

Real Estate Sales Agents and the Code of Ethics: a Voice Stress Analysis

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ABSTRACT. This study evaluates responses to the Real Estate Ethical Code. Voice Stress Analysis (VSA) is used to evaluate the responses of real estate sales people to ethically-based questions. The process and the responses given enabled the authors to gain insight into pressure-causing ethical situations and to explore new uses of VSA. Some respondents were stressed while following the ethical code guidelines. Others showed no stress about breaking the formal code. The study reaffirms that the presence of formal ethical guidelines does not assure that the rules will be willingly followed.

Professional ethics is a significant topic. The abundant literature on the “how to’s” of implementing a code of ethics in a business environment is evidence of its importance. However, emphasis has been placed on the formal procedure of code development and implementation, while very little attention has been given to the individuals who must follow the code. A code of ethics theoretically restates a person’s moral ideals. Adhering to moral ideals requires integrity and courage of convictions. It is not easy to do what you know is “right” (Lantos, 1987, p. 12). It is even more difficult to follow a code of ethics that runs counter to your own values.

This study addresses the relationship between a code and individual values by evaluating the emotional reactions of successful real estate salespeople. The authors selected ethical code situations routinely faced by agents. Frankel suggests that a code embodies the collective conscience of a profession

and is testimony to the group’s recognition of its moral dimension (1989). Problems arise if there is not a common acceptance of the “collective conscience.” If the code is questioned or not respected, the spirit along with the code may be violated. Therefore, it is important to determine actual feelings about the ethical determinants of code values.

Ethics

Inevitably personal ethics and values dominate most business activities. Without a foundation for trust or an understanding of behaviors, business would degenerate and the business customer as well as intra-business relationships would suffer. If enough individuals in a society agree, laws are developed to protect the various parties involved in business transactions. Essentially, the law describes boundaries of acceptable behavior. In spite of many opinions to the contrary, the law can only limit behavior by degrees. Unless there are massive enforcement measures, laws or societal rules must be sensible to be effective. Consistent challenge to rules and laws creates an environment of decay. This, in turn, destroys a culture’s ability to develop a consensus on matters of right and wrong. The result is ethical schizophrenia — many ethical faces (Cheavening, 1986).

To combat this possible dilemma, organizations and businesses derive codes of conduct or codes of ethics for their membership. These codes of ethics take behavioral practices out of the personal realm and provide individuals a basis for establishing boundaries of “proper” behavior. In our culture even this innocuous act faces resistance. We tend to have a cultural bias against accepting universal moral norms. We have little patience with tradition; rela-

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tivism, pluralism and individualism are very strong. Cavanagh (1988) summarizes our cultural notion of general ethical guidelines as: "My values must be *my* values and they are as good as anyone else's". Thus the ethical environment of this study.

There are legal and moral parameters facing working individuals each day. Legislation, although necessary, cannot ensure ethical behavior. Ethical behavior is ultimately a voluntary action. As the ethical guides are established, it would be advantageous to know to what extent they are accepted and followed. The purpose of this paper is to use a relatively new methodology to investigate the acceptance and adherence to ethical guidelines.

The only effective way to discover what someone truly feels is to read their mind. If possible, a researcher would like to establish a situation where they know what the subjects are thinking. Although stress analysis falls short of this goal, it provides clues as to how respondents feel about what they are thinking.

Voice stress analysis

Voice Stress Analysis (VSA) has not been extensively used in academic research. It has been a tool associated with lie detection and police-type work. For this study, different logic was used. If it is possible to tell the difference between truths and lies utilizing VSA, why not expand the scope and explore concern using the same stress measurement technique? Clearly, concern and stress are interrelated. Is VSA capable of identifying stress in individual responses to real estate code of ethics questions? Theoretically, if an individual has strong opinions about their actions, answering questions will result in stressful answers.

The VSA concept recognizes that emotional stress results in physical tension. As emotional stress increases, muscles tighten and microtremors are created in the voice. These microtremors surface as a higher voice pitch that can be detected and evaluated.

