used as at least "high."<sup>10</sup> The respondent's perception of the trend in real estate agent ethics over the last five years was positive overall, but mixed: 31.8% believe agent ethics have improved, 48.1% see "no change," and 20% believe that agent ethics have decreased over this time period. Almost 50% of respondents indicated that they rate the ethics of Realtors as either

**Exhibit 2  
Summary of Public Survey Responses**

Question	<i>n</i>	Very High	High	Average	Low	Very Low	Mean Response
How do you rate the ethics of real estate agents in general?	576	33 (5.7)	174 (30.2)	305 (53.0)	48 (8.3)	16 (2.8)	3.28
How do you rate the ethics of the real estate agent whose services you last used?	404	164 (40.6)	149 (36.9)	74 (18.3)	10 (2.5)	7 (1.7)	4.12
		Improved Substantially	Improved Slightly	No Change	Decreased Slightly	Decreased Substantially	
What trend do you perceive in the ethics of real estate agents over the last five years?	443	35 (7.9)	106 (23.9)	213 (48.1)	68 (15.3)	21 (4.7)	3.15
		Substantially Higher	Slightly Higher	Same	Slightly Lower	Substantially Lower	
How do you rate the ethics of Realtors compared to real estate agents who are not Realtors?	421	48 (11.4)	162 (38.5)	192 (45.6)	14 (3.3)	5 (1.2)	3.56
		Yes	No				
Are you aware of the Realtor Code of Ethics?	732	194 (26.5)	538 (73.5)				
Are you aware of how to report violations of the Realtor Code of Ethics?	193 <sup>a</sup>	99 (51.3)	94 (48.7)				
Are you aware of how to report ethically commendable performance of real estate agents?	722	129 (17.9)	593 (82.1)				

Notes: Values in parentheses are percentages.

<sup>a</sup>Only respondents who indicated that they were aware of the Code were asked this question.

“substantially higher” or “slightly higher” compared to non-Realtors. However, 73.5% of the respondents indicated that they were not aware of the Realtor Code of Ethics, and 48.7% of the participants (who were aware of the Code) stated that they were unaware of how to report Code violations. In addition, 82.1% of all respondents indicated that they did not know how to report ethically commendable behavior.

Participants in the Realtor survey were asked to respond to the questions shown in the first column of Exhibit 3. Only 33.8% of the respondents rated the ethics of all real estate agents as “very high” or “high.” An astounding 99.4% of respondents rated their own ethics as at least “high.” This disparity between self and group ratings is similar to, but even more pronounced than, that reported by Webb (2000) for agent perceptions regarding agent professionalism. Given the respondent’s high self-perception of their own ethics, industry officials should not be surprised if demand is low for continuing education courses that focus on this topic. As a group, Realtors perceive an improving trend in real estate agent ethics over the last 5 years; 53.4% assigned a rating of “improved substantially” or “improved slightly” to this question. Seventy-two point six percent of respondents rated the ethics of Realtors as “substantially higher” or “slightly higher” compared to non-Realtors. Finally, 17.8% of respondents reported that they provide a copy of the Code to their clients “always” or “usually,” and 19.1 % indicated that they “always” or “usually” inform clients how to report violations of the Code.

## Data Analysis

### *Public Survey*

As previously mentioned, 35.9% of the respondents to the public survey rated agent ethics as at least “high.” A Z-test of proportions was employed to compare this figure with the 20.4% (at least “high”) rating of agents reported in the 2005 Gallup Poll. The Z-test statistic is 3.714, which indicates that the public’s opinion of agent ethics in the present study is significantly higher ( $p$ -value = .0002) than reported by Gallup.<sup>11</sup>

Respondents were divided into two groups: those who have used the services of an agent, and those who have not. The mean response for each group was calculated, and a two-sample t-test was conducted to compare the sub-sample’s mean responses. The results, summarized on the first numerical line of Exhibit 4, indicate that people who have used the services of an agent hold a significantly higher opinion of agent ethics. In essence, familiarity with an agent gained through the transactional process tends to boost an individual’s perception of the ethics of all agents. In addition, survey participants who indicated that they had used the services of an agent were asked, “How do you rate the ethics of the real estate agent whose services you last used?” The results suggest that, as a group, respondents who had interacted with an agent believe that they did an excellent job of selecting an agent. T-test results indicate that their mean response for the ethics of agents in general (3.35) is significantly lower ( $p < .0001$ ) than their mean response for the ethics of the agent with whom the 349 respondents dealt (4.07).

