

**Effective Continuing Education for Licensed Real Estate  
Professionals**

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## **Abstract of Dissertation**

### *Effective Continuing Education for Licensed Real Estate Professionals*

Mandatory real estate education has been intensely debated for many years. New Jersey is the only state in the nation that does not require licensed real estate agents to attend an ongoing educational event after securing a license to practice. A bill was proposed to the legislature to mandate real estate education in June of 2001. (It was withdrawn in 2003.) The proposal of the bill fueled debate throughout the state. The Service One Association of Realtors®, a local trade organization under the National Association of Realtors®, decided to independently investigate one of the main discussion points: effective mandatory education.

A quasi-experimental research method for data collection and analysis with a pre-test post-test, non-equivalent control group design was used. The naturally occurring groups used attended the Real Estate Buyers Agent Council, part of the National Association of Realtors®, and New York University Real Estate Institute accelerated broker-licensing classes. There were 34 and 33 mandatory and voluntary education participants,

respectively. Real estate agency was the educational topic. A facilitative, interactive teaching style was used to engage all types of learners as outlined by the Real Estate Educators Association. Mean test scores were tabulated and compared to determine effectiveness. Pre qualifying questions were evaluated to determine perceptions of attendance in a mandatory education session and define characteristics of the participants such as license type, state representation for mandated education and practice as a full time or part time agent.

The results indicate that mandatory real estate education is effective as measured. Agents perceive the lesson as useful and plan to implement changes in business practice. Most participants came from New Jersey and New York with additional participant representation from 5 states. Eighty-six percent of the respondents were full time licensees. Recommendations to implement standards for real estate education through established collaborative efforts are suggested. The groups should have all stakeholders represented: regulators, agents and consumers.

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## **CHAPTER 1: *Introduction***

The New Jersey Real Estate Commission has over 78,000 licensed real estate agents<sup>1</sup> (Association of Real Estate License Law Officials, 2002). It is the only state in the union that does not have mandatory continuing education for real estate agents. The Real Estate Commission along with the New Jersey Association of REALTORS®<sup>2</sup> opened discussion about how to implement a program and regulations that would meet the needs of the regulators, agents and consumers. The New Jersey Association of REALTORS® formed a task force to review some of the possibilities in 2000. The discussion extended to the local affiliated REALTOR® boards. A resolution was never achieved.

### *Statement of Problem*

A local New Jersey board, the Service One Association of REALTORS® (SOAR), wanted to determine how the characteristics of voluntary professional education could be blended with mandatory continuing education to meet the needs of regulators, real estate agents and consumers. SOAR conducted four focus group discussions in 1999 and 2000. Each focus group consisted of members from the organization and

included broker/owners, broker managers and salespeople. All focus groups were conducted with 5-10 volunteers; at least one member from each category was present. Each meeting opened with a history of continuing education in New Jersey as compared to the nation. Each group was asked to share their thoughts about implementation of mandatory continuing education for real estate agents. From the information gathered in the focus group discussions, it was determined that the greatest concern for these members was program practicality. Members felt that it would be a waste of their time to sit in a classroom and review information relating to theory rather than practice. The group participants want information as it relates to current local industry practice. The participants believed that the New Jersey Real Estate Commission could dictate a portion of the educational requirements as it related to current court decisions, regulatory changes, areas of regulatory concern and pending bills in the legislature. The participants felt that experienced real estate program providers should design the remaining content.

How can mandatory continuing education be integrated into a format with the characteristics of voluntary continuing professional education to meet the needs of the real estate regulators, consumers and licensees?



### *Purpose of Study*

This study is designed to determine the effectiveness of mandatory as compared to voluntary education. SOAR determined it was important to find a model that would incorporate an educational format that would satisfy regulators, agents and consumers. Agents expressed great concern about practicality and quality of any “required” education. SOAR wanted to find an educational structure for practicing real estate agents that would:

1. Increase professionalism;
2. Broaden the agent’s knowledge base;
3. Give them the ability to deliver quality services;
4. Limit legal liability while protecting consumers;
5. Foster critical thinking skills.

The results of the study will suggest how the needs of the stakeholders could be accomplished.

### *Importance of Study*

As we move through the late 20<sup>th</sup> and early 21<sup>st</sup> century, changes in technology have been daunting. Internet accessibility and affordability has fueled expansion of online service providers. These changes have made information that was mainly available to the government and universities readily accessible to the public. A rise in consumerism through the eighties has brought a more knowledgeable real estate participant to the today's transaction (Finley, 1994). Real estate agents need to know how to obtain and evaluate current information to meet the needs of the consuming public. The complexity of the real estate transaction has increased through the 20<sup>th</sup> century (M. B. Weinstein, 1998a). Real estate agents must be able to keep up with these changes in order to maintain professionalism. Much debate surrounds the definition of professionalism (Bickham, 1998; R. M. Cervero, 1988; Curry, Wergin, & Associates, 1993; Eraut, 2002; Houle, 1980). Definitions stem from simple to complex. Eraut (2002) states that professionalism may be defined as an ideology. Houle (1980) defines professionals as:

[People that] learn by study, apprenticeship, and experience, both by expanding their comprehension of formal disciplines and by finding new ways to use them to achieve specific ends, constantly moving forward and backward from theory to practice so that each enriches another (pg.1).

Cervero (1988) offers many possible definitions that have been investigated over the years; "...professionals must be adequately trained and socialized to provide recognizable distinct services" (pg. 9-10). Cervero states that this definition "...has been institutionalized in the modern university..." (pg.10). Starr in Curry (1993) defines professionals as a self governed group that organizes its training in a specialized area of knowledge offering services focused on an ethical code of conduct rather than on earnings (pg.6). Bickham (1998) states that, "The professions encompass occupational groups, that share specialized skills requiring extensive systematic and scholarly training" (pg.61). Although many of the debated definitions would not include practitioners in the real estate field, Case in Weinstein (1998a) explains that since real estate agents must acquire a specific body of knowledge, it would seem that they would participate in continuing education to be successful (pg.287) and maintain professional standing among the myriad of occupations.

Today, maintaining professional status is associated with learning. Professionals need educational mediums that will extend their knowledge base in order to offer services that are necessary to be successful. Continuing education programs help practitioners to achieve this goal. However, attending a class is not enough. Professionals need to take an

active role participating in educational events for life. A commitment to learning is necessary to stay abreast of the continual changes occurring. Continuing professional education is about becoming a lifelong learner. Gross (1977) defines a lifelong learner as one who is open to new experiences; who makes things happen instead of waiting; learns from experiences; recognizes that formal schooling is not the only way to learn; and knows that what they want, they will begin to work for now and not wait for life to determine the path (p 15-16).

### *Scope of Study*

The study will explore a current real estate continuing education topic within two courses for effectiveness. A pilot program will be established that will have characteristics of mandatory and voluntary continuing education including participant satisfaction.

The tests in the study will be analyzed to answer:

1. Is the current topic within the course effective? Is the learner leaving the session with new knowledge that can be used in their current business practice to protect consumers, maintain and increase professional practice while operating within the laws and regulations of the business?

2. Do participants believe that the class attending (topic in question) is a productive use of their time? Does the participant believe that they will be able to use the information acquired in the educational session in their everyday business practice?

### *Rationale of Study*

The largest purchase made by Americans today is often their home. In order to protect members of the public, laws are passed and enforced to safeguard the interests of the people. Real estate agents are involved in about 75% of all real estate transactions (National Association of REALTORS®, 2003b). In order to properly serve people embarking upon this process, the real estate agent must understand the fundamental laws and customary industry practices. Since the laws and practices are not static in real estate, the practitioner must make every effort to stay abreast of these changes.

Regulators and consumer groups support legislation to require real estate agents to attend mandatory continuing education on a periodic basis. The only state in the United States that does not require mandatory real estate education is New Jersey. Industry discussion about mandatory education

was intermittent among New Jersey practitioners until 1999. In 2000, a bill was proposed in the New Jersey House of Representatives to require real estate agents to attend mandatory education. Heated discussions among legislatures, trade organization, real estate company owners and consumer groups were common. The New Jersey Association of REALTOR®, held several meetings with its members to discuss the pending legislation. Trade publications outlined the arguments for members. Service One Association of REALTORS® decided to hold meetings with members and investigate some of the claims against the pending legislation. The directors and officers of the association believed that mandating education would be positive for all stakeholders. However, there were concerns about its effectiveness.

The study will investigate the effectiveness of mandatory continuing education. Participants will receive an exam to determine if learning had occurred in a traditional classroom environment using expected teaching formats to maximize learning.

The selected topic, agency, is an industry fundamental. It must be mastered by all practitioners both in theory and practice. Improper agency practice could injure the public.

The study will reveal the effectiveness of mandatory continuing education in a traditional classroom environment. The instructor will utilize accepted teaching methods as outlined by the Real Estate Educators Association to maximize learning.

### *Definition of Terms*

1. Profession - an occupation requiring advanced academic training such as medicine or law. A professional is someone engaged in a specified occupation for pay (Curry et al., 1993; Houle, 1980; Oblinger & Verville, 1998).

2. Licensing – The most restrictive form of professional or occupational regulation. Under license laws, it is illegal for someone to practice without meeting the state regulations. Licensing establishes a minimum level of competency (America's Career Info Net, 2002-3; Kleiner, 2000, pg. 191; , 2002)

3. Certification – A state or professional organization grants title protection to persons meeting predetermined standards of knowledge. Those without the certification may perform the duties without the title (America's Career

Info Net, 2002-3; Kleiner, 2000, , 2002; Shimberg & The National Society for the Study of Education, 1982).

4. Registration – The least restrictive form of occupational government control. The government body may require filing fees and/ or bond posting. Governments can require filing of name, address, phone numbers, business location and qualifications to practice. (America's Career Info Net, 2002-3)

5. Regulation – Often referred to as rules and regulations that are promulgated by an appointed administrative agency within a state to implement the statutes passed by the state legislature. Rules and regulations establish practice procedures for licensees (Gifis, 1996).

6. Statute – A law passed by the legislature (Friedman, Harris, & Lindeman, 1993; Gifis, 1996).

7. Agent – A party acting as a fiduciary or representative of a principal in an agency relationship (Finley, 1994; Friedman et al., 1993; Gifis, 1996).



8. Broker – A person, party or firm that engages in the business of real estate. A broker can be a licensee status or a company that employs licensees to engage in the business of real estate (Finley, 1994).

9. Trade – “Whenever any occupation, employment or business is carried on for the purpose of profit, a gain or a livelihood not in the liberal arts or in the learned professions, it is constantly called a trade” (“United States v. National Association of Real Estate Boards”, 1950; M. B. Weinstein, 1998a).

10. Trade Association – “A group of business people in the same trade or industry organized for the advancement of common interests. The trade association differs from the chamber of commerce in that membership is by industry rather than by locality. The common interests binding the members of the trade association may include credit, public relations, [and] relations with employees, sales development, output, or prices. Some associations publish official journals, and some maintain bureaus at the national and state capitals” (eLibrary, 2003).

11. Tradesman - Persons engaged in an occupation, business, or industry; “[the] dealings between persons or groups; the business of

buying and selling or bartering commodities; an act or instance of trading; group of firms engaged in a business or industry” (Merriam-Webster Dictionary, 2003).

12. Agency – A legal business relationship between a principal and an agent. The agent or fiduciary owes duties to the principal. This is a common relationship in real estate transactions. This is also the relationship between real estate licensees and the agency of employment (Finley, 1994).

### *Overview of the Study*

A pre-test post-test nonequivalent control group design will use participants randomly selected from naturally occurring classes (Wiersma, 1995) at the SOAR and New York University. The participants will complete a pre-test and post-test. All groups will receive a pre-test before class instruction begins. The test groups will receive instruction and end the educational session by completing a post-test. The control groups will receive the pre and post-tests prior to the educational event. The tests will have qualifying questions to determine participant motivation and learning expectation of the educational event. Mean test scores will be tabulated

and compared. Comparisons of scores will include: licensing category, reason for attendance, learning expectations, and belief of implementing new practices in business. The results of the study will determine the educational effectiveness of the event and give support to possible alternative educational event designs to increase effectiveness and participant satisfaction.

## **CHAPTER 2: Review of Related Literature**

### *Introduction: Education is Important for all Practicing Professionals*

Once a professional becomes established in practice, there is a need to stay up to date with changes that are occurring within the field. There is a pressure from society, regulators, trade associations and other professionals expecting participants to continually update their knowledge base to act competently. The demands for effective, quality professional education are based on the practices and developments of adult education. Merriam and Caffarella (1999) list three forces of change that have shaped adult learning: demographics, globalization and technology. The *Report on the American Workforce* states the importance of these forces of change for the American worker over the last century (Bureau of Labor Statistics, 2001). Cervero (2001) states that “with the rapid social changes, explosion of research based knowledge, and spiraling technological innovation, many...now understand the need to continually prepare people ... for ...years of professional practice” (p.17). The professions are no exception to the changes occurring demographically, globally and technologically.

Over time, practices and demand for professions change. Curry (1993) discusses how “blacksmiths and scribes are no longer in demand” (p.853). The forces of change produce new demands for new services leading to emerging professions. Today, as compared to the mid 20<sup>th</sup> century, it is common to find financial planners, operations specialists, medical specialists, software engineers and travel agents. Demographics, globalization and technology have influenced all aspects of our lives. Together and individually, the forces of change are continual with everlasting impact.

### *Demographics*

Our society is constantly changing. Population data from the United States Census Bureau (2003) reports that our resident population has grown from 248.7 to 281.4 million between 1990 and 2000. The United States has become a more diverse nation over the years with increased immigration. Ernst and Young, LLP (2001) summarized statistics from the Immigration and Naturalization Service. They reported that between 1901 and 1910 about 8.8 million people immigrated to the United States. Between 1911 and 1920, immigrants to this country dropped to about 5.7 million. In 1991 through 1996, immigrants totaled about 6.15 million or

about 1 million people per year. In 2003, the Bureau of Labor Statistics reported the rate of legal immigration as approximately 600,000 people per year; projections estimate that illegal immigration is about 500,000 persons per year (Arnold, 2001). Business analysts expected that the rate of immigration would drop significantly after the events occurring on September 11, 2001<sup>3</sup>. Even with the more stringent rules in place and the fear of terrorism on the rise, immigration remains high.

The percentage of the population in 2000 and the change in the population by race from 1990 to 2000 is: white, 75%, -5.2%; black, 12.3%, +.2%; American Indian and Alaskan, .9%, +.1%; Asian, 3.6%, +.8%; Hawaiian/Pacific Islander, .1%, no change; Hispanic/Latino, 12.5%, +3.5%, respectively (US Census Bureau, 2003).

The diversity of our population offers benefits and poses challenges. The diversity offered by many cultures can be an enriching experience. Immigrants offer different perspectives. Their social and business practices offer new experiences for all. Approximately 30% of the workforce will be comprised of racially and culturally diverse minority groups. Skilled worker demand will increase as manufacturing jobs are replaced by more service positions. A more skilled workforce possessing

analytical skills and an ability to adjust to changing technologies will become increasingly necessary. Basic literacy will not be enough to meet the needs of the ever changing workforce environment.

Among minority groups, educational attainment, income and participation in educational programs are often low (Merriam & Caffarella, 1999).

However, many groups are moving in a direction to improve communication to minority groups by offering printed materials, seminars and classes in many languages. Fannie Mae, the National Association of REALTORS® (NAR) and the Department of Housing and Urban Development (HUD) offer home buying information and seminars in several languages as they work toward educating low, moderate and middle income families about the process of owning a home. The NAR offers international network opportunities and affiliations with many other real estate business associations. These organizations encourage the business community to participate in offering services to minorities as well as understanding similarities and differences within and among cultural groups.

There are reported to be 250 million residents in the United States (US Census Bureau, 2003). The nation is expected to grow to 350 million by

2030; by 2010, the population's age profile and its cohorts are expected to be as follows (Arnold, 2001; Gaylor, 2002):

Table 1: Demographic Generational Cohorts

<b>Age Group</b>	<b>Population</b>	<b>Percentage of the Total Population</b>	<b>Generational Identity</b>
65 years of age and older	39 million	13% of the total population (1/3 will be 80 years of age or older)	GI Generation
46-64 years of age	75 million	25% of the total population	Boomers
34-45 years of age	46 million	15% of the total population	Generation X
19-33 years of age	60 million	21% of the total population	Generation X and Y
18 years of age and under	77 million	26% of the total population	Generation Y

The profile of the United States population is significant to adult and professional education since about 65% of the population by age qualifies



to be a workforce participant (Hudson Institute, 1998; US Census Bureau, 2003) . Most workforce participants realize the need to stay up to date with the changes that are occurring around them. This large group has significant influence on the demand for such services. With an average age of about 39 in 2000 (Hudson Institute, 1998; US Census Bureau, 2003), this group plays a significant role shaping the future of adult and continuing professional education. Members of our society are living longer than they were in 1900. In 1900, life expectancy was 47 and in 1999 it was 77 (Bureau of Labor Statistics, 2001). Large cohorts, such as the Boomers, will continue influencing the role of educational mediums. Our healthy, aged population needs and desires to stay youthful. Education has an important role in that goal to remain youthful.

Demographic cohorts influence the delivery of and participation in educational events. As an example, the GI Generation would expect printed material and attendance in a physical class if it is financially possible. The GI's will expect to see an older male teaching such as a professor in a university. The GI would not challenge the teacher as the expert since it would be considered disrespectful. However, Generation X and Y will expect to attend school and take some classes using the internet with online supplemental materials. They will challenge the

teacher as the expert and want facts and references to back up statements. Generation X and Y cohorts will accept and expect a diverse teaching workforce. Understanding the generational differences will influence how educators develop materials and deliver information. Participation by each cohort will be influenced by the need, cost, delivery style and flexibility of the programs. The demands for advanced skill training will persist as our society continues on a path from industry to service.

In a report issued by the Bureau of Labor Statistics (2001) on *The American Workforce*, in 1900 the workforce had 24 million people as compared to 139 million in 1999. At the beginning of the 20<sup>th</sup> Century, our workforce was primarily in industries. In 1900, 38% of the labor force worked on farms or in forestry as compared to 3% in 1999. In 1999, 78% of the workforce was in service. Mining, manufacturing and construction have dropped from 31% in 1900 to 19% in 1999. In 1900, only 19% of women in the population of working age participated; by 1999, 60% were part of the labor force. Many of these changes are directly related to technological development. Advances in machinery, home appliances and workplace operations have changed how we work. These changes require a more skilled workforce. Education plays a vital role meeting these

demands, today and tomorrow. Education will improve skill development for a more advanced workforce. As the nation progresses, understanding the United State's role in the world economy is essential.

### *Globalization*

Berry, Conkling and Ray (1993) discuss that the global world economy encompasses goods, services, capital and technology. They state that as nations shift from government directed to market driven solutions to solve economic issues, the world's nations become more interdependent. Less experienced nations in the world become more capable with the passing of time and integration of markets throughout the world. They claim competition motivates and encourages efficiency and excellence which spurs further integration. Specialization allows countries to engage in what they do best and allows them to derive what they need from others. Berry and colleagues (1993) state that multinational companies have lead the way for globalization. As multinational participation increases, other business ventures will follow leading to interdependent nations and a strong world economy.

