Putting Ethics on the Agenda for Real Estate Agents

Johannes Brinkmann

BI Norwegian School of Management

johannes.brinkmann@bi.no

Santa Cruz& Oslo

March 2009

Abstract

This article uses sociological role theory to help understand ethical challenges faced by Norwegian real estate agents. The article begins with an introductory case, and then briefly examines the strengths and limitations of using legal definitions and rules for understanding real estate agency and real estate agent ethics. It goes on to argue that the ethical challenges of real estate agency can be described and understood as a system of conflicting roles with associated rights and duties, in particular sales agent, intermediary and adviser sub-roles. The arguments are developed using exploratory findings from a survey of Norwegian real estate agents and from several focus groups. The article then suggests the use of various intranet tools as a kind of action research aimed at putting ethics on the real estate agents' agenda, working to develop a collective conscience and collective self-criticism among the agents, and, in doing so, building bridges between academic research and the practical working world of the agents.

This article analyzes the industry and professional ethics [1] of real estate agents, and argues they can be usefully understood through the sociological theory of role conflict. It goes on to argue for conducting a form of critical action research on real estate ethics. One can look at real estate agency as a business (for earning a commission or a fee by the hour), as an industry (a market with both competitive and common interests), and as a profession (fulfilling some education and authorization requirements).[2] Or one can look at real estate agency in comparison with other businesses, industries or professions, for example by reputation, by recruitment or by ethics. The article begins with an example of a case of ethical conflict in the industry. It then briefly comments on using legal definitions as a point of departure. The next section presents a sociological frame of reference for understanding the potential moral conflicts which real estate agents may typically face. The following sections discuss how to put ethics on the agents' agenda. I draw on exploratory survey and focus group data concerning ethical issues and real estate agents, and outline how one could use such findings for triggering moral sensitivity and self-criticism among estate agents, by developing intranet resources.

A case story

Not all readers have first hand experience with buying or selling a home, but most will know this often involves a real estate agent who serves as seller, as intermediary, and as source of information and advice. The article starts with a story that illustrates some of the potential for ethical conflict in this process.

After a house showing and a bid process on a flat in Oslo, the seller is left with a feeling of uneasiness.[3] After the bid process has closed and after one additional

---

[1]   There is limited coverage of real estate agent ethics as such in the business ethics literature and in the academic real estate research literature (Brinkmann, 2000; Brinkmann, 2002; Clarke et al., 1994; Clarke, 1995; Izzo et al., 2006; Izzo, 2000; Larsen et al., 2007; Long, 1998; Miller, 1999; Okoruwa and Thompson, 1999; Roulac, 1999). In addition, real estate agent ethics could be looked at as a subtopic under marketing ethics or under personal selling ethics (see e.g. McClaren, 2000; Murphy et al., 2005), under adviser or consultancy ethics (Høivik and Føllesdal, 1995), or as an example of intermediary or broker ethics.

[2]   At this point one could elaborate and discuss *if* real estate agents deserve to be called a profession in a more narrow, sociological and a bit idealistic sense of the term, see for the time being e.g. Chadwick, 2000 examining on a few pages the most widely quoted references, or Brinkmann, 2002, 160-161 with further remarks about marketing professions. The most important partner for putting the suggestions made later in this article into practice is the Norwegian Real Estate Agent Industry Association (which also has taken the responsibility for professional equal educational development).

[3]   The story happened in the author's social network, while working on this article.

showing of the flat, a distant friend of the estate agent has the winning bid.[4] The seller feels uneasy because of the estate agent's apparent conflict of interest between reaching the highest possible price for the seller and having a pre-existing relationship with the distant friend. The seller understands there is a risk that the friendship has interfered with the agent's loyalties. Indeed, if the agent had informed the seller earlier in the process that a distant friend was a potential buyer, the seller might have chosen another agent.

In the second act of the story, the seller shares her concern with others and is assured by several experts that her first intuitive reaction is reasonable. The seller is told about the legal requirements of proper real estate agent practice and about an industry code of ethics. Since it represents a legal grey area, such a situation is a good illustration of the ethical tensions that may develop in industry practice concerning behavior that is not clearly illegal. On the one hand, such a situation is in conflict with the idealistic wording of the ethics code, related to proper real estate agent practice. However, since this is in a legal grey area, it would not be easy to win against the agent if a legal case was pursued. The seller is advised to contact the agent's supervisor and to ask for a suggestion for how to handle such a situation correctly and fairly.