In practice, the VSA is fairly simple to use. Questions are asked that respondents can answer in a yes/no format. The answers are recorded and evaluated for stress. There are no wires, bells or whistles to distract the respondent.

The major problem or limitation in the analysis performed for this study is the degree of concern that the individual has for the code. If there is little self adoption or knowledge of the code, there will be little stress emitted. Little stress leaves little to evaluate. When applied to law enforcement and lying the issues are generally stronger for the individual. They may end up in jail. In non-legal research the strength of attitudes, everyday behavior and even ethical feelings do not carry a heavy emotional weight. For a stress analysis to be successful the respondent must have an emotional tie to the subject. Fortunately, successful real estate sales people both understand and embrace the concepts of the ethical code. Therefore, the sample provided a responsive basis for stress evaluation.

Sample and methodology

A comprehensive occupation-oriented survey was administered to 47 "million dollar plus" licensed real estate agents in a major southeastern city. The final section of the survey contained nine ethically sensitive questions. Each of the questions involved a violation of the real estate sales agent code of ethical conduct. The basic thrust of the code is that the agent represents the seller, are not to deceive the client, and that professional courtesy be extended to fellow agents. Answers/responses to these nine questions were voice recorded. After the interviews were completed, all of the recordings were subjected to voice stress measurement and analysis.

Real estate agents are independent, self-employed individuals working under a strict code of guidelines established by the profession. Except for the most flagrant of misbehaviors, there are few checks or limitations that enforce the rules of behavior. The agents are on their own and their relationship to the code of ethics is personal.

Voice measurement

In any type of stress analysis it is important to determine a bench mark of neutrality. Voice patterns for responses that are neutral or have no stress are used to establish the target question stress levels. For the purposes of this study, two questions concerning

the respondents' gender were asked: Are you a male? Are you a female? The implicit assumption in this study is that the responses, both yes and no, provide the neutral or unstressed response – the benchmark.

The neutral values for each individual were used to provide normalized values by the formula:

$$X_{\text{normal}} = (X_i / X_{\text{neutral}}) - 1.$$

Consistent scoring requires that the neutral score be of the same kind. That is, a Yes to the gender response (X_{neutral}) must be used with yes (X_i) answers. The normalized score is then adjusted to zero for testing purposes.

Using a student t-test, each response (yes/no) was evaluated as being equal to zero. Scores that registered statistical non-zero readings on the evaluation are indications of significant levels of stress.

Results of the study

The very nature of this study creates some basic analysis problems. A review of the basic process should illustrate these. Prominent real estate agents and brokers were contacted for an interview. A number of questions, including the ethical code questions, were asked and recorded. Later, the responses were analyzed. Because of the confidential nature of the first process, it was not possible to re-interview the agents. As a result, we were forced to interpret the meaning of the stressful responses. Due to this situation, the results must be considered a means of evaluating the acceptance of the ethical code rather than a conclusive analysis. Furthermore, in attempting to explain the possible causes of stress, there may be some factors not included. These omissions, however, should not distract from the importance of the agent's reaction to specific ethical code items.

There was a wide array of responses. Although all questions were based upon specific legal and ethical guidelines, there were only a few questions to which everyone responded uniformly. The diverse pattern of answers indicates the responses were given freely. It does not appear that the respondents felt compelled to provide the socially acceptable answer.

The design of this study allows the measurement of the level of concern overlaid across behavior. Respondents were questioned with respect to their observance of laws and generally accepted industry

TABLE I

	Stressed Response	No Stress	Total
Follow Rules	15%	60%	75%
Break Rules	2%	23%	25%
Total Percent	17%	83%	100%

rules of behavior. Respondents reported their actions, and the total answers were compared to the stress indicators (see Table I).

Although the respondents indicated in 75 percent of the answers that they follow the rules; almost 20 percent of these responses displayed stress. Of those respondents who stated they do not follow the rules or guidelines, only 8 percent of those indicated signs of stress. One might surmise that those who do what they want (do not follow rules) may be more at ease than those who follow or at least claim to follow specified guidelines.