Merriam and Caffarella (1999) discuss that as the economy changes so will the learning needs of the adult. They discuss the far outreach of globalization. Globalization impacts nations as it trickles down to regions and local markets. As integration increases and markets become more sophisticated so will its workforce. Adult and continuing education will need to meet the challenges to help the labor force integrate improved skill through learning. Merriam and Caffarella (1999) state that the emphasis on quality service, productivity and efficiency in the workplace requires each workforce participant to bear greater responsibility and work in teams (p.11). The structure of adult education will need to adapt to the needs of the workforce.

Oblinger and Verville (1998) state that globalization poses many challenges to our nation. They discuss how the United States has dropped as a dominant economic world leader from 40% to 22% economic output (p.55). They state that “one in five of the largest companies in the world are now headquartered outside of the United States, Japan, Germany, France and the United Kingdom; in 1972 that figure was one in ten” (p.55). They also discuss how the gross domestic product of the United States is comprised of 25% foreign trade (p.56). Oblinger and Verville state that with “international integration and interdependence” much of the success

of businesses and graduates of higher education programs will be competing with events within and outside of the United States (p.57). They also discuss that it has become difficult to determine product origins. From scientific research to Wall Street, global integration has significantly influenced and changed the way business is conducted around the world. The authors discuss how often it is assumed that global competition is for unskilled labor; however, that is significantly decreasing. More companies are in search of a less expensive skilled workforce. Many dominant companies in the United States operate customer support, data entry, research and other necessary labor force divisions from overseas. *The Wall Street Journal* reported that a forecast by the Forrester Group indicates that 3.3 million service jobs will be shifted overseas in the next 15 years (Jarvie, 2003).

Globalization removes borders and requires companies and businesses to seek solutions to new challenges. These shifts in the economy will place pressure on higher education and adult education programs to adapt to help the workforce adjust to this ever changing environment.

Helping people to find necessary information, analyze situations, think, work in teams and solve problems will be critical skills for the workforce.

Places of learning and students will need to continually make changes to adapt to the ever changing world economy.

### *Technological Advances during the 20<sup>th</sup> Century*

As reported by the Bureau of Labor Statistics in the *Report on the American Workforce*, many of the “forces of change” are attributed to technological advances made during the 20<sup>th</sup> Century (2001). The report outlines that the list of technological changes occurring during the 20<sup>th</sup> century is lengthy. They discuss how in 1900 only 5% of factories used electricity. Today, electrical use is universal and taken for granted by many in our population as was witnessed during the Blackout of 2003. The report asserts that the technological changes during the 20<sup>th</sup> century allowed women to enter the workplace since they were able to shift some time consuming household duties such as laundry and food preparation. Appliances such as the washer, dryer, vacuum, oven and prepackaged foods create time savings. Our longer life span can be attributed to medical advances extending from technological innovations in research. Many medical complications and conditions that would otherwise shorten life are of minimal threat today. In the last 10 years of the 20<sup>th</sup> century, the report discusses the speculative impact of computers in our work and

personal lives. Historically, internet access was only available to universities and the government. Today, the internet and vast information resources are readily accessible with a home computer and phone line. Curry and colleagues (1993) discuss how information technologies have transformed the way we live and work. The ability to access, modify, store, organize, retrieve and share information changes the nature of our capabilities and responsibilities. As Curry (1993) discusses, technology is first integrated with familiar tasks; familiarity and continued innovation of information technologies will allow professionals to perform tasks more effectively and efficiently (p.55). In order to perform as expected, professionals will need to keep up with the changes that impact their business. Today, many professional service providers are measured and selected by their ability to utilize current technologies and stay up to date on current practices in their specialty.

Our society will not know the impact of these changes for years to come. Communication technologies make it possible for people to communicate at anytime or place. Cell phone technologies have advanced beyond a simple phone call to the transmission of pictures and the purchase of vending machine items.

Oblinger and Verville (1998) discuss technological change in business. They outline the impacting changes that digitization, storage, processing power and universal communications have had on business and higher education. They state that digitizing information makes it possible to transmit and communicate all types of data over networks. The authors state that storage capabilities are increasing by 60% per year (p.44), and it is less costly than paper and more efficient (Oblinger & Verville, 1998). Oblinger and Verville (1998) summarize how processing power of personal computers exceeds the power of large servers from the late nineteen eighties. They state that processing power is expected to double every 18 months (p.45).

Moore's Law describes the predicted increase in computer processing power. "Moore's Law states that the transistor density on integrated circuits doubles every couple of years. The exponential growth of the ever shrinking transistor size result[s] in increased performance and decreased cost" (Intel, n.d.).

Examples of universal communications include internet accessibility, client server computing, wireless capabilities, increased bandwidth, local area networks (LAN) and wide area networks (WAN). These technologies will



dictate the educational parameters for higher education. Employers will expect more advanced skills. Oblinger and Verville (1998) state that technology will not eliminate jobs but create jobs that will require problem solving capabilities (p.48).

The forces of change have far reaching impact on our society. The importance of education and its role through the century can not be overlooked.

*The Report on the American Workforce* (Bureau of Labor Statistics, 2001) shows that there was a steady increase in educational advancement through the century. The report states that in 1900, less than 14% of American society graduated from high school. By 2000, it was 84% (US Census Bureau, 2003). In 1910, only 3% of the population had obtained some form of higher education. By 2000, higher education attainment increased to 25.6% of the population (US Census Bureau, 2003). Many people recognize that higher education is not exclusively for the recently graduated high school student<sup>4</sup>. Ryan (2002) reports that the US Department of Education estimates about 6 million people aged 25 and older<sup>5</sup> are studying in a higher education environment. The median age of students attending Marquette University's College of Professional Studies

in Milwaukee is 38 (Ryan, 2002). Ryan (2002) reports this is the national average for adults pursuing an undergraduate degree. Often people returning to school are motivated by a major life event such as unemployment or simply recognition that job advancement requires an advanced degree. The trend of nontraditional student attendance is not likely to decline in the near future as employers continue demanding advanced skills to complete tasks more effectively.

In *Workforce 2000*, a list of trends that will directly impact adult education and are influenced by demographics, globalization and technological changes in our society are as follows:

- The workforce market will compete for the limited supply of available skilled labor;
- English will become a second language in some regions of our country;
- Service will continue to replace manufacturing industries;
- Service jobs will require higher level skills that will include adaptation to a continuously changing work environment;
- Unskilled labor will become less necessary as there will be an increase in the need for a skilled labor force;
- Workplace skills will emphasize analytical abilities;

- Rapid changes and turnover in technologies and integrated world markets will require the workforce to adjust more quickly and more often (Hudson Institute, 1998).

The report concludes that workers will most likely change jobs during their lifetime about five to six times (Hudson Institute, 1998). Adult and continuing education programs will continue to grow and business will demand that graduates have the skills necessary to meet the needs of the workplace.

#### *Business Education (Corporate Education)*

Oblinger and Verville (1998) discuss that business needs “successful intelligence” from employees (p.71). They outline a successful intelligent person as one who possesses analytical, creative and practical skills. They assert that higher education values analytical skills over all else (Oblinger & Verville, 1998). As the authors discuss, higher education needs to focus on all of the qualities that will help a student become a needed and productive employee for today and tomorrow’s work environment.

### *Professionals*

Professionals are groups of people within an occupation that have established standards of practice and a specialized body of knowledge (Bickham, 1998; R. M. Cervero, 1988; Curry et al., 1993; Eraut, 2002; Houle, 1980; M. B. Weinstein, 1998a). Some of the older professions such as medicine or law are preceded by a formal education process. After completion of formal education, some professions require an internship or other supervision of the activity for period of time. Professional competency is evaluated sometime after the completion of the educational component. The order of establishment is dependent on the profession, the laws and/or the association. Medical doctors complete a formal education, internship and residency along with competency testing for licensure. Real estate sales agents complete an education followed by a test and supervision of activities for an established period of time. Either professional can study formally or informally to further narrow their area of practice. Once the initial education is completed, ongoing learning is either mandated or voluntary. If the individual learning is voluntary, it is often sporadic and gradual (Houle, 1980).

Houle (1980) outlined a classic model of professional education. The steps include: basic education; information to specialize; selection; specialized pre-service education; certification of competence; induction; and continuing education (p.4). Houle states that it is recognized by professionals and society that continuing education to stay up to date is necessary; he also acknowledges that the decision of education is often left to the individual professional. Houle goes on to discuss how a professional can learn new techniques, discover new practices, and offer better services and practice within ethical guidelines with competence if continued ongoing learning is pursued.

### *Criticism of the Professions*

Houle (1980) states public criticism and disillusionment of the public with many professional groups exist. He names many professions that have been subject to scrutiny: accounting, social work, teaching, law, medicine and the armed services (p.6). These groups remain the subject of intense scrutiny and criticism today. Enron was found to have accounting discrepancies that lead to congressional hearings, United States Department of Justice inquiries, and bankruptcy (Stafford, 2003); the medical community remains the subject of debate as it addresses

healthcare practices and insurance coverage (AKO, 2000); the armed services were recently in the news for injustices toward women (Department of Defense Inspector General, 1993; Stavenas, Martinez, & House Armed Services Committee, 2003).

*History of Continuing Professional Education: Houle's Perspective*

“Since about 1965, the general public has been more deeply and widely aroused over professional inadequacies than ever before” (Houle, 1980, p.6). Houle says that the rise in criticism in the 1960's brought questions of how to address these inadequacies. He talks about the awareness of the link between practice and continuing education and the lack of emphasis placed on it. Houle says that legislatures and associations began contemplating how to improve practice and image. The professions thought that continuing professional education would improve practice, reduce criticism, help defenses against lawsuits, mitigate loss of certification and avoid periodic recertification (p.268-9). Many aspects of “professionalizing the process” (p.269) of an occupation were linked to learning. Additional measures were also implemented and linked to education such as: standardization practices, self policing, enforcement of codes, legislation (p.269) and forms.

Houle (1980) outlines three deficiencies of the professions. The first accusation is the supposed failure of the professions to develop comprehensive systems. A second concern is that the professional puts self interest before public welfare. He states that that the professional is often “trained directly or indirectly at the public’s expense” (p.271). The third concern revolves around “incompetence, inattention, dogmatism, lack of feeling, or malevolence” (p.271). Houle states these are not problems in all professions but issues that are concern for any professionalizing occupation. He claims that attention to these problems needs to be addressed to restore personal and public confidence (p.272).

Overall, the professions have come a long way in the last 100 years. Professionalizing occupations have become systematic and controlled. Guidelines in place help to establish the professional practitioner and keep them up to date over the lifetime of their career.

## *Licensing and Certification*

### *History*

Licensing was created to establish minimum standards and safeguard the interests of the public. The history of licensing relates to the guild system of the Middle Ages (Shimberg & The National Society for the Study of Education, 1982). During the middle ages, in order for a person to practice a trade they were required to complete an apprenticeship. The apprenticeship established mastery of the skill. In the United States, licensing became a part of the law in the early 20<sup>th</sup> century as a way to insure that a minimum standard of practice was met to protect the public. Professional organizations and societies had difficulty enforcing proper practice in order to protect the public; leaders of these societies went to the government for help to enforce a standard of practice (Shimberg & The National Society for the Study of Education, 1982). Before passing laws that regulated many trades and professions, individuals would study and go out to perform their duties as they saw fit. This practice was dangerous and in some cases lethal to the public. By the late 19<sup>th</sup> century, many older professions had established licensing requirements (Shimberg



& The National Society for the Study of Education, 1982). Today, there are over 500 regulated occupations (Kleiner, 2002).

### *Licensing, Certification or Registration*

Shimberg defines licensing and certification; licensing is a state regulating certain professions to preclude public health, safety and welfare injury.

Shimberg defines certification as a way for the public to differentiate between practitioners because they have met an established standard(s) outlined by a non-government entity. Some regulatory bodies will require certification including a regulatory exam (Kleiner, 2002). America's Career Info Net (2002-3) discusses "registration [as] the least restrictive form of occupational regulation usually requiring ... individuals to file their names, addresses and qualifications with a government agency before practicing the occupation. This may also include posting bonds and [paying fees]."

New Jersey requires builders to register. However, it is important to note that licensing obligates compliance in order to legally participate in specified occupation (Kleiner, 2002).

### *The Law*

The overall intention of the law is to protect the health, safety and welfare of the people. Licensing is an attempt to prevent practicing professionals from harming the public. Licensing establishes minimum standards of knowledge and for some professions practices that are to be followed. The South Dakota Department of Commerce and Regulation (n.d.) has posted a mission statement on its website. It states: “**Mission Statement:** To protect the public’s health, welfare and safety through regulation of professions and occupations by establishing standards and prescribing qualifications for their practitioners.”

### *Legislation*

Legislation plays an important role in licensing and certification. Political forces may support legislation that does not favor public interest in order to support their respective constituency (Hood, 2000). In other instances, laws regulating occupational licensing are intended to generate income for the governing body (Cross, 1981). Overall, the public’s perception of licensing is positive with a belief it will safeguard their interests; therefore

government will use this resource to pass licensing laws regardless of actual effect.

Some typical examples of licensed or certified occupations include but are not limited to: real estate, insurance, cosmetology, plumbing, electrical, law, veterinary medicine and many health care professions (Bureau of Labor Statistics, 2002).

### *Competency and Protecting Consumers*

With the rise in consumerism in the sixties (Werner & Kratovil, 1993) and continued strengthening through the eighties (Shimberg & The National Society for the Study of Education, 1982), many legislative bodies have changed or implemented new laws to regulate licensed professionals.

Many legislatures have passed laws for renewal of a license. In addition to paying a fee and filling out a renewal application, a practitioner would also have to complete mandatory continuing professional education.

Depending on the profession and state, requirements vary. Some states require the practitioner to attend class(es), usually established by hours of attendance while other states will require an educational component with an exam. An educational component may be the physical presence in an

educational forum (school, seminar, class), correspondence work, internet course or another state approved medium. Shimberg states that no profession requires re-examination upon license renewal to demonstrate competency. In some cases, Shimberg states that another form of re-assessment for re-licensure may be periodically required.

The intent of licensing of a profession or practice is to determine a minimum level of competency. Some professions require written, oral and practice tests. A majority, however, require a written test to demonstrate basic knowledge in theory and practice which is considered evidence of competency (Association of Real Estate License Law Officials, 2002; Curry et al., 1993; Hood, 2000; Kleiner, 2000; Rabianski & Black, 1998; Shimberg & The National Society for the Study of Education, 1982).

Written tests are often multiple choice and some have an essay component. Licensing boards decide on the testing content. The actual testing is conducted by the state licensing body or a contracted testing service such as the Educational Testing Service (ETS) in Ewing, New Jersey. Shimberg and colleagues (1982) have reported inconsistencies when boards do not utilize experienced testing companies. For example, essay grading was often subjective; multiple choice questions were poorly constructed; grading was inconsistent and clear grading standards were

not established for skill demonstration testing (Gaur & Skochelak, 2004; Shimberg & The National Society for the Study of Education, 1982). Title VII of the Civil Rights Act of 1964 and its amendments influenced testing for licensees; the guidelines established that testing would be job related and valid (Shimberg & The National Society for the Study of Education, 1982).

Hood (2000) questions whether occupational licensing protects consumers. He explains that the process requires legislative approval and administrative body appointment. The administrative bodies are often lead by a commission that is served by practicing professionals of the licensed industry and possibly a member of the consuming public. Hood indicates that these key positions are often filled through political appointment. He asserts that members of the regulated profession may unduly influence these appointments.

Hood states that it is these very bodies that establish entrance requirements, investigate complaints, and appoint authorities to determine disciplinary action outlined in the rules and regulations established.

Hood claims that while regulation may have good intention to protect the public, it usually “raise[s] the price of services without significantly raising

service quality – and indeed, in many instances regulation appears to lower the quality of services consumers buy.” He also discusses the arbitrary requirements to establish competency; “until recently, becoming a master plumber in Illinois took longer than becoming a Fellow of the American College of Surgeons.” Hood says that most of the pressure for regulators to change a competency requirement comes from the industry not the consumers. He asserts that industry limitations minimize competition. Industry leaders claim that more stringent competency requirements increase professionalism (Hood, 2000).

Gunterman and Smith (1988) have found evidence, after evaluation of 4 states with different pre-license requirements, that severity of pre-license education requirements did not reduce complaints. In their analysis of complaint data, based on practitioners surveyed, they found that agents often knew what was the correct (legal) action to take but did not.

Gunterman and Smith (1988) assert that the incorrect action was pursued to fulfill a self interest. The author disagrees that it is a self interest to recoup some financial costs, but from experience, asserts that it is merely habitual.

Agents often suffer minimal consequences for non-compliance with statutes and/ or regulations. For example, in New York State the remedies for non-compliance with Article 12A of the Real Property Law ("New York State Consolidated Laws", n.d.), more commonly known as the licensing laws, includes a: reprimand, fine of up to \$1,000, a suspension or revocation of the license. In some instances, under the licensing law, an injured party in a transaction may recover up to four times the compensation received by the firm; however, the party must pursue court action in order to collect.

Due to the limited budgets of regulators, agents do not focus on the possible negative consequence of an action. Agents and brokerages are seldom randomly investigated. In a recent meeting with a prominent real estate broker in New Jersey, he stated that the company had never been subject to a random investigation. However, the broker mentioned that the company's mortgage division has frequent inspections, some random, from the banking department<sup>6</sup>. Many real estate companies are subject to investigation by regulatory bodies only after a formal complaint is filed. The National Association of REALTORS® legal department reported at the National Real Estate Educators Association (REEA) conference in

Albuquerque, New Mexico in June 2002 that prevailing legal cases against agents had declined overall.

Gunterman and Smith (1988) assert from their findings that it would be wise for policy makers to shift their resources from pre-licensing and continuing education to more effective means of compliance and enforcement.

#### *Trade Organization's Roots and Objectives*

Today, trade organizations play an important role in real estate business. Some of those groups that influence real estate include: the National Association of REALTORS® and its affiliates, the National Association of Corporate Real Estate, the Mortgage Bankers Association of America, the Appraisal Institute and the American Bar Association. These groups offer a wide array of services for membership. Some offer promotional marketing, discounted services to conduct business, representatives for lobbying, publications with up to date information and educational sessions.



As a requirement of membership with many organizations, members must meet and abide by standards established for practice within the respective occupation. The standard is an established minimum practice that extends beyond the legal minimal requirements established by a licensing body through legislative ruling. The standard of conduct is represented as the level of integrity of each member. The integrity of the member is considered sacred to the organization. If the standard is violated, consequences can follow after a series of reviews as outlined by the organization's bylaws or guidelines for membership. As an example, the National Association of REALTORS® can terminate membership or impose a fine. A professional organization's standard is promoted to those within and outside of the group.

### *Roots of Trade Organizations*

The complexity of trade organizations has evolved over time. There is debate that organizations such as guilds and trade associations go back to pagan Germanic tribes or may have Roman and Byzantine origins. Records from this time were never discovered to prove or disprove these theories. Another theory asserts that the roots of trade groups go back to the Middle Ages (Santa Clara University, n.d.).