In the third act, the seller addresses the problem directly with the real estate agent, beginning with an e-mail message. The seller understands that one could never find out how the process would have ended without any agent conflict of interest or with another bidding round. However, the key question is whether or not the real estate agent had a duty to *inform* the seller. By not mentioning the distant friend's interest early enough in the process, the agent risked the trust which is the very foundation of the agent's work as a combination of sales representative and neutral broker.

In the fourth act, the seller receives two phone calls, first from the agent and then from the supervisor. Her first impression is really positive – she feels listened to and understood. The agent mentions the possibility of terminating the contract. As a first step, the seller and the agent agree to postpone the appointment to sign the contract and to take a time-out for final consideration. Two days later a meeting takes place with the seller, the agent and the supervisor. Then it is clear that the agent and supervisor have become less willing to make a concession. It also turns out that the

---

[4]   The flat is part of the Oslo cooperative housing system (OBOS), with a rule that OBOSmembers can match instead of beat a winning bid, and then if necessary compete by membership seniority rather than by purchase power.

distant friend of the agent is a real estate agent, too: they became friends as students in the real estate agent bachelor program. This friendly contact was renewed after the flat advertisement was published online but before the bidding even started. As a compromise, the seller suggests a reduced agent fee in which the agent would accept payment by the hour instead. The agent and supervisor have another view. As they see it, it is quite common that an agent would know many people and that such a situation would happen all the time. Regarding the compensation suggestion, the supervisor claims that payment for hours spent working instead of a commission would not really be cheaper (given an hourly rate of 90€ and that the agent claims to have spent more than 70 hours on the sales project). As a consequence, the seller asks for an additional time-out.

In the fifth and final act the seller surrenders. She has neither the time, nor the energy nor the resources to take on and win such a conflict. And the agent is, after all, only supposed to be on the seller's side at the beginning (for example, when marketing his or her services, the agent's main promotional argument had been a record of having sold recently some comparable flats for about 10% above the assessed value). In addition, the rules of the housing cooperative apply where members with high seniority are entitled to match the highest bid (and the agent's distant friend had seniority). Furthermore, the agent worked in the agency which is most directly affiliated with the cooperative. In other words, giving up seems to be the best option, so the contract is written and signed.

Epilogue. The seller wonders if she should ask the complaint committee for real estate agent services to take a look at the case, considering the ideals of proper real estate agency. She also wonders how this case could have been handled more wisely and fairly for all concerned, especially as cases like these are apparently not uncommon.

This article wonders how such a complaint committee or similarly responsible bodies could handle such cases of moral conflict constructively. That is, how such cases could be seen not so much as a threat to the industry from outside, but as an opportunity for ethical reflection and dialogue within the real estate agent profession. To explore this, this paper will argue we need to focus on a sociological analysis of how *real estate agents themselves* perceive, understand and evaluate such situations. First, two other potential perspectives for understanding ethical issues facing real estate agents can be examined briefly.

Legal definitions

Since real estate agent ethics cases do not take place in a legal vacuum, it makes sense to take as a point of departure the legal definitions of real estate agency and of real estate agents, in this case in Norwegian law:

"Real estate agency means to act as an intermediary in real estate-related transactions... A real estate agent can be characterized as an intermediary who for compensation assists with the turnover of alien real estate property where a third party carries the risk and expenses... The right to practice real estate agency for compensation is reserved for real or legal persons who by fulfilling certain requirements are given a license to practice. "[5]

The general description of the real estate agents' general rights and duties is also presented in legal language in the introductory §1 of the *Code of Professional Ethics for members of the Norwegian Association of Real Estate Agents*:

- "In the execution of their profession, members of the Norwegian Association of Real Estate Agents shall behave correctly, honestly and in accordance with generally accepted standards of estate agency. Generally accepted standards of estate agency imply that agency assignments must be executed in agreement with the ethical and professional principles recognized and adhered to by competent and responsible real estate agents at any given time.

- Members of the Association shall have a free and independent position in the execution of their professional activities.