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**Exhibit 3  
Summary of Realtor Survey Responses**

Question/Response	<i>n</i>	Very High	High	Average	Low	Very Low	Mean Response
How do you rate the ethics of real estate agents in general?	287	9 (3.1)	88 (30.7)	154 (53.7)	33 (11.5)	3 (1.0)	3.23
How do you rate your own ethical performance?	288	232 (80.6)	54 (18.8)	2 (0.7)	0 (0.0)	0 (0.0)	4.80
		Improved Substantially	Improved Slightly	No Change	Decreased Slightly	Decreased Substantially	
What trend do you perceive in the ethics of real estate agents over the last five years?	266	33 (12.4)	109 (41.0)	59 (22.2)	54 (20.3)	11 (4.1)	3.37
		Substantially Higher	Slightly Higher	Same	Slightly Lower	Substantially Lower	
How do you rate the ethics of Realtors compared to real estate agents who are not Realtors?	219	70 (32.0)	89 (40.6)	43 (19.6)	14 (6.4)	3 (1.4)	3.59
		Always	Usually	Sometimes	Infrequently	Never	
Do you provide clients with a copy of the Realtor Code of Ethics?	286	28 (9.8)	23 (8.0)	36 (12.6)	44 (15.4)	155 (54.2)	2.04
Do you provide clients with information on how to report violations of the Realtor Code of Ethics?	288	34 (11.8)	21 (7.3)	49 (17.0)	59 (20.5)	125 (43.4)	2.24

Notes: Values in parentheses are percentages.

**Exhibit 4**  
**Public Survey t-test Results: Rating the Ethics of All Real Estate Agents**

Group	Variable	n	Mean Response		t-Statistic	p-value
			Group 1	Group 2		
	Have you used services of an agent?		3.34	3.17	2.494	.013
1	Yes	357				
2	No	218				
	What is your gender?		3.17	3.35	2.531	.012
1	Male	231				
2	Female	344				
	Are you aware of the Code of Ethics?		3.29	3.27	2.930	.770
1	Yes	175				
2	No	400				
	Do you know how to report Code violations? <sup>a</sup>	85	3.29	3.29	0.040	.968
1	Yes	90				
2	No	85				
	Do you know how to report ethically commendable behavior?		3.32	3.26	0.709	.479
1	Yes	112				
2	No	456				

Note:

<sup>a</sup>Only those respondents who indicated that they were aware of the Code were asked this question.

A t-test was also used on the entire sample to investigate whether responses to Question 1 (How do you rate the ethics of real estate agents in general?) are significantly associated with a number of other binary variables. The results, summarized in Exhibit 4, indicate that females in the sample rate the ethics of agents significantly higher than males. Given the finding by Boyle (2000) that, *ceteris paribus*, females provide lower ethical ratings compared to males, one possible conclusion is that the females in the present sample dealt with agents demonstrating superior ethical behavior. If one is unwilling to accept this conclusion, the results contradict Boyle's finding. No significant difference was discovered between respondents who stated that they were, or were not, aware of the Realtor Code of Ethics, between those who stated that they were, or were not, aware of how to report violations of the Code, or between those who stated that they were, and those that stated that they were not, aware of how to report commendable ethical behavior on the part of agents.