Professional organizations are also closely related to Royal Societies established in England around the 17<sup>th</sup> century (Chambers, Crew, Herlihy, Rabb, & Woloch, 1991a). Groups of people such as naturalists and astronomers would gather to exchange information.

### *Guild System*

Columbia Electronic Encyclopedia (Fact Monster, n.d.) defines guilds as, “economic and social associations of persons engaging in the same business or craft...” The guilds controlled the members through establishment of standards and prices. The guilds limited competition and offered status to members in society (Fact Monster, n.d.). Guilds were voluntary associations established for social, religious, political or economic purposes dating back to as early as the 7<sup>th</sup> Century (Santa Clara University, n.d.).

In the beginning, guilds were not very organized. Often members gave a sworn oath or financial contribution to become a member. By the 12<sup>th</sup> century guilds were located in many territories in Europe. In time, guilds played an important role in organizing town economies and social life (Ross, 2001; Santa Clara University, n.d.).

Ross (2001) reports that the emergence of the merchant guild came after the Black Death in Europe as town populations began to increase; he claims that the subsequent trade growth along with support for a strong central government lead to guild control over all business practices (R. M. Cervero, 1988).

### *Guilds and Education*

Guilds played an important role in education. They established minimum education standards for apprentices who were trained by masters; masters were expected to teach all fundamental skills including: reading, writing, math skills for bookkeeping, religious instruction, and the practice of the profession (Nelson, n.d.)<sup>7</sup>.

### *The Down Fall of Guilds*

Nelson (n.d.) reports that the guild system began to deteriorate as economic expansion slowed. Nelson and Columbia Electronic Encyclopedia (n.d.) report that guilds became more restrictive as competition rose; guilds lowered standards and formed monopolies.

Nelson states that these measures to control trade were short lived economically (Fact Monster, n.d.; Ross, 2001). After a recession during the 15<sup>th</sup> century, new capitalistic market dynamics began to emerge. Production expanded to the countryside in an effort to attract inexpensive labor to compete. Market dynamics included frequent cycles of inflation and depression (Nelson, n.d., Fact Monster, n.d. #205). Between the 17<sup>th</sup> and 19<sup>th</sup> centuries, many guilds were legally abolished.

#### *Emergence of New Organizations: Royal Societies*

In an effort to be more efficient, scientists organized together to exchange information and share research findings. The group would gather and share thoughts and research in an effort to further scientific efforts in an organized matter. Soon members would enter into formal contracts to work in collaboration with one another. In 1662, Charles the II granted a charter to the Royal Society of London for Improving Natural Knowledge (Chambers et al., 1991a). Chambers discusses how the society became a clearing house for research (p.635). By 1665, a regular publication was produced (Chambers et al., 1991a).

The Royal Court supported “secret societies” for the exchange of information and sharing of ideas; it became so popular that aristocrats wanted to join (Chambers, Grew, Herlihy, Rabb, & Woloch, 1991b). Before long, Chambers states that it became a new trend.

Artistic and creative societies were most common. Italy and France were the centers for the growth of academies and salons. France forged the way during the 16<sup>th</sup> century with academies and salons as a way for people with common interests to get together and share work and ideas (Chambers et al., 1991b). The academies’ purpose was to preserve and promote standards; salons were small and often lead by aristocrats wives. Therefore, academies carried more prestige than salons. Salons were treated as cultural centers for people to meet and appreciate a form of art or to perform.

The English monarchy established standards in the Middle Ages for money, measured goods and protections under common law (Chambers et al., 1991b). They stated that British society offered handsome compensation and high returns for innovation and enterprise. Chamber states that in the 1700’s, England’s living standard for the majority of the population was higher than in any other country. They also discuss how

industrialization in the 18<sup>th</sup> century along with the colonization of America brought about an explosion in trade.

Soon people working in common areas of trade or profession gathered formally to share information, ideas and promote the interest of those in the organization. Organizations often established professional standards. Depending on the group, they required members to follow the established standard or become subject to a formalized review process, monetary fine, removal from the organization, and/or a report to a governing authority when violations of the law were identified. In the case of the Royal College of Physicians, they were given the legal authority to evaluate candidates for competent practice (Royal College of Physicians, n.d.).

Today, the Encyclopedia of Associations 34<sup>th</sup> Edition 2000 reports that there are approximately 23,000 national and international associations (Infoplease.com, n.d.). Associations play an important role in business by: gathering and disseminating information to those within and outside of the group, organizing opportunities for people to share experiences, organize and raise funds for lobbying efforts, offering educational sessions,

establishing standards of practice, promoting the organization and its members to those utilizing the goods and or services, etc.

From the beginning, organized groups gathered to exchange information and advance knowledge. The acquisition and distribution of necessary information is a vital role that associations offer to their members. The information helps the member to stay current on essential matters relating to his/her work. The information available is often related to many different aspects of the field. Association educational opportunities may be available through electronic mediums, classes, seminars, meetings or conferences. Associations, along with proprietary schools, colleges and universities, play an important role in professions that are required, through legislation, to periodically attend educational sessions to maintain certification or licensure. Some associations will partner with other educational providers to offer necessary classes to their membership at discounted rates. Continuing professional education is imperative as professionals navigate through the vast amount of available information to maintain competency when working through complex business practices. Professionals in all fields must become lifelong learners to maintain a standard of practice that will be acceptable to those utilizing such services or skills.

### *Continuing Professional Education*

Continuing professional studies have developed significantly through the 20<sup>th</sup> century. Even with so many changes, there is still much to be learned about delivery, acceptance and efficacy.

During the 20<sup>th</sup> century, 25% of workforce participants claimed membership in a profession (R. Cervero, 2001). Professionals are those who are required to know a specialized body of knowledge. The older professions include doctors and lawyers. Today, many workforce participants are included in the definition. Some examples from Cervero (2001) include: teachers, accountants, insurance agents, real estate agents, nurses, religious leaders and managers to name a few.

### *What Makes a Professional?*

The initial education of someone entering a profession would normally include 3-6 years of study (R. Cervero, 2001; R. M. Cervero & Scanlan, 1985; Curry et al., 1993; Eraut, 2002). For some professions, specialized education would come after undergraduate education is complete<sup>8</sup>. For example, lawyers spend 3 years and doctors spend 4 years in



professional academic studies after completion of an undergraduate curriculum. For nurses and teachers, educational requirements can range from 18 months to 4 years or more. Real estate professionals may begin to practice with as little as 20 hours in Alaska to as much as 135 hours in California (Association of Real Estate License Law Officials, 2002).

Queeny in Cervero (2001) states that little was done after completion of the initial education to update and maintain the person's knowledge base.

*Why is Continuing Professional Education so Important Today?*

Throughout the 20<sup>th</sup> century, rapid changes have occurred. Significant social (demographic) changes, technological advances and market pressures for globalization have impacted the need to stay in touch with the changing environment. In recognition of these rapid changes, ongoing professional education has become very important for the viability of workforce professionals.

During the 1960's, physicians implemented continuing professional education (R. Cervero, 2001). In the 1970's, Cervero states it was a trend for regulatory agencies to require continuing education to renew or re-certify for licensure. During the 1980's, he adds that comprehensive

programs for continuing education, including accreditation for systems, was implemented in many professional fields. Finally, Cervero says that by the 1990's, there was no effective system in place. He describes a typical professional education session as a large lecture hall filled with participants in a dimly lit room, and a speaker on a stage lecturing at the group.

Cervero (2001) states that most continuing professional education systems in place today would be characterized as “devoted mainly to updating practitioners about new developments, which are [:] transmitted in didactic fashion and offered by [a] pluralistic group of providers (workplaces, for profits, associations and universities) that do not work together in any coordinated fashion” (p. 18).

### *Mandatory Continuing Education vs. Voluntary Continuing Education*

Mandatory continuing education describes a required education obligation by an organization, business or government body. The obligation must be met to renew a license with a government body or maintain affiliation with an organization<sup>9</sup>. Continuing education is required in every state in the United States for at least one occupational license. In the real estate industry, mandatory education is required for all real estate renewal

licensees in the United States except New Jersey (Association of Real Estate License Law Officials, 2002).

There are many people who believe that mandatory education serves the public good by keeping professionals up to date on important industry matters. There are others who believe that it does not accomplish what it purports.

Many mandatory education opponents are adult educators (Cross, 1981; Curry et al., 1993; Gunterman & Smith, 1988). Those challenging mandatory continuing education have many questions and concerns. Cross (1981) discusses that the compulsory nature of the mandated educational event may be viewed as a threat. Cross states that, "research generally supports the notion that most adults who voluntarily undertake a learning project do so more in the hope of solving a problem than with the intention of learning a subject" (p.189).

If Cross' conclusion is correct and big rooms with a lecturer as Cervero (2001) stated will not satisfy most adult learners, an assumption may be made that many professionals will show antipathy towards fulfilling their obligation. For example, a lawyer must physically attend mandatory

education classes; however, the student will probably not participate unless the information during the session is viewed as something that will solve a problem.

Cross (1981) says that there are some complex issues revolving around mandated ongoing education; she asks, "Is compulsory education effective; this is, do people who are required to attend continuing education classes necessarily become more competent? Who should be charged with developing and enforcing standards for professional accountability" (p.42)?

To address the first question, it is important to define competence. Professionals are competent if they are able to protect the interests of the public while practicing. An assumption will be made that if a complaint is filed against a practitioner then that professional is not acting in the best interests of the public<sup>10</sup>.

Gunterman and Smith (1988) studied complaints filed against real estate licensees. They found that "often [a licensee knew] what [was] "correct" in a given situation but [did] not do it since doing so [was] not in the agent's self interest" (p.11). Gunterman and Smith concluded in the study that

more stringent educational requirements were not likely to reduce complaints. The study recommended that legislative and regulatory policy divert resources to enforcement mechanisms rather than to pre-license or continuing education efforts.

Finn and colleagues (1998) reviewed 3 studies published from 1980-1986<sup>11</sup> addressing license requirements and complaints. Johnson and Loucks (Finn et al., 1998) state that "...the industry is stringently regulated in the United States, but there is a wide variance from state to state in both licensing requirements and the operation of the licensing commissions" (p.58). With these variables in mind, Finn and colleagues gathered information and used two ordinary least square regressions to determine the number of agents and complaints in a given state. While Gunterman and Smith (1988) compared 4 states, Finn and colleagues (1998) used 43 states.

The Finn study confirmed Gunterman and Smith's conclusion that, "the more disciplinary actions taken, the fewer the number of complaints" (Finn et al., 1998, p.62). They concluded that this was strong evidence that enforcement was more important than educational requirements.

However, Finn and Colleagues disagreed with the assumptions drawn by

Gunterman and Smith about pre-license education. Gunterman and Smith state that “differences in pre-licensing education requirements do not appear to have a material impact on complaints once the minimum pre-licensing requirements are established” (Gunterman & Smith, 1988, p.11-12). Finn and colleagues claim that Ohio itself has directly benefited from the stringent pre-licensing requirements by the state based on its ranking. Ohio had a ranking of 25 of the 43 states in the Finn study related to complaints. Ohio has the second most stringent pre-licensing requirements of 120 hours next to Texas with 135 hours. Their study shows that “North Dakota and Delaware rank 3<sup>rd</sup> and 4<sup>th</sup> in pre-licensing education requirements, ranked 47<sup>th</sup> and 42<sup>nd</sup> respectively in number of complaints” (p.63). Further examination of education and enforcement mechanisms should be the focus of future studies. Those studies should examine the relationship of complaints, disciplinary actions, enforcement mechanisms, pre-license and continuing education.

### *Mandatory Continuing Education Debates*

Kerka (1994) summarizes the work of Brockett, LeGrand, Morrison, Nelson, Queeney, English, Smutz and Shuman. She lists the major supporters of mandatory continuing education (MCE). Kerka outlines that:

1. Expecting voluntary participation is unrealistic. Those who need it most may be least likely to participate;
2. There is some evidence that well-designed programs can influence effective practice;
3. MCE can provide equal access to a range of opportunities;
4. Mandates are necessary to protect the public from incompetent or out of date practitioners;
5. Although imperfect, it is better than such alternatives as examination or practice review;
6. By choosing a profession, professionals submit to its norms. A license to practice implies consent to be governed by the rules of the profession (See “The Great Divide” section, “Proponents...” section).

Kerka discusses that mandatory continuing education is perceived by some to be a dead issue. She states that focus on determining current practice would be useful information to program providers. Harnessed with practical information, effective programs could be designed and offered to increase effectiveness of the learning opportunity for the practitioners.

Kerka lists the major arguments against mandatory continuing education.

They are as follows:

1. It violates adult learning principles, such as voluntary participation...;
2. ...professionals are supposed to be autonomous, self managed, and responsible for mastery of knowledge...
3. Evidence that it results in improved practice is lacking;
4. Programs are not consistently and uniformly available;
5. Requiring participation may hinder learning by reducing motivation and individual responsibility;
6. Professionals should be accountable for effective performance, not participation (see “The Great Divide” under “opposed”).

An Ad Hoc Committee on Mandatory Continuing Education for Michigan Psychologists (n.d.) was formed in response to a proposal of mandated ongoing education for the profession. The committee listed several reasons it may be imposed, and why they disagree with the requirement. The committee states that a majority of practitioners already engage in voluntary education. They state that an educational requirement would burden professionals to produce proof of meeting the regulation and limit educational opportunities to mandated formats. They argue that cutting edge technologies and skills are not necessary in practice for clinical



psychologists since they use only “one or two modalities”(Ad Hoc Committee on Mandatory Continuing Education for Michigan Psychologists, n.d., section B). The committee argues that mandatory continuing education is “accepted as a matter of course” (section C, number 1) and should not be a requirement since research questions its effectiveness and regulators question its usefulness. They additionally state that prevalent implementation of mandatory continuing education does not dictate adoption (section C, number 3). Finally, the committee explains that they were unable to find evidence that it protects the public (section D).

There are many arguments for and against mandatory continuing education. More research analyzing effective programs and professional practice needs to be evaluated. Kerka (1994) discusses that the definition of competency is heavily debated (Curry et al., 1993). Is mandatory continuing education a solution for competent professional behavior? In order to determine the answer, questioning why professionals participate in a learning event is worthy of comment.

### *Why Do People Attend a Professional Educational Event?*

An educational event is described as any class, course, seminar, correspondence or similar type of session. Houle in Merriam and Caffarella (1999) outline the 3 major typologies that motivate learning; they include goals, activities and learning orientations (Cividin & Ottoson, 1997). Boshier in Merriam and Caffarella (1999) extends Houle's typologies into 6 factors:

- (a) Social relationships, to meet people;
- (b) External expectations, work, family member or another outside factor;
- (c) Social welfare, to serve members in a community;
- (d) Professional advancement, for a job promotion or other work related benefit;
- (e) Escape/ stimulation, to relieve boredom or escape regular routine; and
- (f) Cognitive interest, for the interest of learning (pg. 54-55).

Merriam and Carafella stated that job related reasons were cited most often in the literature as the motivating factor for participation.

Mok (1999) studied teacher's motivation for attending an educational event. Mok found significant factors relating to participant motivation. They included: making the job more interesting; making life more interesting; interests relating to job promotion; increased income; and gaining

additional work experience. Participants were more concerned with job promotion while non-participants were concerned with making their life and job more interesting. Mok also found that non-participants usually had higher income and more work experience. Mok concluded that there are a limited number of factors that predict teacher participation. Henry and Basile in Mok (1999) drew similar conclusions from their research. Mok's study confirms much of the past research on participation.

In *Linking Reasons for Continuing Professional Education Participation with Post Program Application*, Cividin and Ottoson (1997) found that the highest reason for participation was general interest (40% of the respondents). The lowest rated reason was requirement by an organization. Fifty nine percent stated that a requirement to attend had no influence on their choice. The other three reasons participants attended the program included (in order of importance): chance to network with others; need to do your job differently; and confirm what you are already doing is OK (Table 1, p. 51).

Alejandro (2001) reports that United States employers have increased spending for education by 24% to 32%, and employers often expect outside providers to be able to provide the necessary education for their

employees. He asserts that the reason for the increase in demand for professional development classes is to establish or maintain a level of professionalism. Alejandro states that 3 questions must be answered to develop implement courses and programs to meet the needs of the participants. He claims “the following must be considered:

1. What personal and professional factors lead individuals to participate in continuing professional education?
2. Are these factors internal or external?
3. How can these factors be helpful in recruiting and retaining continuing professional education participants” (p. 15)?

Alejandro states that an important extrinsic factor for professionals’ participation in an education event is to increase the ability to derive financial benefit and status. He also mentions that individuals whose family members are educated or support educational pursuits are more likely to participate in an event.

Livneh and Livneh (1999) identify skills and characteristics that would successfully predict involvement in professional development. They identified self motivation, external motivation and education level as factors motivating teachers to participate in an educational event. Of the 500 surveyed professionals located in the Portland, Oregon metropolitan

area that met the criteria outlined by the Department of Labor, 51.2% of the surveys were returned and useable. Ninety eight and 92% respectively listed that they were educational professionals working full time. Approximately 44% had 11-20 years of experience. All survey participants had at least a baccalaureate degree. Livneh and Livneh considered 42 educational activities grouped in 4 factors. Educational activities ranged from formal to informal including: attending university course, contributing a paper for publication or using a professional library. Of the 42 educational activities, only 2 were recognized as formal learning activities by the Oregon Teacher Standards and Practices Commission. The respondent participant factors were: self motivation (including self initiated study); familial educational background (including parents participation and interest in child's educational pursuits); commitment to professional learning (including the ability and desire to learn and develop skills); and external motivators. Of those factors surveyed and listed above, self motivation was the greatest predictive factor followed by external motivation for participation. The only other variable that significantly contributed was education. Livneh and Livneh found that those who attained a lower educational level were more likely to participate since they recognized the need to improve knowledge base and skills. The authors state that

The results also support making learners aware of the benefits of external motivation or professional growth. Learners need to understand how CPE can meet specific goals professionals hold, including advancement on the job. The awareness typically includes assisting professionals in assessing avenues for professional advancement, such as collaborating and exchanging ideas with colleagues, and helping them develop the skills for setting specific professional goals for themselves (pg.91-107, Implications for Training and Research, ¶ 2).

Many of the characteristics in studies of participation are common to all professionals. In the studies cited above, factors for participation include: a general interest in the subject matter, professional development and status (such as promotions, increased income and peer recognition), and improve skills. Predictors for voluntary participation are: participants' level of education, family participation and educational interests, employment pressures and income.

### *Self Directed Learning*

Self directed learning occurs when an individual takes the initiative to learn. They decide on the topic of study, the mode in which they will learn, the resources that will be important or necessary, and the time needed to complete study of the topic. This has been the primary mode of learning through time; however, there was no systematic study of this type of learning until the 1970's and 1980's (Merriam & Caffarella, 1999). Merriam and Carafella (1999) outline the goals of self directed study as: giving the adult learner the ability to be self directed; encouraging transformation<sup>12</sup>; promoting free learning and social action (p.290). This type of learning activity is often based on trial and error (Merriam & Caffarella, 1999). Transformational learning is the key outcome of self directed learning. In 1978, Mezirow defined transformational learning as a change in the way individuals see themselves and/or the world around them after critical review and analysis (Shannon, 2002).