- Members have a duty to comply with the laws and regulations relating to real estate agents in force at any given time..."[6]

At first sight, it seems practical to start with established legal definitions of real estate agency and its professional ethics. This risks, however, ending up in a cage, where professional ethics is simply defined by and decided on by lawyers. In such a situation, "model providers" such as lawyers or other experts can acquire so-called "model power"[7] or "definition power" over "model users" ie lay people, because

---

[5]   NOU 2006:1, p. 17 (author's free working translation from Norwegian)

[6]   Source: http://www.nef.no/index.gan?id=1541&subid=0

[7] Cf. about the model power perspective S. Bråten's model power theory (1983, ch. 1, 4, 5 and 2000, ch. 9), focusing on actors' possibilities for simplifying information in accordance with their own needs and interests as a key criterion for successful information handling.) Model power can develop as a result of model needs and model use: on the one hand a model or an approach (e.g. relevance criteria on a checklist) may be better than none; on the other hand any focus includes a risk of overlooking aspects that are not focused on and narrowing rather than opening up our minds. The best remedy against such

these users need rely on such models to simplify and clarify matters and to orient themselves. It is dangerous to reduce ethics to simply following the letter of the law, as it risks that real estate agents end up with a minimalistic and legalistic[8] understanding of ethics, one that collapses morality into legality, such that *legal* means *not clearly illegal* and *" if it's not illegal, then it's okay"*.

Focusing on ethical legitimacy rather than only on legality

At the risk of oversimplifying, one could then say that traditional ethicists typically would suggest moving beyond the law to focus instead on ethical *legitimacy* based on sound arguments rather than on *legality* as a sufficient argument in itself. In other words, ethicists would criticize legalism for being too narrow and superficial, and then invite coexistence, competition or cooperation between legal and ethical models rather than leaving the field to the lawyers alone.The alternative would be an ethical examination of the moral aspects of the presented case (or similar ones), in order to find out what is *ethically legitimate* or *illegitimate* agent behavior (rather than illegal versus perhaps legal versus clearly legal behavior). In the next step, ethicists would often recommend looking at more or less idealistic moral philosophies and types of justifications (as an alternative to mere moral-free legalism) – such as deontological, utilitarian, discourse ethicist or virtue ethicist positions.

In spite of such differences, law and traditional ethics share an idealistic and normative focus, and this bias risks overlooking the importance of inter-individual and empirical determinants. More constructively, it makes sense to combine these two kinds of thinking with a critical-empirical and inter-individual focus as I will outline. Sociological role theory potentially represents a complementary, more structurally-oriented alternative to legal and ethical indeterminism – focusing on underlying social roles and on typical *role behaviors*, rather than on single agents and their behaviors in specific situations.

A sociological understanding

Compared with legal understanding and with normative moral philosophy, sociological role theory invites delaying of advice and judgment. It asks empirical

---

narrowness or bias is using a combination of approacesas is well known from research methodology – the notion of triangulation (cf Brinkmann and Ims, 2004).

[8] Put simply, legalism tends to set ethics as equaling legality, and often in addition legality as equalling legal positivism (ie "the letter of the law", focusing on more or less moral-free, factual legal validity), where ethicalness as legitimacy becomes marginalized as a potential luxury.

questions to further our understanding rather than simply providing easy answers. From a social role perspective, for example, rather than claiming that real estate agents are acting as intermediaries, one would ask *if* in fact they are and, if so, what the parties and the agents themselves perceive as expected from intermediaries, and perhaps ask if agents and parties themselves see any challenges or breaches or conflicts, rather than assuming a priori that agents will act as expected.

According to most traditional definitions, *social roles* are sets of norms and expectations, rights and duties that confront an individual when entering a social situation, such as a legally-defined status or a professional work situation. [9] The next and most central questions are if and how the addressed individual fulfills these expectations and duties, exploits the rights, and if there is conflict or deviance. Role theory asks and answers questions such as:

- What defines the real estate agent status and role?

- How are real estate agent statuses and roles perceived and defined, individually and collectively, by the real estate agents *themselves*?

- Are external sanctions and social control needed for supporting normative role expectations – such as of correct and honest behavior (see § 1 of the ethics code)? Which role expectations can do without external sanctions, that is, are internalized? How heterogeneous are the agents in such respect?