An ANOVA was used to investigate the relationship between responses to Question 1 and several multi-response variables. The ANOVA results, summarized in Exhibit 5, indicate that responses to Question 1 are significantly related to respondent age and vary significantly by geographic region.<sup>12</sup> The results of a post hoc least significant difference (LSD) test indicates that the mean age of respondents who rated agent ethics as "very high" is significantly higher than the mean age of respondents who rated agent ethics as either "average," "low," or "very low," but not significantly

**Exhibit 5**  
**Public Survey ANOVA Results: Rating the Ethics of All Real Estate Agents**

Subject Variable	Response to Subject Variable	<i>n</i>	Mean*	<i>F</i>	<i>p</i> -value
Respondent age (mean = years)	Very high	32	56.6	1.978	.096
	High	167	54.3		
	Average	298	51.2		
	Low	46	49.3		
	Very low	16	47.7		
Geographic region	New England	33	3.24	3.396	.005
	Middle Atlantic	82	3.27		
	South	164	3.26		
	Midwest	145	3.36		
	Southwest	51	3.59		
	West	101	3.04		
Time since the services of an agent was used (mean = years)	Very high	24	8.8	3.203	.013
	High	112	13.3		
	Average	178	10.0		
	Low	28	16.2		
	Very low	6	10.3		
Price of house (mean = dollars)	Very high	2	189,300	1.914	.109
	High	83	121,986		
	Average	120	149,196		
	Low	18	93,611		
	Very low	4	136,000		
What trend do you perceive in the ethics of real estate agents over the last five years?	Substantially improved	30	3.87	19.477	<.001
	Slightly improved	98	3.39		
	The same	198	3.24		
	Slightly decreased	68	2.97		
	Substantially decreased	20	2.05		
How do you rate the ethics of Realtors compared to real estate agents who are not Realtors?	Substantially higher	45	3.62	6.105	<.001
	Slightly higher	150	3.41		
	The same	17	3.13		
	Slightly lower	12	3.17		
	Substantially lower	4	2.50		
How would you rate the ethics of the real estate agent whose services you last used?	Very high	133	3.65	10.368	<.001
	High	133	3.24		
	Average	66	2.98		
	Low	10	3.10		
	Very low	7	2.86		
Respondent capacity in most recent transaction	Seller	191	3.29	2.484	.085
	Buyer	61	3.25		
	Both seller and buyer	105	3.49		

Note: Mean = mean response to question 1 unless otherwise noted.

different than the mean age of respondents who rated agent ethics as “high.”<sup>13</sup> In addition, the mean age of respondents who rated agent ethics as “high” is significantly higher than the mean age of respondents who rated agent ethics as “average” or “low.” All other multiple comparisons were not significantly different. The results of a post hoc LSD test indicate that the mean response from respondents in the Southwest is significantly higher than the mean response of respondents from all other regions. The mean response from respondents in the West is significantly lower than the mean response from all other regions except New England. All other multiple comparisons were not significantly different.<sup>14</sup>

The ANOVA results indicate that the relationship between responses to Question 1 and each of the other multi-response questions is highly significant. There is a significant relationship between responses to Question 1 and responses to the question: “What trend do you perceive in the ethics of real estate agents over the last five years?” In essence, the more improvement in agent ethics perceived by the respondent, the higher the respondent rated the ethics of all agents. Post hoc LSD test results indicate all multiple comparisons are significant except for one; between respondents who rated the five-year trend as “slightly improved” and those who rated it as “no change.”

A significant relationship was discovered between responses to Question 1 and respondents’ opinions of the ethics of Realtors compared to real estate agents who are not Realtors. Post hoc LSD test results indicate that this relationship is significant for all multiple comparisons except between: those who believe that Realtors have “slightly lower” and either “substantially lower,” “the same,” or “slightly higher” ethics compared to non-Realtors.

Several tests were conducted limiting the sample to respondents who have used the services of an agent. ANOVA results indicate an insignificant relationship between responses to Question 1 and the price at which the subject house was purchased or sold. If house price can be used as a proxy for buyer/seller income, the magnitude of the transaction prices in the current study are not inconsistent with the finding by Boyle (2000) that when a customer is wealthy, ethically questionable actions of an agent are not judged as harshly as when the customer is relatively poor. However, the house prices in this study are not adjusted to account for regional housing price differences (and we cannot determine if, and do not assert that, any unethical behavior occurred).

ANOVA results indicate that responses to Question 1 are significantly related to the time elapsed since an agent was used, but the post hoc LSD results indicate that the differences were for the most part significant, but not necessarily consistent. The mean number of years since the last transaction was significantly lower for respondents who rated agent ethics as “very high” compared to those who rated agent ethics as either “high” or “low.” And the number of years since the last transaction was significantly lower for respondents who rated agent ethics as “average” compared to those who provided a “low” rating. However, the mean number of years since the last transaction was significantly higher for respondents who rated agent ethics as “high” compared

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to those who provided an “average” rating. All other multiple comparisons were insignificant.