Shannon (2000) outlines the importance of taking responsibility for learning projects related to professional development. She states that in the medical community, medical education is moving from teacher directed to self directed learning models. Candy in Shannon (2002)

defines self directed learning as, “an independent pursuit that involves a philosophy of personal autonomy and self management” (pg.10-20). In self directed learning, the student makes all of the major learning decisions such as determining topic and pace of learning. Shannon discusses how self directed learning is learner centered and builds on previous experience. She states that “self directed learners: define their own needs and goals; plan and document learning activities; acquire the information or skills to address their own needs and goals; appraise the value of the information; use knowledge or skill; reflect and evaluate the usefulness to practice; and understand the steps in the learning process” (pg. 10-20). Shannon states that the learning project can be self study or group designed. Although the focus is on medical professionals, she states that projects are undertaken by those who need to solve problems, keep pace with technology or satisfy their curiosity. Curiosity can be matched to Cividin and Ottoson’s (1997) general interest category. Shannon states that most physicians’ educational activities fall into two areas of study: updating current knowledge and problem solving. Many physicians receive credit for their self directed learning projects in order to maintain certification; they are required to track their educational activities as proof in the event that verification becomes necessary. Those physicians that subscribe to the *Journal of the American Medical*



*Association* can read articles on the website and complete short quizzes to meet required education requirements for licensure (Journal of the American Medical Association (JAMA), n.d.). Some of the characteristics of self directed study that are appealing to medical professionals are the ability to work at their own pace, chose a topic relevant to their current practice and, most importantly, address problems immediately (Merriam & Caffarella, 1999). Merriam and Carafella state that the key to self directed learning is resources. They state that some of the concerns relating to self directed and transformational learning are: the ability of a person to be independent and self directed; resources available to the participant; motivation; record keeping (for certification, to track accomplishments, etc); and personal circumstances that may prohibit participation or completion of the learning project.

#### *How Does this Relate to Practicing Real Estate Agents?*

Real estate agents operating in traditional brokerage have some characteristics not outlined in the studies cited above. However, the real estate industry can learn and use many of the models proven above to advance the profession.

*Characteristics of Mandatory Continuing Education and Voluntary*

*Continuing Education for Real Estate Agents*

In order to meet the needs of all stake holders, mandatory continuing education characteristics for real estate agents should include information that: will protect the consumer and increase consumer confidence; promotes compliance with the rules and regulations of the profession that requires participation; establishes a minimum standard of practice, increases base knowledge, and provides an understanding of recent changes in the law.

Voluntary continuing education characteristics for real estate agents should include: an increase in professionalism; a broader knowledge base; the ability for practitioner to offer better services; a decrease in liability through proper practice; the establishment of credentials to increase consumer confidence; the identification of trends in the industry; the knowledge of current events; the sharing of success and the implementation of practice; an increase in motivation to improve production; the networking and sharing ideas; streamlined practice without decreased services; the establishment of a sense of community.

Blending the two groups into one group of characteristics and offering a selection of courses that will meet the needs of the major stakeholders (the agent, the consumer and the regulators) is the overall objective.

### *Real Estate*

Real estate is a part of our everyday lives. We eat, sleep and work within real estate. As real estate is important to our society, so too are the people who facilitate real estate transactions. Barron's law dictionary by Gifis (1996) defines real estate as: "[the] land, and such property permanently affixed to it, such as a building (p.414)." The definition is simple for such a complex business (M. B. Weinstein, 1998a). Weinstein states that the real estate business generates billions of dollars each year and requires the expertise of many real estate and real estate related professionals.

Jeremy Conaway (2003) maintains a list of 200 agent related services that may be necessary to complete a real estate transaction.

### *History of the Agent*<sup>13</sup>

People transacting real estate are required to secure a license in the state where the real estate is located.<sup>14</sup> In New York State law, Article 12A of

the Real Property Law ("New York State Consolidated Laws", n.d.) defines those transacting real estate business and are required to obtain a license as "[a party] , who for another and for a fee, commission or other valuable consideration lists for sale, sells, at auction or otherwise, exchanges, buys or rents or offers or attempts to negotiate a sale at auction or otherwise, exchange purchase or rental of an estate or interest in real estate, or collects or offers or attempts to collect rent for the use of real estate, or negotiates or offers or attempts to negotiate a loan secured or to be secured by a mortgage, other than a residential loan..."(p.1, §440)<sup>15</sup>.

People transacting real estate business were not required to secure a license by many states until the beginning of the 20<sup>th</sup> century. In 1917 California was the first state to pass legislation requiring licensing of agents to protect the interests of the public (M. B. Weinstein, 1998a). Up until that point, a person transacting business did not need a license or meet any legal requirements. Many transactions were negotiated in the local barber shop.<sup>16</sup> Before licensing of real estate agents, they were referred to as *curb-stoners*. The Pennsylvania legislature in the state Senate Bill 263 of the General Assembly defines curb stoners as, "engaging in the business of dealing without a license"("Senate Bill 263", 1991). Because of the practice of some agents, real estate professionals

through history have had a poor reputation with the public. Agents have been viewed as acting in self interest without concern for other participants in the transaction. It was not unusual for an agent to bring the parties in a transaction together by first negotiating the highest price the buyer would pay and in turn the lowest to be accepted by the seller and keeping the difference. This practice is often referred to as a net listing; today, it is illegal. The agents that were operating with the highest regard for others and the business wanted the public to view them as professionals.

Industry members wanted a better public image. The National Association of REALTORS® has coordinated its efforts with all affiliated members and launched a national awareness campaign. The advertisements are an effort to educate the public about the difference between a REALTOR® and a real estate agent. When the public awareness campaign was launched in 1998, the organization intended to educate the public about a member requirement of adherence to the *Code of Ethics* (National Association of REALTORS®, 2004c). The association conducted a survey in 2003 and determined that there was a positive increase in public perception with relationship to membership in the organization (National Association of REALTORS®, 2004d).

### *History of the National Association of REALTORS®*

The first national real estate trade organization was formed in 1908 (M. B. Weinstein, 1998a). Today, what is now the National Association of REALTORS® ranks as one of the largest trade associations and is in the top 10 among lobbying organizations in the United States with over one million members.<sup>17</sup> The organization has an established *Code of Ethics* that is reviewed and revised regularly. The REALTOR® *Code of Ethics*, established in 1913, is designed to require agents to operate at a higher standard of practice in relation to the license law to promote fair dealing and practice with the public as well as other members. Once an agent joins the organization, they swear to abide by the code. If a member violates the code, the organization will evaluate the situation and discipline when necessary. The national organization coordinates efforts with its member state and local boards.

### *The National Association of REALTORS® and Education*

The National Association of REALTORS® (NAR) plays an important role in agent education. NAR and their affiliated organizations and councils,

offer professional designations, certifications and approved continuing education to its members. In recent years, NAR passed a requirement that all members of the organization would be required to take ethics training every 4 years in order to maintain membership. NAR views education and information dissemination as a very important part of its membership benefits. NAR regards its members as professionals.

### *Professional or Tradesman*<sup>18</sup>

A profession is defined as “an occupation requiring advanced academic training such as medicine or law. [A] professional is someone engaged in a specified occupation for pay” (Merriam-Webster Dictionary, 1979, p. 477). Merriam-Webster Dictionary (2003) defines trade as, “persons engaged in an occupation, business, or industry; [the] dealings between persons or groups; the business of buying and selling or bartering commodities; an act or instance of trading; [a] group of firms engaged in a business or industry.” There has been debate about real estate agents and their status as a profession or trade. Wright in Weinstein (1998a) argues that real estate has not bridged from trade to professional for seven reasons. He discusses that there are few restrictions to enter the business; the public believes that they are able to perform the duties;

agents entering the business do so for economic gain not to serve others; the public viewed commission as a fee unrelated to work expended; agents did not have strong ties to academic institutions; many agents only aspire to become thriving practitioners; and “most successful professions are better able to exploit the legitimization of their monopoly power over certain resources (knowledge) which are required by a large segment of the society” (p.286). Case in Weinstein argues that real estate is a profession since “there is a body of specialized knowledge” that is necessary in order to be a successful practitioner (p.287).

The real estate industry has many areas of specialization. Regardless of specialization, there is only one license to begin practice.<sup>19</sup> It is typical that after a person obtains a license, they decide in what area of specialization to practice. The two major categories of practice are residential and commercial; each major area has additional specializations. For example, commercial practices may include: sales and/or leasing of office, retail, industrial, agricultural, motel and hotel properties, and the sale of some businesses.<sup>20</sup> Many companies will have individuals that specialize in certain areas of the commercial sector of the business. For example, a person or group of practitioners may handle transactions with retail property leases for national chains like CVS. The business can be a



general practice or highly specialized depending on the company business plan or objective. Regardless, every practitioner should be aware and up to date on industry issues. Local, regional and national economics, legal determinations, fiscal and monetary policy (to name a few) all can impact a real estate decision. Since a real estate transaction is usually one of if not the biggest financial decision most people make in a lifetime, it is a professional's obligation to help guide the person(s) and the transaction with the quality of service and attention they require. With so much at stake, professionals need to stay informed. Lifelong learning is a critical component of continued professional education.

*Why is Continuing Professional Education Important for Real Estate Agents?*

*Complexity of the Transaction*

Real estate agents need to continue their educational pursuits since the industry grows more complex with each court case that is adjudicated. Transactions grow more complex with more advanced technologies and changing business practices. In 2002, commercial real estate transactions equaled more than four trillion dollars with a mean transaction of \$21.5

million (CCIM Institute, 2002). Many commercial transactions are multifaceted with experts needed from many specialty areas such as: investment banking, accounting, legal, capital markets, engineers, architects, appraisers and managers. In the residential sector, transactions have become more complex over the years. In 2002, the NAR reported transaction volume just under 5.6 million units with a mean sale price of \$158,300 (National Association of REALTORS, 2003a). Difficulties are often associated with many aspects of the transaction. With ongoing changes in the law, technology and market place, it is crucial that the real estate agent stay up to date. Lifelong education needs to be part of an agents' regular business practice.

### *Areas of Study and Practice*

The NAR discusses careers in real estate.<sup>21</sup> A licensee can specialize in residential or commercial brokerage activities. Each area is very broadly defined. Residential brokerage usually includes the sale, purchase or lease of a: single family house, residential building containing 2-4 units, condominium or cooperative. Some residential brokerage firms will also engage in commercial transactions, such as: neighborhood shopping centers, mixed use properties with residential and commercial use, retail

stores and small multifamily investment properties. Commercial real estate includes a wide variety of categories and sub-categories. Commercial brokerage firms can specialize or offer numerous options. The NAR divides real estate practice for career planning into: industrial and office; farm and land; appraising; property management; land development, urban planning, counseling and research.

In recent years, with the advancement of technology and accessibility to consumers, real estate brokerage firms are specializing by offering their services through the internet and appealing to very large geographic areas. Some of the firms that have been successful in the industry are: YHD/Foxton.com; ziprealty.com; eRealty.com; and somaliving.com. There has been a rise in firms offering fee for services as a business model in real estate. From this basic overview, it is easy to recognize how complex the real estate business is in the 21<sup>st</sup> century and why continuing professional education is so very important to industry practitioners.

### *Liability*

With the increase in consumerism through the 80's and the rise in the complexity of the transaction, real estate agents have been involved in

many lawsuits. The NAR legal department completed the *2001 Legal Scan* analyzing court cases. The report analyzed 1,195 cases. Of those cases, 525 were used to determine liability. The report excluded commission and eviction cases. In 30% of the cases, agents/brokers were found liable. The report (table 4.3) outlined the individual problem areas: agency, property condition disclosure, employment, fair housing and Americans with Disabilities Act (ADA), antitrust, real estate settlement procedures act (RESPA), third party liability including inspectors and appraisers, management, fraud, as-is clause in the contract of sale, escrow, frivolous suits, relocation, licensing, breach or breaking of the contract and miscellaneous. The areas that carried the most liability for agents were agency, property condition disclosure, fair housing and management. The increase in the number of awards was 42% in 1999 and 58% in 2000. The highest number of awards from a court was in New York. The NAR *2001 Legal Scan* surveyed real estate commissioners and attorneys to predict future areas of liability. The result of the survey concluded that technology advertising, commission disputes, affiliated business arrangements<sup>22</sup> and agency discrepancies were the highest risk areas of practice. In order to keep agents out of the court room, ongoing education that is effective is critical. The overall purpose of any licensing law is to protect the public.

### *Public Protection*

It is important to recognize that over 6 million transactions in residential real estate were completed in 2003 (National Association of REALTORS®, 2004a). Of those transactions, most will be the largest investment of a family's life.<sup>23</sup> License laws require real estate agents to act with reasonable care and diligence. It is a minimum responsibility regardless of representation. Depending on the state, each may outline the duty of care differently. However, it includes acting within an area of expertise. Licensees' business behavior is the responsibility of the supervising company. If a practitioner (licensee) does not possess the skill or expertise necessary to complete the transaction with the prospect,<sup>24</sup> the responsibility of inadequate practice ultimately will become the company's liability. The licensee may seek the guidance from another experienced practitioner within the office such as the broker of the firm or gain the necessary information from reliable sources. Information and training can be obtained from a trade organization, proprietary school, professional trainer, college or university.

### *A Trade Organization: Overview of the NAR Programs*

The NAR offers 15 designation programs and 2 certificate programs through 9 institutes, societies and councils. Areas of study include: buyer representation, land consulting, commercial investment, international property, property management, brokerage management, residential specialties, appraising, leadership training, association management, industrial and office, housing diversity and internet business training. The last two topics are certification programs (National Association of REALTORS®, 2002).

### *Requirements*

A designation program usually requires a set of core and elective courses to be completed with exams.<sup>25</sup> After completion, a candidate must demonstrate some level of experience in the area that they have finished study. Each program outlines the requirement to prove experience differently. Some groups will allow a candidate to demonstrate extensive experience and even test out of some of the courses toward the designation. Certificate programs require a candidate to complete a course of study in a prescribed format. The format can contain one test or testing after each unit of study. Designation programs are more intense in requirements and study. Certification programs are usually shorter in duration and demonstrate a specific area of learning.

### *Typical Program Structure*

In order to demonstrate the differences in designation and certification programs, an outline of the requirements will be given for the Real Estate Buyers Agent Council (REBAC) through the NAR bestowing the Accredited Buyer Representation (ABR) designation and the At Home with Diversity Certification program.

#### *ABR*

The overall objective of the ABR designation program is to proclaim that a practitioner has demonstrated a certain body of knowledge and has experience representing buyers. There are 5 qualifications in order to receive the ABR designation. First, the candidate must complete the two day ABR class; pass a written test; complete an elective course as outlined by REBAC (<http://www.rebac.net>); demonstrate practical experience in 5 documented, verifiable transactions as a buyer representative within an allotted time frame; and be a member in good standing with the NAR and REBAC (each charging separate fees). In order to maintain and use the designation, a designee must fulfill continuing education requirements every two years as outlined by the Council.

### *At Home with Diversity Certification*

This certification program has two goals: (1) to heighten awareness of social and cultural differences between people in real estate markets; and (2) develop an awareness of what prospects of different backgrounds expect from the real estate agent. In order to receive the certification the licensed real estate agent must: sign an affidavit stating that you will use the certification within the parameters of the program or surrender it if necessary in the future; complete the required course (usually completed in one day); pass the exam for the course; and demonstrate experience. The certificate is good for two years. It can be renewed by meeting the requirements of the program at the time of expiration. In 1999, the requirement of the program sponsors at the NAR was to successfully complete an online exam with at least an 80% (National Association of REALTORS®, 2004b).

### *Lecture vs. Facilitation*

The NAR programs are intended to impart skill. Each program structure usually starts by giving some background information, basic concepts, scenarios, and numerous feedback opportunities for the student. The



instructor acts as the facilitator with some lecture. Instructors are encouraged to engage the students in a productive manner. Instructor qualifications are not normally rigorous. In order to qualify to teach the REBAC designation course or the At Home with Diversity certification course, the instructor must have completed the coursework, earned the designation or certificate, fill out an application demonstrating some teaching experience and attend a one day trainer class. Teaching experience can be limited to office meetings, in office training programs, mentoring programs and informal seminars. Most instructors for the NAR are practitioners. Most have not had any formal training in education or presentation skills. Andragogy, the art and science of teaching adults (1998; M. S. Knowles, 1984), is not a practice widely implemented by instructors leading courses.

The intentions of the program providers offering professional educational programs are to deliver content from practitioners who have practical experience. It is believed that this method will offer the student more practical information that will be useful in practice once they leave the class. Hiring practitioners that do not have teaching and learning knowledge may prove to be a disappointing experience for the learner. As discussed by Cross (1981), program coordinators focus on “recruitment”

rather than providing a learner centered environment (p.34). Programs market the success of the instructor as a practitioner to attract students to courses and programs. Professional students leave the class or program disappointed when their expectations for learning are not met.

### *Adult Teaching and Learning for the Real Estate Educator*

The Real Estate Educators Association (REEA) is a real estate trade organization (not affiliated with the NAR) that promotes quality education to its members and by its members. It bestows the Distinguished Real Estate Instructor (DREI) designation to those who meet the criteria established by the organization (Real Estate Educators Association, 1990). Designated instructors have demonstrated a basic level of knowledge in real estate as well as an ability to transmit information in a manner conducive to adult learners.

### *Instructor Training Institute (ITI)*

ITI stands for the Instructor Training Institute, and it is a professional development resource offered by some REALTOR® associations (National Association of REALTORS®, 2004e). It assists real estate

instructors and trainers that want to learn how to present materials to real estate practitioners. It was founded by a consortium of state REALTOR® associations. In 1999, the consortium disbanded. Licensing of the training materials was given to all of state REALTOR® associations. The NAR asserts that many of the REALTOR® education programs require or encourage the use of ITI trained instructors.

#### *Availability of the Programs to Train Teachers*

Programs that are available to teach instructors to present to professionals are often not marketed or embraced by all of the NAR programs. A consideration for the NAR, its institutes, affiliates and councils would be to have all of their instructors demonstrate an ability to effectively teach the information of the respective program offered to the members by mandating that each instructor have a certification or formal training in adult teaching and learning techniques.

#### *Participant Motivation*

Why do real estate agents attend educational programs? In the focus groups held by the SOAR, it was found that many agents attend

educational programs to: offer better service to their prospects, reduce legal liability, increase production and establish credentials.

### *Transition Effectiveness*

There is a low rate of transfer among real estate practitioners. After completing a program, many agents do not implement a new practice or change how they do business on a daily basis. At SOAR, from 2001 to 2004, complaints against agents increased. As an example, in one documented residential transaction completed in November of 2002, a 17 year, full time practicing licensed real estate broker associate holding several NAR designations and certifications was unable to meet some of the basic license law requirements in practice (Tilton, 2002). This agent was able to discuss legal and customary practices for the local area; give an analysis and options available to the situation; and offer resolutions to many typical transaction problems. All suggestions given during discussions were within legal and customary practices in the area. However, in the basic practice of agency law and required legal disclosure of the existing relationship to the buyer and seller, the agent was unable to explain actions taken. The agent changed the legal relationship between the firm and the client and gained approval from the parties after the fact.