- How important is the empirical content of normative expressions and concepts and how could one evaluate such content, using empirical investigation? (Take for example "ethical and professional principles recognized and adhered to by competent and responsible real estate agents" – do not recognition, adherence, competence and responsibility at in part make claims of empirical validity, among (at least some) real estate agents?[10].

What is typically encountered for agents is a triangular relationship or triad of property sellers, agents and property buyers. Each relationship has its own ethical challenges. In Norway, real estate agents are, in combination, sales agents for a property seller (who pays for the services) and neutral brokers or intermediaries who stage a fair market mechanism for the property sale (see figure #1).

---

[9] One departs in fact from the legal *status* of an authorized real estate agent and from the legal *status* of a real estate agent as a contract party with a property owner and seller. Such a status serves as a basis of a real estate agent *role* in a sociological meaning of the word. An interesting next question could be if one should focus on one role triggered by *one* status, as a whole, or look at *the* real estate agent role as *a combination of several sub-roles* (cf. for a discussion further below).

[10] Other examples from the same code of ethics are "in accordance with generally accepted standards of estate agency"; or "assignment (execution) in agreement with...ethical and professional principles"

With reference to the case detailed above, one could also wonder if the potential for moral conflict in the real estate agent role comes from the *outside,* from the mix of common and conflicting interests in a typical buyer-seller-relationship, or from *inside*, that is from contradictory duties within the agent role, ie selling versus mediating versus advice-giving. If one wants to focus on the built-in potential for role conflict, one could consider talking not of *one real-estate agent role*, but of a *combination of* three potentially either complementary or contradictory *sub-roles:* a seller- or *sales-agent role*, a broker- or *intermediary role*, and a consultant- or *adviser role*, each with its own specific threats and opportunities, dilemmas and temptations (see figure #2). In other words, by splitting up the real estate agent role into three constitutive components or three typical sub-roles, one is almost forced to ask critical questions about potential synergies and/or conflicts between the three.
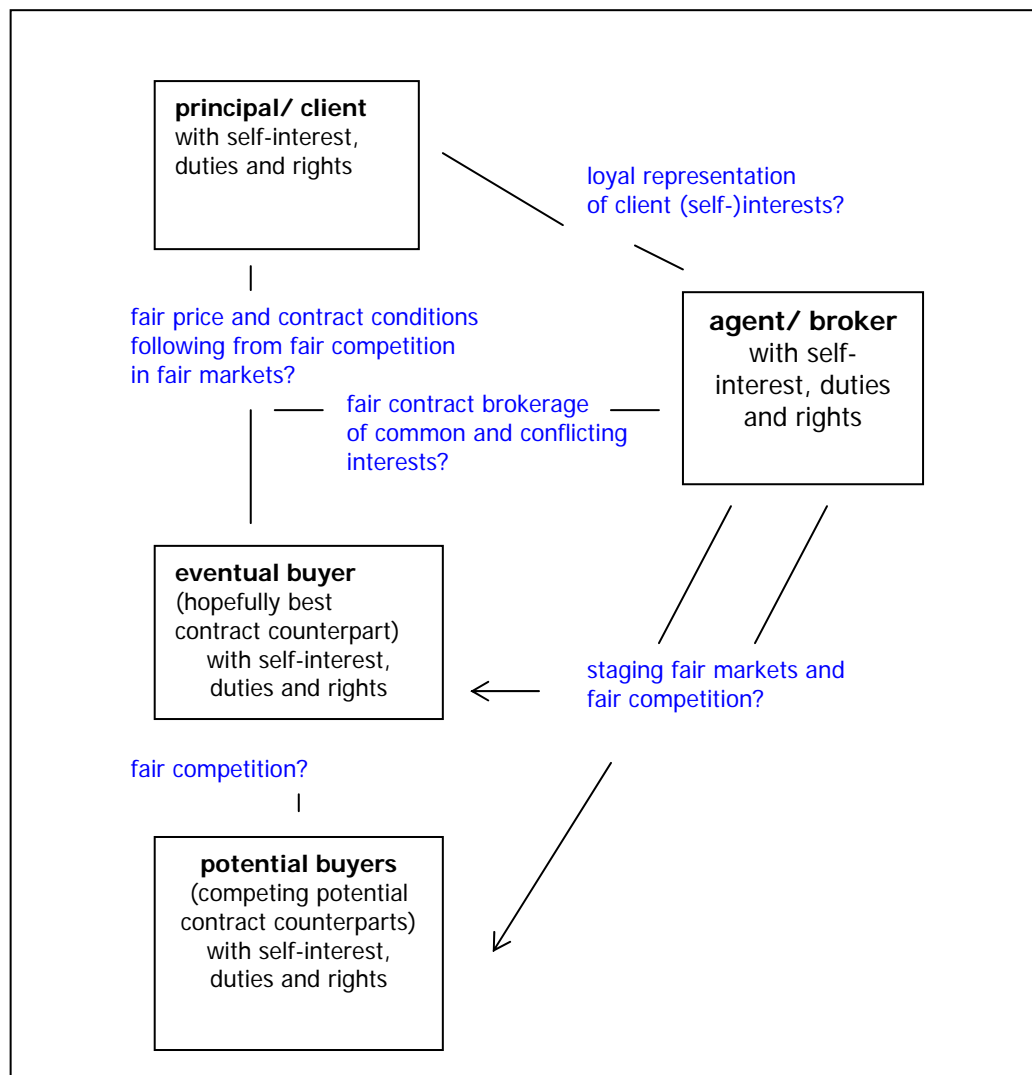