Pragmatically, it is useful to evaluate the specific responses from a stress perspective. In this analysis (see Table II) response questions that indicated no stress must be taken at face value. For example, approximately half of the respondents would take listings at inflated values and about half would not. Even though there may be some feelings relative to this type of unethical behavior, those that would do it had no compunction. Technically, if a respondent felt the behavior was wrong and proceeded anyway, stress patterns would be evident.

An evaluation of the stressed questions provides insight into the interaction of feeling and behavior by the real estate agents.

Breaking rules with stress

An example of expected human behavior is evidenced by the first question; it deals with loyalty to the seller. By definition, the agent represents the seller and not the buyer. Legally, the sales agent is an agent for the seller – a fiduciary relationship. Even though the agent is contacted and has close personal contact with the buyer, loyalty resides with the seller. Any activity detrimental to the interests of the seller in favor of the buyer is strictly prohibited. Most of

TABLE II
Questions, Number of Responses, and Test Values of Real Estate Agent Survey

	Yes	No
Do you always negotiate for the best interest of the seller? (Y)	6 0.061*	39 0.401
Have you ever told a buyer, the seller would take less than the listed price? (N)	21 0.848	25 0.555
Have you ever taken listings at prices substantially higher than you know the property will ultimately sell for, just to get the listing? (N)	23 0.571	24 0.239
Have you ever told sellers that you have buyers looking for just their type of house just to get the listing, even though you weren't in contact with any buyers? (N)	45 0.614	2 <i>ns</i>
Have you ever sold buyers off another agent's listing to attempt to sell them on your own listing? (N)	33 0.269	13 0.253
Have you ever withheld market comparison from buyers? (N)	45 0.036*	2 <i>ns</i>
Have you ever taken a listing when you knew a fellow sales agent had previously arranged to list the property? (N)	43 0.022*	4 0.242
Do you ever "fake" enthusiasm for a property, just to entice a buyer? (N)	38 0.394	8 0.368
Do you consider yourself to work more hours than 75 percent of the sales agents in Mobile?	12 0.259	33 0.175

* = indicates stress at 90% Confidence level

ns = not sufficient number of respondents

() = ethical consistent response

the agents (83%) claimed to abide. Those who worked solely for the seller, as they should, exhibited no stress. It can be assumed that these individuals followed the law with respect to this item and are comfortable with their actions.

The remaining agents claimed to sometimes work for the buyer, or at a minimum, not be working on the behalf of the seller. As a group, these evidenced stress that rated above the 90 percent level of confidence on the *t*-test. The results have some interesting implications. It is difficult to discriminate between truth and lies with the stress analysis. It is also difficult, without an in-depth interview, to obtain the exact reason for the indicated stress. Speculatively, some of the options might include:

- a. The person is telling the truth but is apprehensive about the consequences of the knowledge of his actions being known.
- b. The agent is being truthful and the stress is a reaction to admitting to knowingly doing wrong.
- c. Even though the agent is responding in a truthful manner, there may be an internal reaction to what they believe is an unfair law.

Almost 85% of the agents claimed to represent the seller. These agents did not exhibit stress in their responses about the behaviors. The answers to this question were what one would naturally expect. By far, the majority followed the law. The small minority that did not follow the law were stressed. This is, at least in theory, the way the law works. As the evidence in this study suggests, it does not always work this way.

Break rules/no stress

One question asks if they have ever beaten a fellow agent to a property listing when they knew the other agent was going to be the listing agent. In the spirit of fair competition, this is considered an unethical act. Accordingly, only 4 of the 47 respondents indicated that they have done such a thing. It must be noted that there was no stress indicated in their response. Getting someone else's listing did not bother them. There is little to go on when there is no stress. It has been suggested that it might mean:

- (a) One is knowingly violating an ethical rule but considers the rule "wrong."
- (b) One is knowingly violating an ethical rule and considers the rule "right" but values its "rightness" less than his/her motive to make a dollar.
- (c) The respondent believes they are answering in a way which does NOT violate an ethical rule (and therefore feels no stress).
- (d) They have NO IDEA what the "rule" is.