This is in violation of the licensing law in the state where the transaction was completed. Violations of the law may be reduced if enforcement mechanisms were regularly imposed by licensing authorities (Finn et al., 1998; Gunterman & Smith, 1988). Transition follow up may help practitioners implement required or expected practices. A regulator or appointed person can meet with a person or group of people to discuss practical situations encountered after implementation of a new skill or practice.

Transition follow up is often used in fair housing training programs. For example, a real estate company can contact a fair housing organization and enter into a partnership for training the agents of the real estate company to insure compliance with federal, state and local laws.<sup>26</sup> After the training is complete, the fair housing group will test the agents and report to the company. Testing usually involves an impersonator, acting as a regular prospect, engaging the agent in a transaction. After the testing, the fair housing group and the real estate company design a program to address any problems found with practice. Weichert Real Estate Company was interviewed for the NAR *Fair Housing* program and video in 1998 and reported positive results with the partnership program and agent transition effectiveness.

*Outcome of the Process: A Smoke Screen*

Consumers believe that they should work with a better educated real estate agent. However, one could easily assert that if what the agent is learning is not being implemented or used then the question must be asked, "Is the educational event just a smoke screen?" The agent is completing the education for the designation or certification to promote that they have certain expertise to the public. After evaluation of their practice, it is found that the agent is not using the information that they acquired from the educational event. This may also be the case even when the law mandates such practice. The agent is conducting business based on established practices and habits. During the 2002 Real Estate Educators Association (REEA) region 8 conference in Atlantic City, it was discussed and accepted by several seasoned real estate educators and program coordinators in attendance that agents often do not carry through with proper business practice even though they may possess the knowledge.

*Perception of the Agents*

Agents sign up for classes for many reasons. On a voluntary basis, agents sign up to obtain new information on proper practice, offer better services to consumers, learn a new skill and network with peers. Agents believe that their voluntary educational pursuits will make them more money and lead to more satisfying transactions. Employing brokers want agents to attend educational events because it will: decrease errors and omissions insurance fees, promote increased professionalism, offer a marketing strategy for better public relations and decrease the legal liability to the firm.

Mandatory continuing education has the same components as voluntary education except the learner is required to attend the educational event. Although mandatory education can have the same impacts as those listed for voluntary education, the aspect of choice seems to be an important one for agents. Agents do not want to be required to sit through a class that they deem as unimportant to their business practice. If an agent is going to take the time to attend an educational session, they want to believe it will be beneficial and yield a result. The result can be confirmation of current business practice, a new or refined skill, new

knowledge and/or perspective. Agents resist mandatory education implemented by regulators since they believe that they are not aware of actual business practice. Although many states have an advisory council to the state commission or regulatory board (M. B. Weinstein, 1998a), many believe that mandatory education is a waste of time.

Weinstein (1998b) interviewed 12 real estate practitioners and investigated their experiences and thoughts about continuing education. The interviewees offered many reasons for their dissatisfaction with real estate educational offerings.

They pointed out that continuing education (CE) programs, especially mandatory CE programs, were relatively new in the real estate field. They claim that the increase in both CE and mandatory CE was due to the increase in the desire of practitioners to gain status in society, to improve their image with the public, to increase competence and accountability of professionals, to keep up to date in the field and most importantly, to gain profits for educators and organizations who sponsor CE (p.19).

In this study, Weinstein also discusses how those offering and organizing educational events often lack knowledge about how practitioners operate in the business.



*Effective Continuing Education for the Real Estate Industry*

Weinstein (1998b) lists several characteristics the interviewees suggested that would improve educational offerings for real estate professionals. They include: a desire for relevant information; knowledge of adult learning; understand adult needs; understanding characteristics of learners; offer classes for different experience levels; offer modules; use case studies; train instructors; use experts; vary the teaching methods, open dialog in class; offer hands on experience; offer practicum; offer several different subjects; update course information regularly; evaluate programs and teachers regularly; seek experienced practitioners for advice relating to course offerings; conduct better assessment tests (Table 17, pg.232).

*An Effective Program Model*

An effective program model begins with the understanding of learning skills for the demonstration of competence.

### *Learning Skills*

Bloom and colleagues (1956) identified three domains: cognitive, affective, and psychomotor. The cognitive domain includes 6 categories that involve knowledge relating to recall, identification of facts, procedures, concepts to develop skills and abilities. The categories from simple to complex are: knowledge (recall of data); comprehension (understanding meaning); application (using concepts in differing situations); analysis (organizing structures to determine facts from non essential information); synthesis (building structures to create new meaning); and evaluation (judgments made about the information).

The affective domain outlines how a learner processes emotions. The 5 categories include: receiving information (awareness, hearing and attention); response (reaction, participation, motivation to respond); valuing (worth attached to the person, event or object); organization (systems of priorities); and internalizing values (consistent behavior based on a value system).

The psychomotor domain has 7 categories that reflect motor skills. The categories are: perception (use of sensory skills to guide motor skills); set

(readiness; knows and acts in a sequence); guided response (early learning of complex skills, practice to achieve task); mechanism (intermediate learning of a complex skill); complex overt responses (skillfully performing complex motor acts); adaptation (well developed skills that can be modified to adjust to changing situations); and origination (creating new movement problems).

Schon in Cheetham and Chivers (1999) states that,

Professionals do not solve problems simply by applying specialist or scientific knowledge. He [Schon] believes they use a form of tacit knowledge – knowledge linked to specific activities, which he calls 'knowledge in action'. Over time, they also develop repertoires of solutions and learn how to reframe difficult problems into ones they can deal with more easily (pg. 216).

Caffarella (2002) outlines on page 217 in exhibit 10.2 sample techniques to facilitate learning transfer in a learning environment. She discusses several individual techniques such as coaching and mentoring. Group learning transfer can be facilitated through teams, support groups or follow up sessions. Caffarella states that networking, action research, reflective practice and chat rooms could be used with individuals or in groups.

Caffarella describes program formats for adult learners in several different settings. The formats are as follows:

Table 2: Program Formats for Adult Learners

Individual	Apprenticeship, coaching, computer based technologies, interactive tutorials, web searches, self directed learning activities, mentoring, clinical supervision, on the job training, email, and writing
Small Groups (face to face)	Classes, clinics, seminars, workshops, action (team) learning, collaborative research projects, field visits, support groups, decision support labs (groups working together to make a variety of decisions using a computer), cohort groups (groups that work together through a series of events), networks (mutual support and exchange of information)
Large Groups (face to face)	Conferences & conventions, clubs & organized groups, theatre, educational tours, institutes (intensive sessions), exhibits, residential learning (residents live and learn together), lecture series

Distance Learning	Correspondence study, audio conferencing, videoconferencing, interactive–computer based instruction, television, satellite communication, web based conferences
Community Learning	Community resource centers, community development (people who serve as resources), popular theatre (acting out your own scenario), community action groups, virtual communities, learning cities (a geographic area that organizes and harnesses people to develop the talent of the participants).

(pg. 288-291).

Dean (2002) offers an instructional planning guide that the course provider can use to outline the: “goals, objectives, activities, assessment, time, materials, media, and facilities” (pg. 122).

Norman in Eraut (2002) lists the models of competence that have been developed for the medical community. The categories are: “clinical skills, knowledge and understanding, interpersonal attributes, problem solving and clinical judgment, and technical skills” (pg. 176).

Cervero, Rottet and Dimmock (1986) conducted a study to explain the relationship between continuing education and performance. They concluded that effective program planning can not be accomplished unless “planners ...[begin] asking a more complex question such as, ‘Under what conditions and for which types of individuals are characteristics of a continuing professional education (CPE) program most likely to improve professionals’ performance?’” (pg.83). Cervero, et al also state that

an important factor related to performance is congruence between program goals and the expectations for the work environment, the location of the CPE program is critical.

Continuing education programs conducted at locations other than the workplace (e.g., universities) may be less likely to change performance because there is greater likelihood that there will be discrepancies between the goals and values of the program and those that exist in the participants’ work setting (pg. 84).

Planning an educational event requires access to several resources. It is important for program providers to use a system with an experienced team to insure that proper implementation of the event will have increased chances of success. The ability to evaluate a program objectively will

allow the providers to make adjustments as needed to continue to deliver effective, useful educational events to practitioners.

### *Conclusion*

Today, more than ever it is important for professionals to receive effective continuing education. The ever changing environment of our society demands competent practice from our workforce professionals. Our population is more diverse than ever with immigration rates at some of the highest levels our country has ever experienced (Ernst & Young LLP, 2001). Globalization requires businesses to adjust to integrated economic influences. These impacts on business push workforce participants to assimilate more advanced skills in order to offer the services necessary to help companies function. Oblinger and Verville (Oblinger & Verville, 1998) discuss how corporations need graduates with advanced skills and abilities to meet the demand of the ever changing business atmosphere. Technology has been a major contributing factor in all aspects of life. Businesses have experienced efficiencies due to technological changes that have increased productivity.

Professionals need quality educational events that will help them to maintain skills, advance knowledge base and stay up to date with practice changes. Stakeholders associated with professionals agree that educational events are important, but disagree on what and how learning events should occur.

Many professional areas have suffered criticism. Houle (1980) mentions a few of those areas: accounting, medical and armed services. Some of the very professions that Houle identifies remain the subject of scrutiny today. Houle also discusses the history of professional education and the role it has had in helping occupations become professionals. He lists some of the deficiencies of the professions: incompetence, inattention and lack of feeling.

In an effort to protect consumers from injury when using the services of a professional, many governments have supported legislation to establish standards and discipline incompetence (Shimberg & The National Society for the Study of Education, 1982). However, Hood (2000) questions whether occupational licensing does protect consumers since the process is influenced by political appointment and often controlled by the regulated business practitioners themselves.



Gunterman and Smith (1988) assert that required education is not the answer to protection of the public and demonstration of competence, but more stringent governmental enforcement mechanisms. Finn and colleagues (1998) agree with Gunterman and Smith about government enforcement but disagree about educational requirements.

There are a variety of options for professional education and many program providers. One of the key providers is trade associations. The history of trade organizations dates back to the Middle Ages. Some argue that trade organizations may have Roman and Byzantine origins.

The definition of a professional is not definite. Debate surrounds the characteristics. Most researchers agree that professionals do possess a specialized body of knowledge to offer a specialized service. Over the years, there has been much debate about whether real estate agents are professionals or tradesman.

Education is important component of maintaining professionalism. In order to maintain regulatory compliance, many professions require mandatory continuing education. Many debate the effectiveness of mandatory education and professional education outcomes. Depending on the system employed by a professional education provider, programs may

lack the necessary components to offer an effective outcome for the attendee.

Professionals attend an educational event for many reasons. Some of the reasons include: social interaction, service to the community, recognition, increase knowledge base, job promotion.

Self directed learning is an important aspect of adult education.

Professionals engaged in self directed learning make the decisions about all aspects of participation in learning events. Regulators that enforce mandatory education permit the professional to direct their learning events to meet requirements.

Real estate education is important to practitioners. Transactions are very complex and areas of practice are diverse. Minimizing legal liability is an important aspect of professional practice. Ongoing education can help the practitioner reduce unnecessary legal risks.

Consumers are very knowledgeable today. Information is readily available and easily accessible. Professionals need to be prepared to interact with a

knowledgeable consuming market, and at the same time, protect the public.

NAR offers several different programs for real estate professionals. These programs are intended to meet the educational needs of specialized areas of practice. Often courses are marketed to agents as a way to increase income and establish credentials.

Continuing professional education does not always result in transfer to professional practice. Realtor® associations have documented an increased number of filed complaints in recent years although NAR legal research indicates that overall litigation prevailing against agents is down. Long (1994) also discovered that more experience was not a definitive indicator of ethical (compliant) practice.

Real estate agents resent taking required educational classes. Weinstein's (1998b) research outlined several deficiencies in educational events expressed by experienced real estate agents.

Effective program models are available for adult program providers. Many of the models are based on Bloom's (1956) Taxonomy. Caffarella (2002)

outlines the various formats that can be offered to adult learners. Dean (2002) offers a checklist that can be used by providers of adult programs. Eraut (2002) lists models of competence that have been used in medical education. Cervero and colleagues (1986) discuss the importance of program goals agreeing with employment expectations.

## **CHAPTER 3: Methods Used in Research**

### *Approach*

The quasi experimental research method for data collection and analysis will be used as defined by Wiersma (1995). In the experimental research, one group will be manipulated. A pre-test-post-test, nonequivalent control group design will be used (Wiersma, 1995, p. 143). All groups will receive a pre-test prior to the lesson on the first day of class. The test group will participate in the lesson prior to receiving the post-test. The control group will not participate in the lesson before receiving the post-test. Participants will be randomly selected from naturally formed groups (Wiersma, 1995). The naturally formed groups for the study will include those participating in the Real Estate Buyer Agents Council's (REBAC) Accredited Buyer Representative (ABR) classes and New York University Real Estate Institute's New York accelerated brokers licensing classes.

### *Data Gathering Method*

Data scores will be collected using a pre-test and a post-test from Agency Plus (Finley, 1994), a continuing education book published by the Real

Estate Education Company (a division of Dearborn Financial Publishing, Inc.). The tests will be reproduced with permission (appendix A-1). The pre and post-tests will not be identical. The pre and post-tests are selected from a standard continuing education format with minor modifications for clarity. Materials written and published for continuing education purposes will be selected since they are distributed nationally and can serve as a standard of knowledge for the topic selected to determine the effectiveness of continuing education within a traditional educational format. A traditional educational format will be defined in this study as a participant attending a class at a physical location for a specified period of time. The subject matter will be taught by a teacher with some level of instructional training and experience in the field of professional instruction. The researcher/ instructor for the project maintains the Distinguished Real Estate Instructor (DREI) designation from the Real Estate Educators Association (REEA). REEA is an internationally recognized trade organization that emphasizes quality facilitative instruction. REEA has an established set of guidelines for instructors holding the designation to follow. The researcher/instructor also has 17 years of practical experience in the real estate industry. Students will receive materials relating to the respective class to be taught. The information will be in compliance with the requirements of the classes attended.

The teaching format will be consistent with similar real estate class instruction for practitioners at the expected skill level. The skill level for participants will be varied. All participants will have completed a licensing class covering basic agency information and practice expectations. All participants in attendance of the classes are expected to have had some level of experience in the industry before attending the classes. The classes selected require proof of experience in order to achieve the end result of the ABR designation or NYS broker's license. The typical experience for those attending the classes will be one year of full time or two years of part time practice as real estate licensees.

The teaching format for the test groups will be facilitative rather than straight lecture. The interactive teaching style will follow expected instruction as established by REBAC and the New York State Department of State. The teaching style and information will be consistent covering the same outlined information in all classes.

Finley's (1994) Agency Plus is written to serve as an educational tool to inform and clarify agency concepts for real estate agents. Agency is the legal relationship that exists between a real estate company and a person or party. Agency will be selected since it has a direct impact on all

transactions in real estate. The understanding of agency is imperative so an agent can understand what they can say and do with a prospect<sup>27</sup>. Agency is one of the fundamental topics covered in any pre-licensing class in the United States. The concepts and practice of agency stem from English common law. Agency law dictates many business relationships.

### *The Participants in the Study*

The participants will be selected from formed classes that are considered voluntary and mandatory. The voluntary class participants are expected to come primarily from the REBAC's ABR designation class. Participants are not required to take this class but elect to attend to learn and improve practice as it relates to buyer agency. In some instances, the ABR designation course is approved for MCE in the state where the participant is licensed as a real estate agent. The agency information covered on the first day of the designation class is equivalent to the information covered in Agency Plus by Finley (1994). Participants will also be used from New York University (NYU) Real Estate Institute. NYU students will be selected from the New York State (NYS) Accelerated Broker's Licensing Class. The participants in this class will meet the MCE requirement for the state regulatory agency by attending 80% of the class. NYS does not require a



test at the end of the class to meet the MCE requirement outlined by the law. The NYU class will be selected since agency is part of the required information to be covered for the class. The ABR designation classes and the NYS Brokers classes require participants to pass a test in order to either achieve the designation or acquire a broker's license in NYS, respectively. It is assumed that the participants will be equally motivated to learn and participate since a test is required at the end to achieve the recognition of successful completion of the respective classes. In past surveys completed by SOAR, staff stated that participants enroll in the ABR class with the expectation of completing the ABR designation award requirements. Through information provided by NYU administrative staff, most students that attend the NYS Broker's licensing class are there to meet the MCE requirement for the state and qualify for the NYS broker's license.

Eight trials will be completed between April 2000 and December 2003.

The first two trials will be completed to determine if the questions are feasible and understandable by the participants with minimal instruction.

*Initial Trials*

It was determined that the first survey supplied by SOAR using multiple choice test questions from a New Jersey salesperson final licensing exam was not appropriate. The participants were volunteers attending a general meeting for broker owners and broker managers conducted by the SOAR. All participants were practicing New Jersey licensed broker owners and broker managers engaged in the business as full time practitioners. From the results, it was discovered that participants understood how to practice within the requirements of the law; however, questions testing the specifics of laws were answered unsuccessfully by 90% or more of participants. A second survey took the initial results into consideration and changed the questions related to practice rather than specific laws related to practice. SOAR supplied a second survey with modifications. The modifications generalized the multiple choice questions. After the second survey was distributed, it was determined that most practitioners from a SOAR general assembly meeting, consisting of all licensing categories, understood what to do in scenario based situations. However, SOAR decided that they needed a more precise measurement.

The challenge was to find a pre and post-test that would measure the same information in a different format. The Finley (1994) text will be adopted for that reason specifically.

### *Survey Format and Analysis*

The pre and post-tests will be distributed to all classes. SOAR and NYU use all day class structures for designation and licensing classes. Each class runs from about 9:00 AM to approximately 5:00 PM. The all day accelerated class structure typically appeals to the full time practitioner as indicated by administrative staff at SOAR and NYU. It was the objective of the tests to analyze a majority of full time licensees.

Pre and post-test percentage scores comparing each participant's answers will be tabulated by group. The analysis will include a pre and post-test overall mean (average) comparison for each group. The groups will be the: test group pre-test; test group post-test; control group pre-test; and control group post-test. Each group will be further delineated by license category: broker/owner/manager and salesperson and attendance requirement as mandatory or voluntary. A comparison of the percentage

scores will be tabulated for each participant group category for the pre and post-tests.

A standard of practice format as outlined above will be used for each group of participants. Each test group will receive:

- (1) A true and false standard pre-test (see appendix A-2),
- (2) Instruction on the topic using the same instructor and facilitative teaching method, and
- (3) A multiple choice post-test (see appendix A-3).

The control group will receive:

- (1) A true and false pre-test, and
- (2) A post-test.

All groups will receive the pre-test and asked to complete it to the best of their ability. If more clarification is requested from the participant, directions will reiterate the same limited explanation emphasizing that the participants should make any assumptions they believe is best in order to complete the test. The pre-test has three questions to qualify the reason for attendance in the class. The pre qualifying questions will precede the true and false pre-test questions.