Figure #1:   Conflict potentials for real estate agents

Such a distinction between sub-roles parallels distinctions made in Norwegian real estate agency legislation and in the Norwegian code of ethics for estate agents (cf. esp. §§ 3, 6, 8). One would expect, during the progress of a typical real estate agent assignment, a change in the relative focus on sub-roles: from marketing and sales agency to advice-giving to contract brokerage, from partiality (siding with the seller) to impartiality (remaining neutral). This shift would be accompanied a similar change in the relative importance of various conflicts among these roles. (One wonders if *loyalty* and partiality are somewhat overemphasized in the agents' self-marketing stage, prior to the assignment, while *fairness* and impartiality are somewhat overemphasized in the brokerage, bidding and contract negotiation stage, while the agents' self-interest and moral temptations are hardly ever focused on critically or even self-critically.)
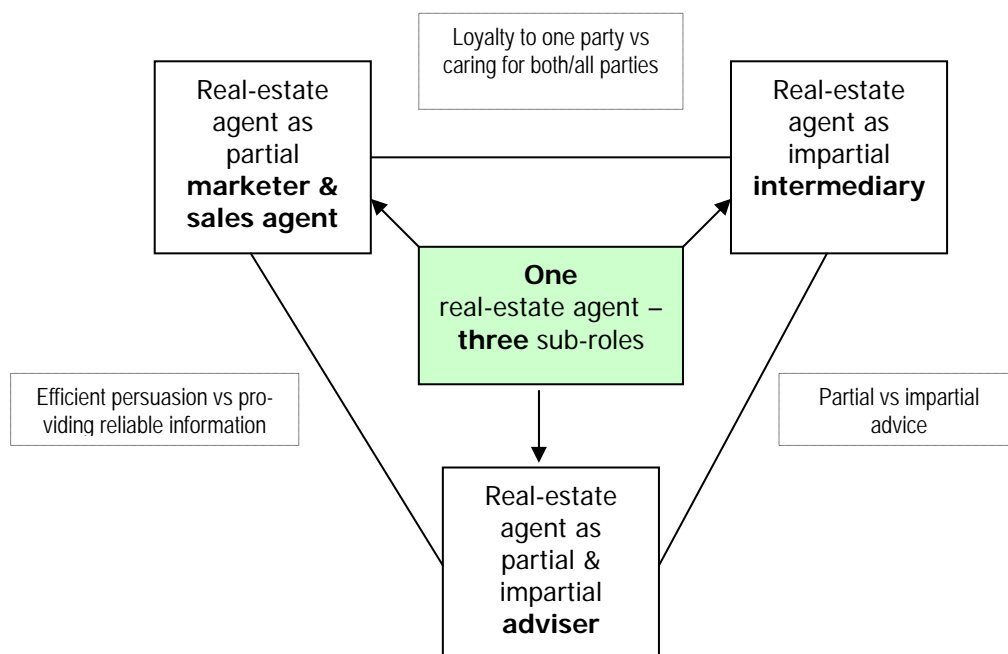