ANOVA results indicate a significant difference in responses to Question 1 based upon the respondent’s role in their last transaction involving an agent. Post hoc LSD test results indicate that those who were both a buyer and a seller rated Question 1 significantly higher compared to respondents who were either a seller or a buyer. This result is consistent with our previous observation that increased contact with an agent tends to improve the perception of all agent’s ethic. In addition, the post hoc LSD test results indicate no significant difference in responses to Question 1 between sellers and buyers. Respondents were not asked to specify their contractual relationship with the agent. Historically, agents have acted as the seller’s representative although buyer representation is becoming more common. Regardless, the Code requires Realtors to treat all parties fairly, and the insignificant difference in responses from sellers and buyers suggests that this occurred in the sample.

Survey participants were also asked to answer the question: “How would you rate the ethics of Realtors, who are members of the National Association of Realtors, compared to real estate agents who are not Realtors?” Restricting the sample to respondents who have used the services of an agent (to be consistent with the Riter sample), a t-test was used to gauge the public’s opinion of this question. The t-Statistic of 14.553 indicates that respondents view the ethics of Realtors to be significantly higher than agents who are not Realtors. The mean response of 421 respondents to the Realtor/non-Realtor question was 3.56, which is significantly higher ( $p < .0001$ ) than 3.00 (the value = “the same”). This result is consistent with claims that the NAR promotional campaign has been effective at distinguishing the public’s perception of the two groups.

### ***Realtor Survey***

Participants in the Realtor survey were asked to respond to the same question posed to participants in the public survey: “How do you rate the ethics of real estate agents in general?” (Question 1). The mean response of the 287 Realtors who offered an opinion to the question was 3.23. ( $\pm 0.083$  at the 5% confidence level). A t-test was used to investigate whether Realtor mean response to Question 1 is significantly associated with two binary variables. The results, summarized in Exhibit 6, indicate no significant difference based upon either gender or full-time versus part-time work status.

An ANOVA was used to investigate the relationship between responses to Question 1 and several multi-response questions. The results, summarized in Exhibit 7, indicate no significant difference based upon the respondent’s license type, tenure in the real estate business, or transaction sides completed during 2005. Nor were responses to Question 1 significantly different based on geographic region, the extent to which the respondent supplies clients with a copy of the Code, or informs clients how to report ethical violations. A significant difference was discovered for four other variables: the

**Exhibit 6**  
**Realtor Survey t-test Results: Rating the Ethics of All Real Estate Agents**

Group	Variable	n	Mean Response		t-Statistic	p-value
			Group 1	Group 2		
	Gender					
1	Male	142	3.25	3.22	0.298	.766
2	Female	145				
	Work status					
1	Full-time	250	3.24	3.13	0.812	.418
2	Part-time	32				

respondent's age, formal education level, opinion of the five-year trend in agent ethics, and opinion of the difference between the ethics of Realtors and non-Realtors.

Responses to Question 1 differ significantly by the age of the Realtor. The post hoc LSD test results indicate that average age of Realtors who rated agent ethics as "very low" is significantly less than agents in all other categories except those who assigned a "low" rating, and the average age of those who assigned a "low" rating is significantly lower than those who rated agent ethics as "high." In addition, the average age of respondents rating agent ethics "average" is significantly lower than the average age of those who assigned an agent ethic's rating as "high." All other multiple comparisons were not significantly different.

Responses to Question 1 are significantly different based on the level of formal education attained by respondents. The post hoc LSD test results indicate that Realtors with an associate's degree rate agent ethics lower than all other groups except those whose formal education that ended with high school. All other multiple comparisons were not significantly different.

Responses to Question 1 differ significantly based upon the respondent's opinion of the five-year trend in agent ethics. In essence, the more improvement in agent ethics perceived by the respondent, the higher the respondent rated the ethics of all agents. Post hoc LSD test results indicate all multiple comparisons are significant.