The pre-test qualifying questions will be as follows:

(1) Will this class be used in full or part to meet a mandatory continuing education (CE) requirement in your state? The participant will answer yes or no.

(2) If yes, please indicate the state.

(3) How accurately are you applying appropriate buyer agency practice in your daily business?

A. less than 25%

B. 25% - 50%

C. 50% - 75%

D. 75% - 100%.

The above three qualifying questions will be tallied and compared to the mean score of the group for the selected answer. The comparison will be measured against the mean scores from the pre-test. A score comparison of motivation for attendance will be assessed. Pre qualifying questions A and B will outline those participants that are taking the class as a requirement to maintain licensure as apposed to those that are attending the class on a voluntary basis. A comparison of test scores to motivation to attend will be assessed. Qualifying question C will compare how

accurate the participant's perception is to their perceived practice. The true and false pre-test will consist of 13 questions.

All groups will receive the post-test given the same directions as stated above. The post-test has four qualifying questions preceding the multiple choice questions. The qualifying questions will be as follows:

- (1) Are you a: (a) broker/Owner/Manager, (b) Broker Associate, (c) Salesperson;
- (2) Are you a: (a) full time associate, (b) part time associate;
- (3) What percentage of the information that you have received in this class will be applied to your daily practice?
  - (a) less than 25%
  - (b) 25% - 50%
  - (c) 50% - 75%
  - (d) 75% - 100%
  - (e) I do not know.

(4) Based on the information that you have acquired in this class will you continue:

- (a) using the same practice as usual
- (b) modify it somewhat
- (c) modify it significantly.

The post-test will consist of 20 multiple choice questions. The post-test will be distributed to the test group at the end of the day before dismissal. The control group will receive the pre and post-tests before class instruction begins. The control group will receive the tests as they enter the room. All groups will receive the tests on the first day of the multiple day classes. After completion of the pre and or post-tests, all participants will be given an answer sheet to record their selections. The completed tests will be collected. All groups will have about 15 to 20 minutes to complete each test. Time constraints will not be enforced.

#### *Validity of Analysis*

The data is valid for the groups represented in the study. All groups will be licensed real estate practitioners from several states. The topic selected for analysis is a common legal subject (agency). It was selected since it is

found in all basic legal real estate education. Participants range across all age categories, educational backgrounds and real estate experience levels.

### *Limitations of the Study*

The data gathered in the study is original. All pre qualifying questions on all exams are originally designed. Copyright approved tests will be used from Finley's(1994) Agency Plus continuing education booklet published by The Real Estate Education Company. Minor modifications to test questions will be made to simplify questions for understanding and readability.

The study is reviewing one of many possible topics in the area of general real estate practice to determine what knowledge was gained in one class day. Some participants, depending on the area of specialty within the industry, may have limited understanding of technical details of agency within their scope of practice. Some participants may not have attended a real estate class covering the technical details of agency for two or more years<sup>28</sup>. In the researcher's experience, a limited vocabulary may limit the participants' ability to answer the questions correctly.



Participants may know what the required practice requirements are relating to the law, trade association standards of practices and ethical business behavior. It has been demonstrated that practitioners know how to practice professionally and ethically; studies have demonstrated that agents with experience demonstrate low ethical maturity (Long, 1994; 2001, pg.2-3).

The study will utilize different pre and post-tests for the test and control groups. The pre-test will not be the same as the post-test. The pre-test will be 13 true and false questions. The post-test will be 20 multiple choice questions. The test group will receive the pre and post-tests in a one day period.

### *Summary*

Using a quasi experimental research method for data collection with a non equivalent control group design, the results will demonstrate the effectiveness of a one day lesson on agency using a pre and post-test design. The test group will be compared to the control group.

Comparisons will be tabulated using overall percentage scores for each question, each question within each licensing category and the overall

group. Pre qualifying questions will outline the participants' motivation to attend the class (mandatory or voluntary), the perception of the participant's belief of the practical application of the lesson to current business practice, license category, daily activity status, and participants' belief of the behavioral changes they will make in their current business practice.

The results of the study will determine:

- (1) The effectiveness of an agency continuing education lesson;
- (2) If a difference exists between mandatory and voluntary continuing education participants;
- (3) If the participants believe that they can use the information learned in the business environment.

## **CHAPTER 4: *Data Analysis***

### Overview

The quasi experimental research method for data collection and analysis was used as defined by Wiersma (1995). In the experimental research, the test group was manipulated. The pre-test-post-test, nonequivalent control group design (Wiersma, 1995, p. 143) included all groups for the study. Each participant received a pre-test prior to the lesson on the first day of an all day accelerated class format (approximately 9:00 AM to 5:00 PM). The test group participated in the lesson prior to receiving the post-test that was distributed before dismissal at the end of the day (typically around 4:00 PM). The control group did not participate in the lesson before receiving the post-test.

Participants were randomly selected from naturally formed groups (Wiersma, 1995) attending the Real Estate Buyer Agent Council's Accredited Buyer Agency designation class or New York University Real Estate Institute Accelerated Real Estate Broker Licensing class. All classes were held during calendar year 2003 from March through December. There were 68 pre-test participants and 70 post-test

participants. Eight participants did not answer one or more questions in the pre-test. Ten participants did not answer one or more questions on the post-test. Of the ten participants in the post-test, 3 did not answer the questions. Two participants came into the class late and did not participate in the pre-test distributed and collected within the first hour of class. All participants that completed 50% or more of the pre or post-test were included in the analysis. Two participants did not complete the post-test but did complete the qualifying questions on the post-test. Answers for the qualifying questions were used as part of the analysis to determine participant perceptions and characteristics.

#### *Data Gathering Method*

Data scores were collected using a pre-test and a post-test from Agency Plus (Finley, 1994), a continuing education book published by the Real Estate Education Company (a division of Dearborn Financial Publishing, Inc.). The tests were reproduced with permission. The pre and post-tests were not identical. (Appendix A)

### *Reasons for Choosing Study Methods*

The pre-test-post-test, nonequivalent control group design was selected in order to measure a change in mean scores between the control and test groups as a comparison to measure:

1. Current topic effectiveness as it relates to new knowledge acquired in the traditional classroom;
2. If a difference exists between mandatory and voluntary education participant groups;
3. The perceptions of the participants and the information learned as it relates to current business practice.

### *Data Analysis*

#### *Analysis of the Pre and Post-tests*

The control group had 34 and 33 participant responses in the pre and post-tests respectively. The mean overall score of the control group post-test was 86% while the post-test score was 80% (table 1). A conclusion is drawn from the mean score comparisons in the control group that since the pre and post-tests were administered at the same time, the scores

would be equivalent if they were equally difficult. As observed, the control group scores decrease indicating that the post-test was more difficult than the pre-test.

The test group pre and post-tests had 35 and 34 participant results respectively. The scores for the test group suggest that the participants expanded their knowledge base over the course of the session. A mean of 91% remained consistent in the pre and post-tests (table 3).

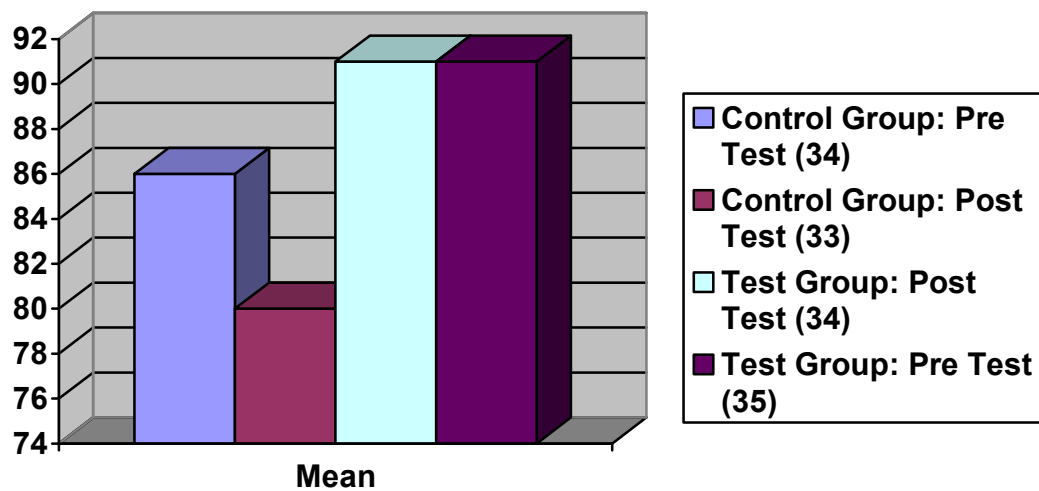
Table 3: Pre-test vs. Post-test - Test Difficulty Comparison

<b>Group Category</b>	<b>Mean</b>	<b>Group Category</b>	<b>Mean</b>
Control Group: Pre-test (34)	86%	Control Group: Post-test (33)	80%
Test Group: Pre-test (35)	91%	Test Group: Post-test (34)	91%

Note: The number in parentheses indicates the number of responses in each group.

In figure 1 below, the chart shows the control and test groups mean comparison of the pre and post-test by group. The left side of the chart clearly indicates the decrease in the pre and post-test score in the control group and the right side shows that the test group was unchanged.

Figure 1: Pre-test Control and Test Group Analysis



#### *Pre-test Control and Test Group Analysis*

The control group and test group had 34 and 35 participants respectively.

The control group mean and median was 86% and 88% with a 12% standard deviation. The test group that completed the pre-test under the

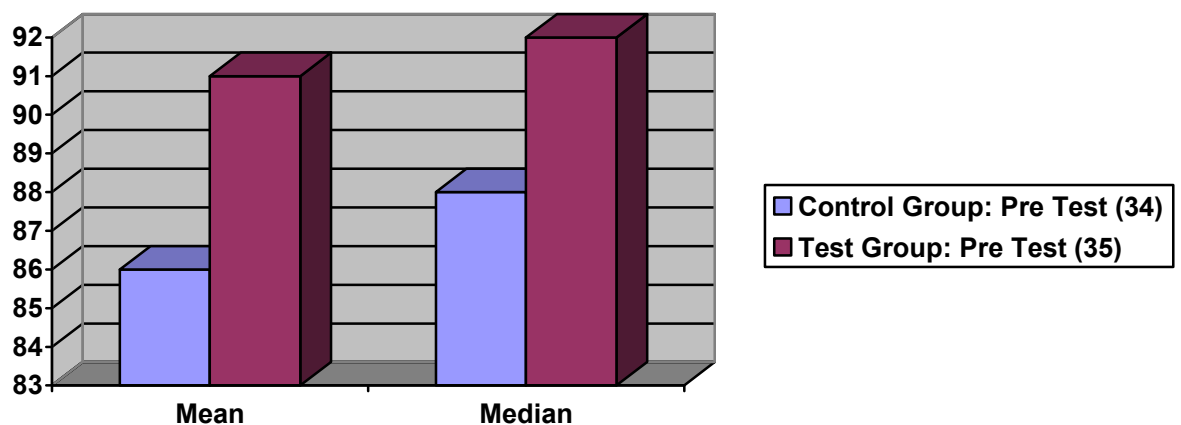
same conditions as the control group had a mean and median score of 91% and 92% with a standard deviation of 11% (table 4 and figure 2).

Table 4: Pre-test Control vs. Test Group Initial Knowledge Comparison

<b>Group Category</b>	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
Control Group: Pre-test (34)	86%	88%	12%
Test Group: Pre-test (35)	91%	92%	11%

Note: The number in parentheses indicates the number of responses in each group.

Figure 2: Pre-test Control vs. Test Group Initial Knowledge Comparison



It was assumed that the pre-test results from the control and test groups



would be equivalent since the tests were administered under similar conditions. Both groups had a normal distribution as indicated by the mean, median and standard deviation. The range for both groups was 31 indicating similar test result ranges. The control group mean score was 5% lower than the test group.

### *Pre-test Analysis of Mandatory and Voluntary Continuing Education*

#### *Participants*

The mandatory and voluntary continuing education participants are compared to determine the initial level of knowledge of the groups at the beginning of the class. It was assumed that the groups would be similar. As shown in table 5, the mandatory continuing education control group had a mean and median score of 88% and 92% with a standard deviation of 12%. Since the mean is 4% less than the median, there is a negative distribution indicating some extremely low scores. There were 5 scores at or below 77%.

The mandatory continuing education test group had a mean and median score of 87% and 85% with a standard deviation of 13%. There is a 2%

positive skew indicating some high values. Of the 11 participants, 4 scored 100%. The smaller sample size influenced the overall mean score.

Table 5: Pre-test Mandatory Control and Test Groups

<b>Pre-test</b>	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
<b>Control Group: MCE (23)</b>	88%	92%	12%
<b>Test Group: MCE (11)</b>	87%	85%	13%

Note: The number in parentheses indicates the number of responses in each group

Table 6 outlines the voluntary pre-test groups. The control group mean and median were 84% and 85% with a standard deviation of 10%. The close scores between the mean and median indicate a symmetrical distribution. The test group mean and median were 94% and 100% with a standard deviation of 9%. The 6% difference between the mean and the median are influenced by 6 participant scores of 85% or less.

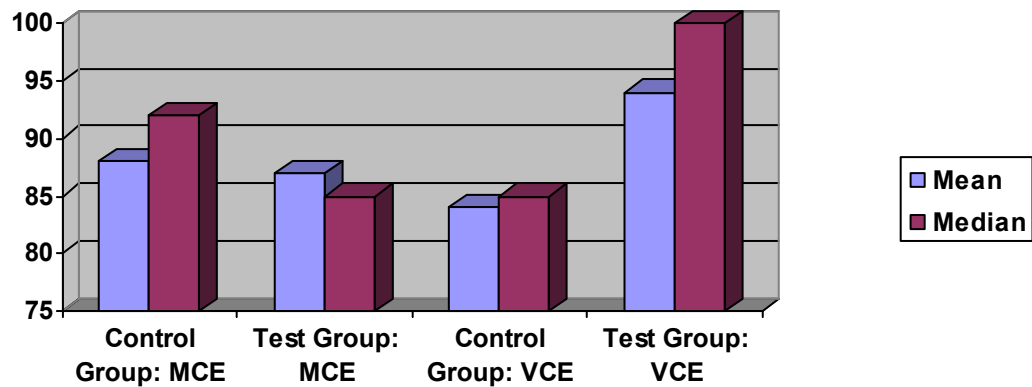
Table 6: Pre-test Voluntary Control and Test Groups

<b>Pre-test</b>	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
<b>Control Group: VCE (9)</b>	84%	85%	10%
<b>Test Group: VCE (24)</b>	94%	100%	9%

Note: The number in parentheses indicates the number of responses in each group.

Figure 3 charts the pre-test mean and median results to compare all the groups. As indicated above, the voluntary test group mean and median have the highest values. Of the 24 participants, 13 scored 100%.

Figure 3: Pre-test Analyses



#### *Post-test Control and Test Group Analysis*

The post-test control and test groups had 33 and 34 participants respectively. The overall mean and median scores for the control group were 80% indicating a symmetrical distribution of the scores for the group; the standard deviation was 10%. The test group had a mean and median score of 91% and 93% with a standard deviation of 5% (table 7).

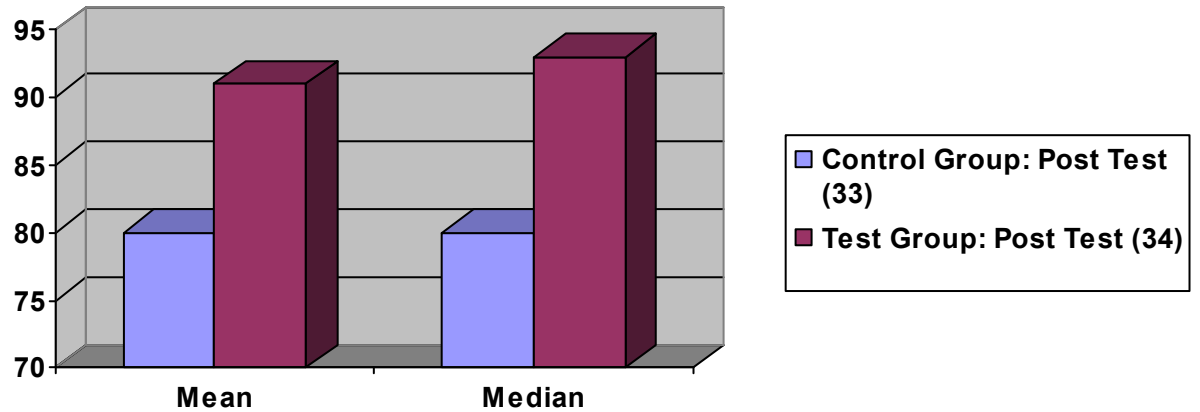
Table 7: Post-test Control vs. Test Group Knowledge Comparison

<b>Group Category</b>	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
<b>Control Group: Post-test (33)</b>	80%	80%	10%
<b>Test Group: Post-test (34)</b>	91%	93%	5%

Note: The number in parentheses indicates the number of responses in each group.

As seen in figure 4 below, the control as compared to the test group had an 11% mean score increase and a 13% median score increase. These increases in the mean and median indicate gained knowledge over the course of the instructional period. The decrease of 5% in the standard deviations between the control and test groups indicates a tightening or increase of the test groups' scores around the mean.

Figure 4: Post-test Control vs. Test Group Knowledge Comparison



### *Post-test Analysis of Mandatory and Voluntary Continuing Education*

#### *Participants*

A post-test comparison of the mandatory and voluntary groups was completed to determine if the participants learned the agency topic information during the one day educational session. As noted in table 8, the mandatory continuing education control group had a mean and median score of 80% and 83% with a standard deviation of 10%. The 3% mean to median score comparison indicates a negative skew in the distribution. Of the 22 participant responses, 10 scored 75% or less on the exam.

The mandatory continuing education test group had a mean and median score of 93% and 95% with a standard deviation of 5%. There was a 2% negative skew indicating low values in the mean distribution. Of the 11 participants, 5 scored 90% or less on the post-test.

Table 8: Post-test Mandatory Control and Test Groups

	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
<b>Control Group: Post-test MCE (22)</b>	80%	83%	10%
<b>Test Group: Post-test MCE (12)</b>	93%	95%	5%

Note: The number in parentheses indicates the number of responses in each group.

In the post-test voluntary group (table 9), the control group mean and median were 81% and 83% with a standard deviation of 13%. The 2% negative skew was influenced by 4 scores of 85% or less. The test group

scored a mean and median of 92% and 93% with a 6% standard deviation.