Figure #2: Real estate agent role and sub-roles, threats and opportunitiess

As mentioned already, potential moral conflict and deviance situations are triggers of role experience (even if role conformity as a way of least resistance might be more likely). According to figure #1, one main potential for role conflict concerns loyalty duties to clients, and relates to duties or rights of other stakeholders,[11] and to

---

[11]   Principal-agent theory addresses the same role conflict potential, but between a principal's (or client's) self-interest and an agent's (or broker's) self-interest, cf. a few standard references can be found at http://www.istheory.yorku.ca/agencytheory.htm, http://www.babson.edu/entrep/fer/papers96/shane/shane3.htm, http://en.wikipedia.org/wiki/Principal-

agent rights and agent integrity. According to exhibit #2, another potential area for role conflict concerns agent duties and rights of loyal salesmanship, of independent and caring brokerage and of competent and independent advice-giving.

Putting role ethics on the agents' agenda I: What and why?

As stated earlier, legal and sociological understandings of agent ethics have been introduced here as a deliberate delaying or distancing device, before beginning moral criticism of real estate agent role behaviors. An important underlying assumption of this article as a whole and for the remaining sections in particular is that such moral criticism should be both *empathetic* and *constructive*. In other words, listening and understanding should come before criticizing. Also, moral criticism should try to encourage reflection, self-criticism and ownership of genuine moral development or change (rather than simply fostering outer-directed, and more or less superficial, reputation management). Such an emphasis on empathy and constructive criticism can be translated into a quite practical question: how to put role ethics on the agents' agenda?

Before addressing any *how*-questions, a few short answers to *what*- and to *why*-questions should come first. What does or what should real estate agent ethics or role ethics mean? In the previous sections, the *ethical examination* of cases for identifying ethically legitimate or illegitimate agent behavior, for example by deontological, utilitarian, discourse ethical or virtue ethical criteria, was briefly mentioned as a possibility. Then, sociological *role theory* was presented as a contrast to a legal perspective and to call for delay and consideration before asking role ethical and professional ethical questions. As the next step, the *what*-question is perhaps the easiest one to answer shortly, by extending the role terminology which has been presented already. [12]

---

agent_problem, Standard definitions can be seen at
http://economics.about.com/od/economicsglossary/g/principalag.htm).
[12]   Cf. also Brinkmann, 2000, 164-165, and Brinkmann and Henriksen, 2007, for further elaboration. Since sociological role theory and role ethics serve as a main point of departure here, a few additional references might be helpful for non-sociologists, both for a preliminary understanding and for further reading. The broad and general definition of social roles offered above, as "sets of norms and expectations, rights and duties that confront an individual when entering a social situation" can be elaborated a bit further: "...Such roles-as-norm-sets are read, kept alive and reproduced by both non-conformist and conforming *role behavior*. Rights and duties of professionals usually refer to identifiable, *complementary* role rights and duties of clients, customers and professional colleagues. Social *role conflicts* refer to incompatibilities of role norms and expectations, within one or between two or more such roles, e.g. in relation to different role-norm-senders. Moral role conflict scenarios represent popular simplifications of complex situations, not least with a typical connotation of replaceable rather than unique individuals. Furthermore, from a role theory point of view single decisions and the single

In addition to an uncontroversial, but somewhat general and empty presentation of ethics as applied moral philosophy, one could claim that its essence in practical ethics education contexts is twofold: offering help with identifying, analyzing, handling and preventing *moral conflict,* and inviting *reflection* and self-reflection, asking critical questions about and looking for good answers to moral issues (cf. Brinkmann, 2008). Accordingly, one could say that role ethics, in this case professional role ethics or real estate agent role ethics, is about dealing with *role-related moral conflicts*, for example between duties towards a seller and towards an eventual buyer, or competing potential buyers, or between individual ethics and role expectations. Role ethics is also about inviting critical and self-critical *reflection about morally acceptable role behavior*, for example related to professional ideals versus unrealistic expectations, to moral justification versus moral neutralization (Sykes and Matza, 1957), or to role responsibility as a function of more or less freedom, or power, or customer vulnerability. Or put in other words, *role* ethics means confining the discussion and potential moral criticism to professional work situations and to typical, recurring, systemic, structurally built-in conflicts.