Not surprisingly, Realtors believe that they have higher ethics than agents who are not members of the National Association of Realtors. The mean response of the 219 Realtors who responded to the Realtor/non-Realtor ethics question was 3.95. The results of a two-tailed t-test indicate that this value is significantly ( $p < .0001$ ) different than "3" (the numerical value representing "no difference"). The ANOVA results indicate that responses to Question 1 are significantly different based upon the respondent's opinion of the relative ethics of Realtors and agents who are not Realtors. Post hoc LSD test results indicate that the mean response to Question 1 is significantly different for all groups except for those who rated Realtors ethics as "slightly lower"

**Exhibit 7**  
**Realtor Survey ANOVA Results: Rating the Ethics of All Real Estate Agents**

Subject Variable	Response to Subject Variable	<i>n</i>	Mean*	<i>F</i>	<i>p</i> -value
Respondent age (Mean = years)	Very high	9	54.9	3.243	.013
	High	85	53.6		
	Average	152	50.3		
	Low	33	48.2		
	Very low	3	38.0		
Geographic region	New England	11	3.09	0.964	.440
	Middle Atlantic	28	3.43		
	South	71	3.13		
	Midwest	69	3.23		
	Southwest	41	3.20		
	West	67	3.31		
License type	Broker	72	3.25	0.047	.954
	Broker associate	40	3.25		
	Sales associate	175	3.22		
Transaction sides in 2005 (Mean = number of transactions)	Very high	9	20.8	0.732	.571
	High	84	25.6		
	Average	146	27.2		
	Low	30	22.8		
	Very low	3	9.7		
Years in real estate (Mean = years)	Very high	9	9.8	1.865	.117
	High	88	13.5		
	Average	152	11.7		
	Low	33	10.0		
	Very low	3	2.3		
Formal education	High school	18	3.11	1.993	.080
	Some college	103			
	Associate's degree	24	2.83		
	Bachelor's degree	81	3.28		
	Some graduate school	22	3.27		
	Graduate degree	39	3.38		
What trend do you perceive in the ethics of real estate agents over the last five years?	Substantially improved	33	3.97	26.905	<.0001
	Slightly improved	108	3.34		
	The same	58	3.12		
	Slightly decreased	54	2.91		
	Substantially decreased	11	2.00		
How do you rate the ethics of Realtors compared to real estate agents who are not Realtors?	Substantially higher	70	3.53	7.027	<.0001
	Slightly higher	88	3.16		
	The same	43	2.93		
	Slightly lower	14	3.21		
	Substantially lower	2	2.00		
Do you provide clients with a copy of the Realtor Code of Ethics?	Always	28	3.07	0.744	.562
	Usually	23	3.22		
	Sometimes	35	3.17		
	Infrequently	44	3.36		
	Never	152	3.23		

**Exhibit 7** (continued)  
**Realtor Survey ANOVA Results: Rating the Ethics of All Real Estate Agents**

Subject Variable	Response to Subject Variable	<i>n</i>	Mean*	<i>F</i>	<i>p</i> -value
Do you provide clients with information on how to report violations of the Realtor Code of Ethics?	Always	34	3.21	1.058	.378
	Usually	21	3.33		
	Sometimes	48	3.04		
	Infrequently	59	3.29		
	Never	122	3.26		

Note: Mean = mean response to question 1 unless otherwise noted.

compared to agents that are not Realtors. The mean response to Question 1 for those who rated Realtor ethics as “slightly lower” than non-Realtors was significantly different (i.e., higher) than those who rated Realtor ethics as “substantially lower” than non-Realtors.

***Comparison of Survey Responses for selected Questions***

A t-test was used to compare the mean responses to three questions asked in both surveys. The results are summarized in Exhibit 8. Previously it was shown that the public’s rating of all agent ethics (3.28) is slightly higher than the Realtor’s rating (3.23), but t-test results indicate no significant difference between the mean rating of the two groups. It was also previously shown that both the public and Realtors perceive both an improving five-year trend in agent ethics, and that Realtor ethics are higher than the ethics of agents who are not Realtors. The t-test results indicate that Realtors hold a significantly more positive opinion about each of these issues compared to the public.