Table 9: Post-test Voluntary Control and Test Groups

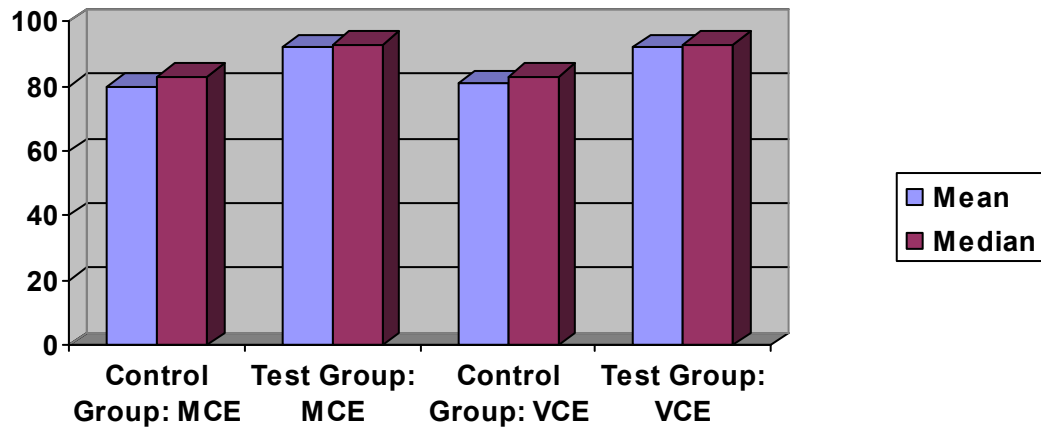
	<b>Mean</b>	<b>Median</b>	<b>Standard Deviation</b>
<b>Control Group: Post-test VCE (10)</b>	81%	83%	13%
<b>Test Group: Post-test VCE (20)</b>	92%	93%	6%

Note: The number in parentheses indicates the number of responses in each group.

Figure 5 shows the test and control groups and the mandatory and voluntary groups. The comparisons in both the mandatory and voluntary groups reflect an increase in overall mean and median scores indicating that learning took place during the educational session.



Figure 5: Post-test Analyses



### *Pre and Post-test Qualifying Questions Analyses*

#### *Pre-test Qualifying Question*

In order to ascertain the participant's accuracy of their own understanding and application of the subject matter in the industry upon entering the classroom, the responses to the pre-test qualifying question (*How accurately are you applying appropriate buyer agency practice in your daily business?*) were tabulated. A mean score for the respondents in each answer category was computed. The responses to the question and mean scores were compared (table 10).

Table 10: Pre-test Question: How accurately are you applying appropriate buyer agency practice in your daily business?

<b>Answer Selection</b>	<b>Total Responses (57)</b>	<b>Pre-test Mean Score</b>
<b>Less than 25%</b>	15	86%
<b>25%-50%</b>	4	92%
<b>50%-75%</b>	11	84%
<b>75%-100%</b>	28	93%

Note: The number in parentheses indicates the number of responses in each group.

The results do not indicate a correlation between the participant's perception of their understanding and practice of agency to the pre-test mean scores.

### *Post-test Qualifying Questions*

Two post-test qualifying questions were tabulated to determine the perceptions of the participants and what they believed they would apply to their daily business practice after receiving the class instruction.

The responses were tabulated for post-test qualifying question, "What percentage of the information that you receive in this class will be applied to your daily practice?" The mean scores were computed for each answer category to determine a correlative response pattern (table 11). The respondents indicated that they would apply anywhere from 25% to 100% of the information learned in the class. Of the 36 respondents, 72% answered that they would apply 75%-100% of the information to their daily practice. The results did not indicate a correlation between answers and mean test scores.

Table 11: Post-test Question C: What percentage of the information that you receive in this class will be applied to your daily practice?

<b>Answer Selection</b>	<b>Test Group</b>	<b>Post-test Mean Score</b>
<b>Less than 25%</b>	0	0
<b>25%-50%</b>	3	88%
<b>50%-75%</b>	6	89%
<b>75%-100%</b>	26	89%
<b>I do not know.</b>	1	90%

The responses were tabulated for the post-test qualifying question, “Based on the information that you have acquired in the class will you continue: practice as usual, modify it somewhat or significantly.” The answer selections are listed in table 12 below. Of the 34 respondents, 59% stated that they would modify their practice somewhat while 41% responded that they would modify their practice significantly. No one responded that they would use the same practice as usual. The responses indicate that the participants believed the information they acquired during the educational session was valuable to their current business practice.

Table 12: Post-test Question D: Based on the information that you have acquired in the class will you continue:

<b>Answer Selection</b>	<b>Test Group</b>
<b>Use the same practice as usual.</b>	0
<b>Modify it somewhat.</b>	20
<b>Modify it significantly.</b>	14

*Pre Qualifying Question Responses Outline Participant Characteristics*

Three qualifying questions on the pre and post-tests were tabulated to determine participant characteristics.

*Mandatory Continuing Education State Representation in the Study*

If the respondent indicated that they were attending the class to meet a regulatory continuing education licensing requirement, the following qualifying question asked the state. There were 33 respondents: 2 from Arizona, 24 from New York, 1 from New Jersey (although the state regulatory agency does not have a mandated educational requirement for

license renewal), 2 from Pennsylvania, 1 from Florida, 2 from Texas and 1 from Virginia (appendix B-1).

#### *Participant License Status and Practice*

Post-test question A asked the participant their current license status and industry practice category. Of the 64 respondents, 9 listed that they were operating in the industry with a broker's license as an owner or manager of a company. The remaining 55 respondents answered that they were salespeople (appendix B-2).

#### *License Category Explanation*

The major difference between the broker and salesperson license category is experience. Many states outline other, generally minor differences, in educational requirements, age and license fees. The distinction between the broker, owner, manager and the broker associate categories are industry responsibility in a real estate company. In the post-test qualifying question, 9 of the broker license participants responded that they were practicing as owners or managers in their company. Broker associates, under typical regulatory requirements, have the authority to own or manage a real estate company or office, but elect to operate under

the supervision or direction of a broker owner or manager. (No respondents in the study selected this option.) Generally, there are no differences in apparent practice behaviors or employment contract provisions between a broker associate and salesperson. The difference exists within industry practice options that are available to the licensed broker. The licensed broker may own or operate a real estate company or office. The salesperson must work under the supervision of a licensed real estate company. A salesperson is typically forbidden by law from engaging in real estate activities without an affiliated licensed broker to oversee their activities.

#### *Full Time vs. Part Time Real Estate Activity*

Post-test qualifying question B asked if the participant was a full time or part time practitioner. Of the 63 responses, 54 selected full time practice (appendix B-3).

Most industry participants will consider themselves part time if they are engaged in a full time position with a company outside of traditional real estate activity, such as listing, selling or leasing real estate.

## *Conclusion*

### *Pre-test*

The analysis of the pre and post-tests between the control and the test groups indicated that the pre-test was less difficult than the post-test as shown by the decrease in the control group mean test score.

The pre-tests mean score analysis between the control and test groups demonstrated the base level of knowledge was lower in the control group than the test group. The pre-test group was further delineated into mandatory and voluntary groups based on the responses in the prequalification questions on the pre-test. The conclusion drawn from the pre-test mean score analyses between the mandatory continuing education participants in the control and tests groups was 1% indicating that the base knowledge within the groups were the same. The mean score analyses on the voluntary continuing education control and test groups revealed a 10% increase respectively.



### *Post-test*

The post-test control and test group mean score analyses showed an increase of 11% in the test group indicating that knowledge had been acquired by the participants during the agency educational session before taking the post-test. The mandatory and voluntary control and test group analyses increased by 13% and 11% respectively indicating acquired knowledge by the test groups after the educational session.

### *Qualifying Questions*

One pre-test and two post-test qualifying questions were asked to reveal any correlation between perceptions of practice as it relates to mean test scores. No correlations were discovered. The test group participants did believe that that they would modify their practice after the educational experience indicating that new information was acquired during the session to motivate the response.

In qualifying questions to identify facts about the participants, it was found that 7 states were represented for mandatory continuing education credit,

9 participants out of 64 had a broker's license and 86% of the participants were full time real estate agents.

### *Limiting Factors of the Data*

Several limiting factors of the study were noted: the facility and location; intention of class selected by the participant; and different pre and post-tests.

The facilities and locations of the participant groups were different. Those participants attending the REBAC designation class came to a convention location in a hotel or an association office in a business environment. The NYU students came to a New York City office building in Manhattan. The physical facility and circumstances surrounding the educational event may influence the participants' responses and the population distribution.

Many states offer flexibility for licensees to earn credit to meet regulatory requirements. Some states do require specific criteria. The REBAC designation class and the NYU broker licensing may meet state requirements, but they are also attended by many licensees on a voluntary basis. This was observed in the distribution of the sample.

Successful completion of the REBAC designation class will attract practitioners that want a credential to establish expertise or seek peer recognition. The same arguments exist for the NYU class; it has a higher probability of attracting participants that *need* to successfully acquire the license to full fill an employment requirement.

Data was collected about the participant's need to attend the class for regulatory credit; the question structure may have been misleading to some participants in the study. To determine the participant's desire to attend the class could be restructured to ask the question more simply and directly.

The pre and post-tests were not identical. This was a limiting factor in the data analysis comparisons. It should be noted that the pre-test voluntary test group had a median score of 100% indicating that the test may have been too easy for the group.

**CHAPTER 5: Summary, Discussion, and Recommendations***Summary, Conclusions and Recommendations**Summary*

There are many factors influencing professional education today. Merriam and Caffarella (1999) outline three factors influencing adult learning: demographics, globalization and technology. Cervero (2001) states that these changes have equally effected the professions requiring practitioners to stay up to date. Curry (1993) discusses how the forces of change can redefine a professional's typical employment responsibilities. Population changes and growth force education purveyors to offer varied delivery systems to meet educational demand. The nation's population has grown in size and diversity (US Census Bureau, 2003); (Ernst & Young LLP, 2001). Education providers must consider these factors when offering classes and events. Accessible education is important to the population and economy; providers must consider different educational mediums and affordability (Merriam & Caffarella, 1999). Workforce participants must meet employment demands. Today, employers need a skilled workforce to deliver the goods and services demanded by the world

economy (Oblinger & Verville, 1998). Our national economy has moved from dependent to interdependent; increased multinational participation increases interdependence to solve economic issues (Berry et al., 1993). Berry and colleagues further discuss how the integration of markets increase competition and motivate efficiency and excellence. Innovative products and services become critical to global economic survival.

Innovations and technological advancements have been abundant over the last 100 years (Bureau of Labor Statistics, 2001). Technological advances have changed the way we live and work. Household chores are efficient today. Laboring over a hot stove for a meal is not necessary with the invention of prepackaged and prepared foods. Washing is not an all day labor intensive chore, but can be easily accomplished with a washing appliance. Electricity is available with the “flip” of a switch. Information technology innovations have changed the way we work (Curry et al., 1993; Oblinger & Verville, 1998). The ability to manage and process information changes the demands necessary from workforce participants. Curry and colleagues discuss how important it is for today’s professional to be able to exercise the skills needed to perform in the work environment.

Education plays a critical role to help people integrate these changes in their lives. Oblinger and Verville (1998) state that businesses need people who possess analytical, creative and practical skills. Educational institutions can facilitate an environment that maximizes learning these critical skills. Professionals are groups of people within an occupation that have established standards of practice and a specialized body of knowledge (Bickham, 1998; R. M. Cervero, 1988; Curry et al., 1993; Eraut, 2002; Houle, 1980; M. B. Weinstein, 1998a). Houle (1980) discusses how continued ongoing learning can benefit the professional by helping them acquire new techniques and practices. He also states how the professions are under ongoing scrutiny and criticism; many legislatures and professional associations thought that ongoing mandatory education would reduce such attention.

Over the years, professions have taken steps to become more professional. Houle (1980) states that the additional measures taken by professional groups include: standardizing practices, self policing, establishing codes of conduct and passing additional legislation. Legislatures have implemented licensing laws for occupations that have the potential to cause injury to the public. Legislation requires a minimum knowledge and practice foundation. Trade associations offer several

services to their members; most importantly, they establish a practice standard beyond the minimums outlined by the law. There are several arguments for and against regulating a profession.

Licensing is accomplished through legislation. Proponents of licensing list how it protects the public by requiring guidelines; it also establishes minimum standards of practice to protect the public (Kleiner, 2000; Shimberg & The National Society for the Study of Education, 1982). If a regulated profession breaks the rules, there is recourse. Opponents of licensing list that legislation with intent to generate revenue does not protect the public (Cross, 1981), but may limit entry into the profession (Hood, 2000).

There are several categories within the profession of real estate. Real estate practitioners are regulated and licensed. Real estate activities that require licensing include one who offers for sale, lists, auctions, exchanges, negotiates or arranges for the sale or lease of real property ("New York State Consolidated Laws", n.d.). In order to qualify for a license, an applicant must demonstrate competency. Competence is usually assessed after the applicant has met the criteria established by law (Hood, 2000; Shimberg & The National Society for the Study of

Education, 1982). Initial real estate licensing often requires minimum legal age, minimum attendance through an approved real estate curriculum, successful completion of one or more exams, a fee, and affiliation with a licensed real estate broker (Association of Real Estate License Law Officials, 2002). In order to maintain the license, the practitioner is required to attend mandatory continuing education (in all states but New Jersey) and pay a fee.

Gunterman and Smith (1988) investigated pre license educational requirements in 4 states as compared to complaints. They did not find that the severity of educational requirements reduced complaints against licensees. Gunterman and Smith concluded that enforcement should be the focus to compliance not education. Finn and colleague's (1998) study supports the Gunterman and Smith research; however, Finn disagrees with the conclusions drawn by Gunterman and Smith relating to pre-license education. The Finn study determined that pre license educational requirements and the ranking of state complaints demonstrated that education did make a difference. Additional research is needed to show if education does decrease complaints.



The National Association of REALTORS® has worked toward “professionalizing the profession” (Houle, 1980) by incorporating a code of conduct, offering professional designation programs and establishing standards.

Continuing professional education is critical to the viability of the professions. It is necessary so practitioners can stay in touch with the rapid changes that are occurring. As mentioned earlier, some governments, businesses and associations obligate a professional to engage in education. Many proponents believe that mandatory education is in the best interest of the public and the profession. There are opponents that do not believe that it accomplishes what it purports. Cross (1981) states that mandatory education may be viewed as a threat. She says that most adult learners come to class with the intention of solving a problem. Cervero (2001) also voices concern about the methods and delivery styles used to force professionals to learn. The question is, “Do professionals learn under these circumstances?” Kerka (1994) states that it is unrealistic to expect voluntary participation by professionals. Kerka also says that those who need the education the most are the least likely to attend. The Ad Hoc Committee on Mandatory Continuing Education for Michigan Psychologists (n.d.) believes mandatory education is a burden.

They state that education for professionals is inherent and that they should be able to engage in learning activities that fit their professional practice and individual learning style.

Merriam and Caffarella (1999) and Mok (1999) found that job related reasons were often cited as the main reasons people engaged in a learning activity. Several other studies found self motivation and general interest as driving factors for participation in an educational event (Cividin & Ottoson, 1997; Livneh & Livneh, 1999).

There is little evidence to support specific characteristics of an effective real estate education event. Most real estate practitioners have learned “on the job” rather than in a formal educational setting. Today, there are about 33 universities and colleges offering formal real estate degrees (RE Buz.com, 2004); but typically, real estate education is informal and self directed. Real estate trade associations play a significant role in educating the real estate professional. Many organizations offer specific programs that support learning theories and skills. However, the industry, as with many others, is slow to change the educational delivery method. Cervero (2001) describes the typical professional organizations delivery format for

an educational event as a large lecture hall with dimmed lights and a person lecturing to a crowd.

Some organizations are changing their formats and establishing educational standards. Enforcement of established standards becomes a challenge for the purveyor. Most organizations feel pressure to compete in their market place. Competitive pressure drives down the course price and may lower the quality of instruction and materials.

As real estate transactions become more complex, the need for effective, quality education will increase. Real estate professional education needs to be a life long pursuit (Manning & Roulac, 2001). The industry does not operate in a stasis; it is constantly changing. The forces of change: demographics, globalization and technology impact all professions. The desire of professionals to meet the needs of stakeholders is important. The professional must work toward minimizing legal liability; safeguard the interests of the public; and offer quality products and services in an efficient, professional manner.

Professionals should consider educational events and forums that will:

1. Offer relevant content to their area of specialty;

2. Effectively deliver the content to meet the practitioner's learning style; and
3. Provide quality materials and activities that will add to the educational event.

The area of adult learning and education has undergone intense investigation. Several studies offer effective program formats to meet the needs of the adult learner and measure competence (Caffarella, 2002; R. Cervero et al., 1986; Dean, 2002; Eraut, 2002). Evaluating competence is another area of education that is heavily debated (Curry et al., 1993; Eraut, 2002). Several studies in adult learning and professional education use different definitions of competence. Medicine is an area that is frequently evaluating competence. One study indicates, after review of several other studies, that testing, clinical evaluation and future success of practicing physicians lack consistent correlation (Gaur & Skochelak, 2004). The study found that standardized test scores and clinical evaluation could be very different. How is professional competence measured? This is a question to be further investigated by all professions. A quasi experimental research method for data collection and analysis with a pre-test post-test, non equivalent control group design was used (Wiersma, 1995). Participants for the study came from naturally occurring

groups attending the Real Estate Buyers Agent Council's Accredited Buyer Representative designation program and New York University Real Estate Institute accelerated broker-licensing class. The pre and post-tests were not equivalent after initial trials indicated that integrity of the results may be compromised. Several test group participants suggested that they remembered the pre-test questions. Test group participants discussed test questions with other students after completing the pre-test but before completing the post-test. Dearborn Publishing approved reproduction and modification of the exams from Agency Plus by Finley (1994).

The 13 question true-false test mean scores were tabulated and compared to the 20 questions multiple choice post-test mean scores to determine the level of difficulty between the two tests. The control group did not receive the agency instruction prior to completing the exams. The test group received the pre-test upon entering the class and the post-test at the end of the day after the completion of the agency instruction. Instruction met guidelines established by the Real Estate Educators Association (1990). The facilitative instruction was designed with several activities and intense interaction with the participants. All exams were collected upon completion.

There were 34 who attended the classes to satisfy regulatory mandates, and 33 participants came voluntarily. Mean, median and standard deviations were calculated on the control and test groups for the pre and the post-tests. The participants were further delineated into mandatory and voluntary group participants to compare mean test scores. Qualifying questions on the pre and post-tests were tabulated to determine perceptions of the participant learner relating to practical applications of the information gained in the class. Questions about the participant's characteristics were also tabulated. The qualifying questions revealed license status, mandatory education state representation, and participation in the business as either a full time or part time practitioner.

### *Conclusions*

Initial analysis of the control and test group pre and post mean score analyses indicated that the agency instruction delivered was effective. The control groups mean score decreased by 6% indicating that the pre-test was not as challenging as the post-test. The mean scores for the test group remained the same on the pre and post-tests indicating learning had occurred.

Pre-test control and test group analysis pointed out that the control and test groups were normally distributed from the population. The control and test groups did not have the same knowledge base. The control group mean score was 86% and the test group was 91%. It was expected that both groups would have very close scores since the participants tested under similar circumstances. Comparisons of the mandatory continuing education control and test groups did have a similar knowledge base upon entering the educational event. The voluntary control and test groups had a 10% difference in mean test scores.

Post-test analyses of the groups indicated that learning had occurred. The test group post-test group scored 11% higher than the control group. The mandatory and voluntary continuing education test groups scored 13% and 11% higher than the control groups respectively.