As earlier stated, this stress technique provides a notification of potential problems. Figuring out what the problems are is another matter.

Did not break rules/stress

From the responses alone there would be a strong indication that "claim jumping" was very limited. All the other respondents (91%) denied engaging in such activity. But, there is a problem with this conclusion. Even though the denial exists, for this group this response rated the highest stress readings. It is in situations such as this that voice stress analysis begins to work as a lie detector. How is the stress to be explained? On the surface, especially for stability of the industry, this is a fair rule. Therefore, one can conclude that either the respondents are telling the truth and have had troubles and tensions with that situation, or that the respondents are not being fully truthful.

The same response situation appears with respect to the comparative market information. It is an industry rule that each client (buyer) be provided with a comparative market evaluation of the property they are considering purchasing. Virtually all of the real estate agents claimed to follow this rule. Even so, there was tension expressed with this response. This tension indicates that market information is perhaps a trouble area and a red flag needs to be raised. On the other hand, this tension may stem from the fact that market comparison information is time consuming to prepare and unless a sale is imminent they do not want to compile this information. Finally, it may mean that even though the agents claim to give information, sometimes they do not.

Conclusions

Attitude measurement in marketing tends to focus on the measurement of a respondent's belief about attributes and feelings with regard to the desirability of the attributes. Historically, means of measuring attitudes have been grouped into those based upon communicating with respondents and those based on observing respondents.

Of the general methods for measuring attitudes, the self reporting technique is by far the most widely used. From the self reporting techniques it is possible to determine the magnitude and directions of feelings or attitudes. That is, it is possible if the respon-

dents actually know their feelings and respond honestly. There is an underlying assumption of knowledge and truth for each scale development. For most nonsensitive items these assumptions do not negatively impact the results. Psychologically sensitive items, however, may not be accurately evaluated with a self reporting scale.

Attempts at observation of physiological reactions have been limited to galvanic skin response which measures sweating of the hand, or the eye dilation technique which measures changes in the diameter of the pupil of the eye. There are two major limitations of the physiological approaches. First, the approaches must be evaluated in an artificial laboratory environment. Additionally, the results are limited in that only the intensity of feelings and not the direction is measured.

Proper application of voice stress analysis provides a means of coupling the best of self reporting and physiological techniques. Through voice stress analysis, preliminary item analysis can identify attitude items that are sensitive and require further study and development. VSA may be an exploratory technique of some note.

It may not be of serious consequence that the real estate agents in this study followed or violated the law or the ethical guidelines. What is of consequence is in the code itself. The Real Estate Professional Code is basically designed to be a "regulatory code". A code such as this includes detailed rules to govern professional conduct. If following the rules causes personal grief or if breaking the rules does not result in concern, there is a problem. In this study 20% of the respondents that claimed to follow the ethical code gave questionable or stressed responses. This implies that these individuals either actually broke the code or were uncomfortable with it.

Simultaneously, only 8% of those that admitted violating the code exhibited stress. It is the responsibility of those who construct codes of ethics to ensure acceptance of the covenant of the code. It is not enough to make up a set of rules, laws or codes and expect everyone to follow blindly.

This study reveals a problem that transcends all ethical codes. It is not enough for a set of rules to be designed and then thrust upon a group of working individuals. If there are guides in an ethical code that are not being accepted, yet are important concepts to

be adhered to, then these ideas must be marketed. If the value of ethical constructs are not readily visible, then their value and benefits need to be promoted to the users of the code. Ethical codes are for the good of the individual and the corporate group.

All ethical codes should be evaluated periodically relative to acceptance and adherence. Voice stress analysis provides a non-intrusive means of approaching the true personal impact of an ethical code. This evaluation process should be done in a positive and constructive manner. The purpose of an ethical code is to help create an environment in which all players have a basic understanding of what is expected and how they should behave.

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