**Exhibit 8**  
**T-test Results: Comparison of Selected Questions from Both Surveys**

Group	Variable	<i>n</i>	Mean Response		<i>t</i> -Statistic	<i>p</i> -value
			Group 1	Group 2		
1	Rating of all agents ethics	576	3.28	3.23	0.885	.377
2	Public	287				
1	Five-year ethics trend	443	3.15	3.37	2.870	.004
2	Public	266				
1	Realtors vs. non-Realtor ethics	421	3.56	3.95	5.551	<.0001
2	Public	219				

## Conclusion

The results of two nationwide surveys indicate the general public and Realtors hold almost identical opinions concerning real estate agent ethics. Almost 36% of the respondents to the public survey rated the ethics of agents as either “very high” or “high” as did 33.8% of respondents to the Realtor survey. There is no statistically significant difference between the mean responses of the two groups to the question: “How do you rate the ethics of real estate agents in general?” It is noteworthy that the public’s opinion of agent ethics is significantly higher than reported by Gallup in their Honesty and Ethics Rankings of Professions survey in 2005.

The public’s opinion of agent ethics is significantly related to a number of respondent characteristics. Females rated agent ethics higher than did males, and opinion significantly differed by the respondent’s age. People who have used the services of an agent hold a significantly higher opinion of agent ethics compared to those who have not, and their opinion of the agent they used is even higher. Those who were both a buyer and a seller rated agent ethics higher than respondents who were either a seller or a buyer, and there was no significant difference in opinion between sellers and buyers. Respondent’s opinion was not significantly related to the time elapsed since an individual’s transactional interaction with an agent, but people in the Southwest hold a higher opinion of agents than those from all other regions.

Realtor opinion of agent ethics is not significantly related to most of the respondent characteristics tested. Their opinion does, however, differ significantly according to the respondent’s age and formal education level. The public and Realtors are both of the opinion that the trend in agent ethics has been improving over the last five years and that Realtor ethics are higher than the ethics of agents who are not members of the National Association of Realtors. Realtors, however, hold a significantly more positive opinion about each of these issues. An astounding 99.4% of all Realtors rated their own ethics as at least “high.” If a high self-perception is a prerequisite to improved public opinion, the real estate brokerage industry is perfectly positioned. The extent to which ethics education can modify an individual’s ethical behavior is debatable. Given the uniformly high self-perception of agent ethics, however, industry officials should not be surprised if demand is low for continuing education courses that focus on this topic.

## Endnotes

1. The highest rated profession in 2005 was nursing with a rating of at least “high” assigned by 82% of the poll participants. The midrange rating of agents (11<sup>th</sup> of 21 professions) is also up dramatically from 2000 (the next to most recent time agents were included in the poll). However, this is due, in part, to the fact that 21 (4) professions rated higher (lower) than agents in the 2000 poll were not included in the 2005 poll. One profession rated above agents in the 2005 poll, accountants, was not included in the 2000 poll. Two percent of the respondents expressed “no opinion” regarding agent ethics, so the 20.4% figure reported here is the 20% reported by Gallup that rated agent ethics at least “high” adjusted to account for the 2% with no opinion (i.e., .20/.98).