From the study results, it is clear that learning had taken place. The course topic and delivery style were effective for the test group participants as indicated by the increase in the test scores. Although there was a 10% higher score between the voluntary control and the test groups on the pre-test analysis, the voluntary post-test analysis showed an 11% increase over the control group with a smaller standard deviation. The

smaller standard deviation indicates that more of the individual mean scores were close to the group mean. Learning had occurred as proposed in the study. The post-test mean score analyses between the mandatory and voluntary, test and control groups indicated similar knowledge base before and after the educational event.

As an additional means of comparison, one pre-test qualifying question was asked to determine if the participant thought they were applying proper agency techniques when working with buyers in their daily practice. A comparison of respondents answer to the respondents mean test score was tabulated. It did not indicate a correlation to perceived practice.

To determine if the learner left the educational session with new knowledge that they could apply in practice, the pre-qualifying post-test questions were reviewed. Of the 36 respondents, 35 said that they would apply 25% - 100% of the information learned in the class. All 34 respondents answered that they would modify their practice either somewhat or significantly after attending the session; no one stated that they would do business as usual.



Although the perceptive pre-qualifying questions indicate that the participant left the session with new knowledge that could be used in their current business practice, evidence to determine transition from the event into daily practice was not evaluated. Additional research to investigate behavioral changes that occur with real estate professionals after leaving the educational event should be considered. It is assumed from the answers to the pre qualifying questions that if participants will consider modifying their business practice, they did not find the event to be a waste of time. Therefore, claims made by several adult education researchers, as stated above, may be asserted without proof. An unqualified assumption could be made that professionals have accepted mandatory professional education as part of the requirements to do business. Kerka (1994) suggests that mandatory professional education is a dead issue.

The pre-qualifying questions demonstrated that: 33 respondents represented 7 different mandatory education states; of 64 respondents, 9 were licensed as brokers operating as managers or owners of real estate companies; of 63 respondents, 54 were full time practitioners.

There are many opponents to mandatory education. Cross (1981) explained that mandatory education may be viewed as a threat to the

learner. Cross and Cervero (2001) state that it is unlikely that a student will participate unless they view the information as useful to solve a problem. Cross questions whether professionals become more competent by attending mandatory education sessions. Competency is defined in the discussion as implementing legal and customary expected practice within the licensed profession. Gunterman and Smith (1988) asserted that licensees knew how to practice competently but elected to serve self interest. They believed that more stringent educational standards would not increase competent practice. Gunterman and Smith believed that greater enforcement mechanisms were needed not more stringent educational requirements. Finn and colleagues (1998) confirmed the Gunterman and Smith study with a different conclusion claiming that more stringent pre licensing requirements can make a difference as it relates to complaints filed. Neither study considered evaluating possible benefits from mandatory education in real estate. Future research in this area should consider: pre-license education, post license education, hours of education, mandatory education and complaints filed, and penalties imposed. Kerka (1994) claims that mandatory education is necessary and well designed programs can influence outcome. Kerka also summarizes that research is weak as it relates to providing conclusive evidence that mandatory education does improve practice. More research is needed to

determine if mandatory continuing education is effective in real estate programs. A search of the literature has not revealed any studies on the success of continuing education in real estate. There are examples of how to develop skills to improve the real estate learning experience<sup>29</sup>; case studies for classroom use<sup>30</sup>; and surveys conducted with practitioners to determine educational desires based on experience (M. Weinstein, 1998b).

This study does clearly indicate that increased learning occurred within the groups as outlined. Due to the limitations listed in the study, further research is necessary to confirm these findings and clarify the best parameters for effective professional real estate education. Future research should include a measurement of knowledge gained during the educational event and implementation of the new knowledge in practice. This study will urge researchers to consider a comprehensive review of the effectiveness of real estate education in the classroom as it relates to behavioral changes in daily practice.

Real estate educators should give careful consideration to developing standards for content delivery, quality of the supporting materials supplied, and credentials, including teaching experience, of the instructor. Industry

professionals continually account educational experiences that lack characteristics that benefit the professional adult learner. Professionals are often convinced that only experienced practitioners should teach; however, a great practitioner does not necessarily make the best teacher. Teaching is a learned skill. In order to master teaching professionals, educators must understand and apply the basic concepts relating to teaching and learning styles. Educators must continually find new ways to reach the audience and more effectively disseminate the information, so it can be easily incorporated into daily practice. Theory and lecture are not effective strategies to help learners develop analysis and problem solving skills. Educators must help professionals develop useful abilities to be productive workforce participants. Education is about partnership and mutual learning in professional real estate education.

The findings of this study support mandatory and voluntary professional real estate education when it is implemented using accepted adult teaching and learning styles that are interactive and relevant to professional practice.

### *Recommendations*

Ongoing research will be necessary to determine the characteristics of effective real estate education programs. Parameters for future studies should consider collaborative efforts with regulators, consumers, business trade organizations, proprietary schools, universities and colleges. There is a divide between academicians and traditional real estate practitioners (as discussed in this study). It is important that this gap is bridged to begin in depth investigation on how, as a collective group, discoveries into ways to better serve all real estate stakeholders can be accomplished.

The American Real Estate Society has established partnerships between universities and colleges to explore several areas relating to the industry. The traditional real estate community, as described above, has seldom participated in these efforts. There are many possibilities to explain why; future inquiry should be considered.

Real estate educators should begin focusing their efforts on standards. Adult learning and professional educational formats have been investigated. As proposed in chapter two, existing, flexible program formats could be incorporated into real estate curriculum. Real estate

educators need to consider these formats and establish standards for education. The National Association of REALTORS® has incorporated practice standards through the Code of Ethics that have become recognized in our nation's court system. Why doesn't real estate education have an accepted standard?

Arguments that educational standards exist may be correct; often, however, they are not enforced. What percentage of real estate education purveyors have any educational standards beyond those established by the state? There are some regulatory bodies, schools and educators that abide by an outlined standard. Of those that have established standards, many do not enforce them, or they are so old they do not remember them. Standards are the beginning to improving the overall quality of real estate education.

The components of establishing standards will be multifaceted. Standards will be necessary for different educational mediums, instructor performance, supporting educational materials, and required learner outcomes for the educational session or event. Educational mediums may include the internet, satellite, television, traditional environments or a hybrid of those listed. Instructor qualifications should not be limited to

industry experience but also include some predetermined level of teaching skill. The evaluation of the instructor should include peer review in addition to student evaluations. Many schools hire or fire based solely on the student evaluations. Entertainment and substance must go hand in hand to keep the participant involved. It is important to meet the needs of the student (customer) but additional evaluation is necessary to be sure that the session had substance. Supporting materials should be reviewed before distribution for an educational event. Irrelevant information should be removed. Printing out power point presentations (3 slides to a page with lines for notes) as the student handout is often not sufficient.

Materials should be a supplement to the session. Sessions should be interactive with business professionals. Regulatory agencies and course developers know outcomes must be listed for the session. Course learning objectives should be written to match the format of the class (Bloom et al., 1956). Since research indicates that test scores may not be the best measure of success, other means of evaluation in addition to the standards must be established, e.g. case studies, role play, group projects, on site evaluation. (Some of the suggestions may be difficult to assess for mastery or success objectively.)

*Final Points*

Better integration of effective teaching and learning with practicing real estate agents will increase professionalism. Developing standards will be an intensive process requiring diligence and cooperation. Once the framework has been established, implementation can be accomplished. Stakeholders need to be patient and flexible when incorporating change. Garnering support from the real estate community will be critical. This study supports effective real estate education. It demonstrates that it can be accomplished using proven adult teaching and learning techniques. Enforcement of real estate education standards will lead to success. All stakeholders can benefit with flexibility and patience during the implementation process. In the end, it means increased regulatory compliance, professional performance and decreased liability. Meaningful education will have positive effects for all stakeholders: consumers, agents and regulators. The parties come together in a collaboration to meet the needs and responsibilities of each group.



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## **Appendices**

Appendix A

Dearborn Copyright Approval: A-1

Pre-test: A-2

Post-test: A-3

Appendix A-1: Dearborn Copyright Approval

**Copyright approval for the pre and post-tests used in this study by Dearborn Publishing was granted on March 2, 2004. Please note the letter of approval below.**

Dear Ms Tilton:

You have Dearborn's express permission to use 13 of the true and false questions and 20 of the multiple choice questions in the "Agency Plus" text, appearing on pages 59-67 of the "Agency Plus" textbook, for academic purposes only, including educational uses for purposes of research.

Evan M. Butterfield

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Appendix A-1: Pre-test

Print Name: Answer Sheet

A. Will this class be used in full or part to meet a mandatory CE requirement in your state? (Circle the appropriate answer)

Yes            No

B. If yes, what state? (Please print clearly) \_\_\_\_\_

C. How accurately are you applying appropriate buyer agency practice in your daily business?

- a. less than 25%
- b. 25%-50%
- c. 50%-75%
- d. 75%-100%

True or False (circle the correct answer)

1.    I    F    Misrepresentation by an agent on behalf of a client can be a breach of the agents' fiduciary duty.
2.    I    F    A person who is being represented in an agency relationship is called the principal or client.



3.    I    F    In most states a real estate salesperson can represent a buyer or a seller in a real estate transaction.
  
4.    T    E    Agency requires that the agent be able to make all decisions for the person represented.
  
5.    I    F    Agency can be created by actions alone in the absence of a written contract.
  
6.    I    F    Fiduciary describes a person as well as a set of duties.
  
7.    I    F    Agency is the representation of one person by another.
  
8.    T    E    Agency relationships in real estate must be created by written contract.
  
9.    I    F    Dual agency can be legal with the informed consent of the parties involved.

10. I F Fiduciary responsibilities are always a requirement of an agency relationship.
11. I F It is possible for a brokerage firm or salesperson to have responsibilities to a buyer or seller even after an agency relationship is terminated.
12. T E An agent representing Sarah in the sale of her home and then representing her in the purchase of another home would be practicing dual agency.
13. T E An agent who represents both a buyer and a seller in the same transaction is practicing single agency.

Appendix A-2: Post-test

Name: Answer Sheet

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A. Are you a:

- a. Broker/Owner/Manager
- b. Broker Associate
- c. Salesperson

B. Are you:

- a. Full time associate
- b. Part time associate

C. What percentage of the information that you have received in this class will be applied to your daily practice?

- a. less than 25%
- b. 25% - 50%
- c. 50% - 75%
- d. 75% - 100%
- e. I do not know.

D. Based on the information that you have acquired in this class will

you continue:

- a. using the same practice as usual.
- b. modify it somewhat.
- c. modify it significantly.

CIRCLE THE BEST ANSWER.

1. Fiduciary responsibilities include:

- a. care.
- b. obedience.
- c. loyalty.
- d. all of the above.

2. A person who acts for someone else is referred to as:

- a. an agent.
- b. a Ficus.
- c. a Client.
- d. a Customer.

3. Which of the following duties does not terminate with the ending of an agency relationship?

- a. Care
- b. Loyalty
- c. Obedience
- d. Confidentiality

4. A dual agent can be fully loyal to the interests of:

- a. only a buyer.
- b. only a seller.
- c. a buyer and a seller.
- d. neither a buyer nor a seller.

5. Agency can be created by:

- a. implied contract.
- b. written contract.
- c. oral contract.
- d. All of the above.

6. If a seller client instructs you, the real estate agent, not to disclose a wet basement you should:

- a. obey your client and not disclose.
- b. use your own discretion whether or not to disclose.
- c. advise your client that you cannot misrepresent the condition of the  
property.
- d. all of the above are acceptable.

7. Which of the following is a fiduciary duty of agency that is most likely to be compromised in a dual agency transaction?

- a. Care
- b. Accounting
- c. Loyalty
- d. Diligence

8. A brokerage firm policy of single agency would not allow representation of which of the following?

- a. A buyer
- b. A seller
- c. Both the buyer and seller in a transaction
- d. Either the buyer or seller in a transaction

9. Who must pay the buyer agent's fee at settlement?

- a. The buyer
- b. The seller
- c. Both
- d. As agreed in the contract

10. Which of the following should be disclosed to a buyer by a seller's agent?

- a. The seller is getting a divorce.
- b. The seller has financial difficulties.
- c. The seller will take a lower price than the asking price.
- d. The property has termite damage.

11. You had a listing that expired that was re-listed by another firm. You now have a buyer client listed that is interested in that property. Which of the following is true?

- a. You can disclose the seller's motivations for selling.
- b. You can disclose the seller's willingness to take a lower price.
- c. You can disclose the seller's financial distress.
- d. You must disclose your conflict of interest to your buyer.

12. Buyer agency offers which of the following advantages to the buyer?

- a. Loyalty
- b. Representation
- c. Confidentiality
- d. All of the above

13. Dual agency is:

- a. legal if disclosed.
- b. always a legal risk.
- c. sometimes created by buyers and sellers.
- d. All of the above



14. When buyers offer to buy a property listed by their buyer agent:

- a. dual agency is created.
- b. single agency is created.
- c. the agent must drop one of the clients.
- d. there is no legal consequence to this arrangement.

15. When an agent has represented both a buyer and a seller in the past, which of the following documents is uniquely important for any subsequent transactions?

- a. Contract of Sale
- b. Listing Agreement
- c. Agency Disclosure
- d. Agency Confirmation

16. An agent represented Sarah as a seller agent in the sale of her home and subsequently represented her in the purchase of a new home as a buyer agent. This is:

- a. dual agency.
- b. single agency.
- c. illegal in most states.
- d. Inconsistent

17. To avoid conflict of interest, an agent who has sold someone's home should help them find a new home using:

- a. buyer agency.
- b. seller agency.
- c. facilitator or middleman status.
- d. Any of the above

18. Which of the following would be provided to a customer?

- a. Disclosure
- b. Information
- c. Assistance
- d. All of the above

19. Which of the following would be provided to a customer?

- a. Loyalty
- b. Disclosure
- c. Confidentiality
- d. Obedience

20. Which of the following would be provided to a client?

- a. Advice
- b. Negotiation
- c. Loyalty
- d. All of the above

Appendix B

Mandatory Continuing Education Participants by State: B-1

License Category of Study Participants: B-2

Participant Industry Activity (full or part time practice): B-3

## Appendix B-1: MCE State Representation

Pre-test Question:

<b>States Represented for MCE</b>	<b>Number of Participants From the State</b>
<i>Arizona</i>	2
<i>New York</i>	24
<i>New Jersey</i>	1 <sup>31</sup>
<i>Pennsylvania</i>	2
<i>Florida</i>	1
<i>Texas</i>	2
<i>Virginia</i>	1

## Appendix B-2: License Category

## Post-test Question A (License Category)

Are you a...

<b>License Category</b>	<b>Number of Respondents</b>
<b>Broker/Owner/Manager</b>	9
<b>Broker Associate</b>	0
<b>Salesperson</b>	55

## Appendix B-3: Full Time vs. Part Time Agent Practice

## Post-test Question B

Are you a:

<b>Full time practitioner</b>	54
<b>Part time practitioner</b>	9

---

<sup>1</sup> Real estate agents include licensed: real estate brokers, broker associates and salespeople.

<sup>2</sup> NJAR is a state organization and member under the National Association of REALTORS® (NAR); the NAR is a trade organization for real estate agents. Under the NAR, many states maintain membership along with local organizations.

<sup>3</sup> Terrorists attacked New York City and Washington DC.

<sup>4</sup> This is also called a traditional student.

<sup>5</sup> Students aged 25 and older are considered non-traditional students.

<sup>6</sup> Information is from a discussion with Rick Weidel of Weidel Real Estate Company on February 25, 2004.

<sup>7</sup> Minimal educational standards are established before any person can practice in the real estate industry. They are required by law to complete and pass a formal instructional session. After completion of the formal educational component, in most states, the person must associate with a practicing licensed real estate broker to serve as an apprentice for a legally prescribed period of time.

<sup>8</sup> In some instances, medical schools will admit students who have not formally completed their undergraduate degree. There are special requirements to be met under these circumstances. College credit in specified classes is a requisite.

<sup>9</sup> Organization as used also relates to societies, associations, trade groups, profit and non-profit concerns.

<sup>10</sup> This assumption does not account for the number of frivolous complaints filed; Gunterman and Smith's study does discuss disciplinary action resulting from complaints.

<sup>11</sup> On page 58, Finn and colleagues state that the data is based on information between 1980-1986; the Gunterman and Smith study was published in 1988 using data from 1984-5.

<sup>12</sup> Transformation means the learner makes changes in their surrounding world. Those changes can be perceptual and/ or action oriented.

<sup>13</sup> Agent is defined for purposes of this paper as a: broker, associate broker or salesperson. This definition is not limited to contractual agency obligations.

<sup>14</sup> This is a general statement that is often part of a state's licensing law. It does not take into account all definitions of licensing requirements for agents in order to practice.

<sup>15</sup> This definition includes transactions of condominiums, cooperatives and business sales with a significant real estate holding.

<sup>16</sup> Julie Garton-Goode stated this fact at the Real Estate Educators Association annual conference in Orlando Florida in 2001. She was addressing a group attending the National Association of Real Estate Consultants (NAREC) designation program.

<sup>17</sup> The membership statistics were announced by the National Association of Realtors in March 2004. During the November 2002 convention in New Orleans, the association announced that it ranked in the top 10 of the nation's lobbying organizations.

<sup>18</sup> Tradesman refers to men and women.

<sup>19</sup> For entry into the business, an individual usually obtains an entry license or salespersons license. The general study for the license is a basic overview of the business in most states.

<sup>20</sup> An example of business transaction would include the sale of a restaurant. The real estate transaction as well as the sale of the business may be handled by a real estate business agent.

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<sup>21</sup> Additional information can be reviewed at <http://www.nar.org> relating to real estate careers.

<sup>22</sup> Affiliated business arrangements are contracts between businesses to offer additional products or services to consumers. Often consumers call it one stop shopping since they are able to go to one place and arrange for all the services necessary to complete a transaction. Businesses recognize it as a service to the consumer and an additional profit center for the company.

<sup>23</sup> Family is defined in this paper as 1 or more persons within a residential dwelling.

<sup>24</sup> A prospect is a person or family that is transacting business with an agent. The representation status is unknown.

<sup>25</sup> The Counselor of Real Estate (CRE) is the exception. In order to apply for the designation, a candidate must be invited and demonstrate a verifiable history of at least 10 years experience in counseling, participate in an interview and pay a fee for application and membership.

<sup>26</sup> Many states in the US have a state human rights law that everyone must abide by. In New York, they allow regions within the state to pass additional laws to address problems in a specific jurisdiction. As an, transsexuals and transvestitites were added to the protected groups of people under the New York City administrative code in 2002.

<sup>27</sup> A prospect is a person(s) or party that does not have a defined relationship with the real estate company. The relationship between the real estate company and person or party is not defined.

<sup>28</sup> Two or more years of experience is assumed since MCE for NYS is required every two years. Although a specific percentage of attendees were not given by administration from SOAR or NYU, confirmation of over 80% of the participants typically attend these classes after they gain some experience. Often licensees realize that they need additional training and/or need MCE to maintain licensure.

<sup>29</sup> Many are found on the American Real Estate Society website. <http://www.aresnet.org>

<sup>30</sup> Same as above: <http://www.aresnet.org>.

<sup>31</sup> One respondent stated that they were completed the class for mandatory continuing education, however, New Jersey does not have a regulatory requirement.