2. The National Association of Realtors was formed in 1908, and in 1913, it was one of the first business groups to adopt a code of ethics. Conway and Houlihan (1982) analyzed the seventh edition of the Code, which was published in 1978. It has been amended numerous times since then.
  3. The Realtor Code of Ethics predated all state real estate license laws and many state laws were based on the standards set in the Code.
  4. Kohlberg (1984) theorized that as individuals mature morally they move cognitively to higher levels of moral development. He further asserted that moral reasoning is developmental, progressive, and cumulative. Kohlberg captured this theory in a three-level, six-stage model of cognitive development. Interested readers should refer to the Kohlberg paper for a more complete review of the literature and further discussion of his theory of stage and sequence development.
  5. The first thing asked of people contacted in the public survey was if they were a licensed real estate agent. The fourteen who responded in the affirmative were excused from completing the survey. Copies of both survey instruments may be viewed at [www.wright.edu/~joseph.coleman](http://www.wright.edu/~joseph.coleman). The phone survey was conducted by the Center for Urban and Public Affairs (CUPA) at Wright State University; CUPA operates within the Department of Urban Affairs and Geography, College of Liberal Arts. Staff and faculty participate in projects and outreach both locally and statewide addressing a wide range of social, economic, environmental, governance, and spatial issues. CUPA purchased the contact list for the phone survey from Marketing Services Group in New Jersey.
  6. Details on WebSurveyor, a product of WebSurveyor Corporation, can be found at [WebSurveyor.com](http://WebSurveyor.com).
  7. Any bias introduced by the latter requirement is believed to be minimal because according to the 2005 NAR Membership Profile, only 3% of Realtors “rarely or never” use email. It is worth noting that “ethics” was intentionally undefined in both surveys. Hunter (1997) asserts, and we agree, that to most people, the word “ethics” suggests a general sense of honesty, but to a Realtor the word also applies specifically to a standard of appropriate behavior as prescribed by the Code. Because Conway and Houlihan (1982) conclude that the NAR Code provides Realtors with well-developed ethical standards for regulating their daily activities, we do not consider the possibility that respondents to the two surveys may have based their responses on non-identical definitions of “ethics” to be a serious problem. Surveys employed in previous studies also leave the definition of ethics up to the discretion of the respondent.
  8. A cover letter and link to the survey were emailed to 2,500 addresses, but 256 were returned as undeliverable. The response rate reported here (based on 2,244 contacts) may be understated because we cannot determine the extent to which delivered emails were captured by spam filters.
  9. There are two “transaction sides” for each real estate transaction. The agent responsible for obtaining the listing gets one side and the agent responsible for locating the buyer gets the other side.
  10. Of the 733 respondents to the public survey, 27.7% expressed “no opinion” to the question: “How do you rate the ethics of real estate agents in general?” Most people with no opinion mentioned that they had never dealt with an agent, or that it had been a long time since they had and they were, therefore, reluctant to express an opinion on a profession with which they were unfamiliar. How Gallup consistently manages to avoid such individuals in their poll is puzzling. A characteristic in Gallup’s Honesty and Ethics of Professions survey
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- is the low number of respondents expressing no opinion. In 2005, for example, on average only 2.2% of the Gallup Poll participants expressed “no opinion” for each profession.
11. A Z test was also used to compare the present 35.9% rating with the 46% rating given by respondents to the Riter Research tracking survey in 2004. The Z-test statistic for this comparison is  $-3.820$ , which indicates that the public’s opinion of agents is significantly lower ( $p$ -value =  $.0001$ ) than reported by Riter Research. However, our results are not directly comparable to the Riter survey results because it specified “Realtors” as the group to be rated.
  12. States were classified into one of six regions as follows. New England: Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont. Middle Atlantic: Delaware, Maryland, New Jersey, New York, and Pennsylvania. South: Alabama, Arkansas, Florida, Georgia, Kentucky, Louisiana, Mississippi, Missouri, North Carolina, South Carolina, Tennessee, Virginia, and West Virginia. Midwest: Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. Southwest: Arizona, New Mexico, Oklahoma and Texas. West: Alaska, California, Colorado, Hawaii, Idaho, Montana, Nevada, Oregon, Utah, Washington, and Wyoming.
  13. ANOVA is the generalization of the two sample pooled t-test to three or more groups. Rejection of the ANOVA hypothesis indicates that some difference exists among the groups. Post hoc analysis can only be performed after the ANOVA null hypothesis has been rejected and must be performed to identify the specific differences among the groups. Many procedures are available for post hoc analysis, but the Least Significant Difference (LSD) was employed in this case. This procedure uses the mean square error and the number of observations in each group to determine significant differences. All statistical procedures reported here were performed using SPSS (Levesque, 2005). Details of all post hoc tests are not provided here to conserve space, but are available from the authors upon request.
  14. In an attempt to help explain this unanticipated finding, an ANOVA was employed to detect any significant regional differences between respondent age, house selling price, and house purchase price. None was discovered for the first two, but the latter was highly significant ( $p = .007$ ). The post hoc LSD test results indicate that mean house price in New England was significantly higher than all other regions except the West and mean house price in the Southwest, Midwest, and South were significantly lower than in the West.

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