When it comes to the *why*-question, the author's answer could be labeled as a hybrid of Rorty-inspired suggestions for less theory-focused and more practice-focused business ethics and a Socratian hope that "knowing thyself "can help. Instead of a focus on understanding the world (as most philosophers do) one should rather focus on trying to change it (Rorty, 2006, p. 371, referring to Marx' well-known Feuerbach thesis):

"Though truth and wrongness are not relative notions, justification *is.* For what counts as justification… is always relative to the antecedent beliefs of those whom one is seeking to convince…" (ibid.). Moral imagination is a necessary, perhaps a sufficient condition for creative managerial decision-making. Moral imagination is not a supplement to moral theory and moral reasoning skills, but … pretty much all you need" (see ibid, pp. 375-376). "Business ethicists might do better to think of

norms related to them are less interesting than *recurring* situations where norms are clustered as social roles and where professionals are supposed to conform to roles as a mix of norms rather than to single norms. As a consequence, a professional, e.g. a doctor, who enters situations which typically trigger norms and expectations, appears rather as a reactive, conflict-handling role player than as a subject with free choices. In such terminology, many or perhaps most individual level business and vocational ethics issues become synonymous with *role conflict discovery and management*, conflicting role norms and expectations, role rights and role duties faced by actors in work life situations..." (Brinkmann and Henriksen, 2007).

themselves as social engineers working on site-specific projects. The two most useful tools for such work… are narratives, whether historical or fictional, and what Laura Nash calls 'context-specific guidelines'…" (ibid., p. 377, referring to Nash, 2000).

"The Socratic tradition suggests that ethics be pursued through an insistence on confronting both personal and institutionally mediated defenses against recognition of what would otherwise be clearly visible. Ethics, defined this way, is likely to open sensitive wounds, which can leave not just managers, but any of us … profoundly uncomfortable…" (Castro, 1994, p. 186).

With such points of departure in mind, the remainder of the paper addresses the question of *how* one could put ethics on the agents' agenda, by inviting them to know themselves, [13] individually as well as collectively, and by using summarized pilot study data as a mirror or medium for encouraging constructive moral self-criticism in a safe environment. Figure #3 can serve as a visual summary.

Putting role ethics on the agents' agenda II: how one could use pilot data as potential raw material to foster constructive self-criticism

There are at least two good arguments in favour of working empirically with real estate agent ethics. The first one relates to the idea of proper procedure when it comes to ethics as moral criticism, including listening to the key subjects themselves. In the context of this paper and concerning agent ethics more generally, asking lawyers and sociologists for their perceptions, evaluations and perhaps their advice can be a good idea. But one should always try also to ask the subjects, the real estate agents themselves, or at least some sample or key representatives.[14] In this way, one can check questions empirically, such as if the legal, sociological and ethical understanding referred to above is consistent with the agents' own experiences and perceptions, if the agents agree or disagree with such descriptions and perspectives, or disagree among themselves, and, not least, if the agents themselves (or subgroups

---

[13]   About *know-thyself* in the Greek Apollo-temple inscription tradition cf. e.g. Castro, 1994 or more popular http://en.wikipedia.org/wiki/Know_thyself , about enlightenment equal *self-enlightenment* in the Kantian tradition cf. http://www.uni-potsdam.de/u/philosophie/texte/kant/aufklaer.htm. Looking at oneself first is normally a good idea, both before criticizing others and not least as a proactive move, as anticipation and handling of external criticism. See also the German poet Busch's poem about self-criticism, quoted and discussed in Brinkmann, 2008, p. 11

[14]   In another kind of project one could ask the clients and customers complementary questions and then discuss to which extent they are aware of their potential vulnerability and co-responsibility, perhaps if they get the agents they deserve.

among them) see a need for putting professional and industry ethics on the agenda. In this way, empirical research can check concepts and theory against data and also use situation analysis data for developing realistic expectations in addition to idealistic ones.
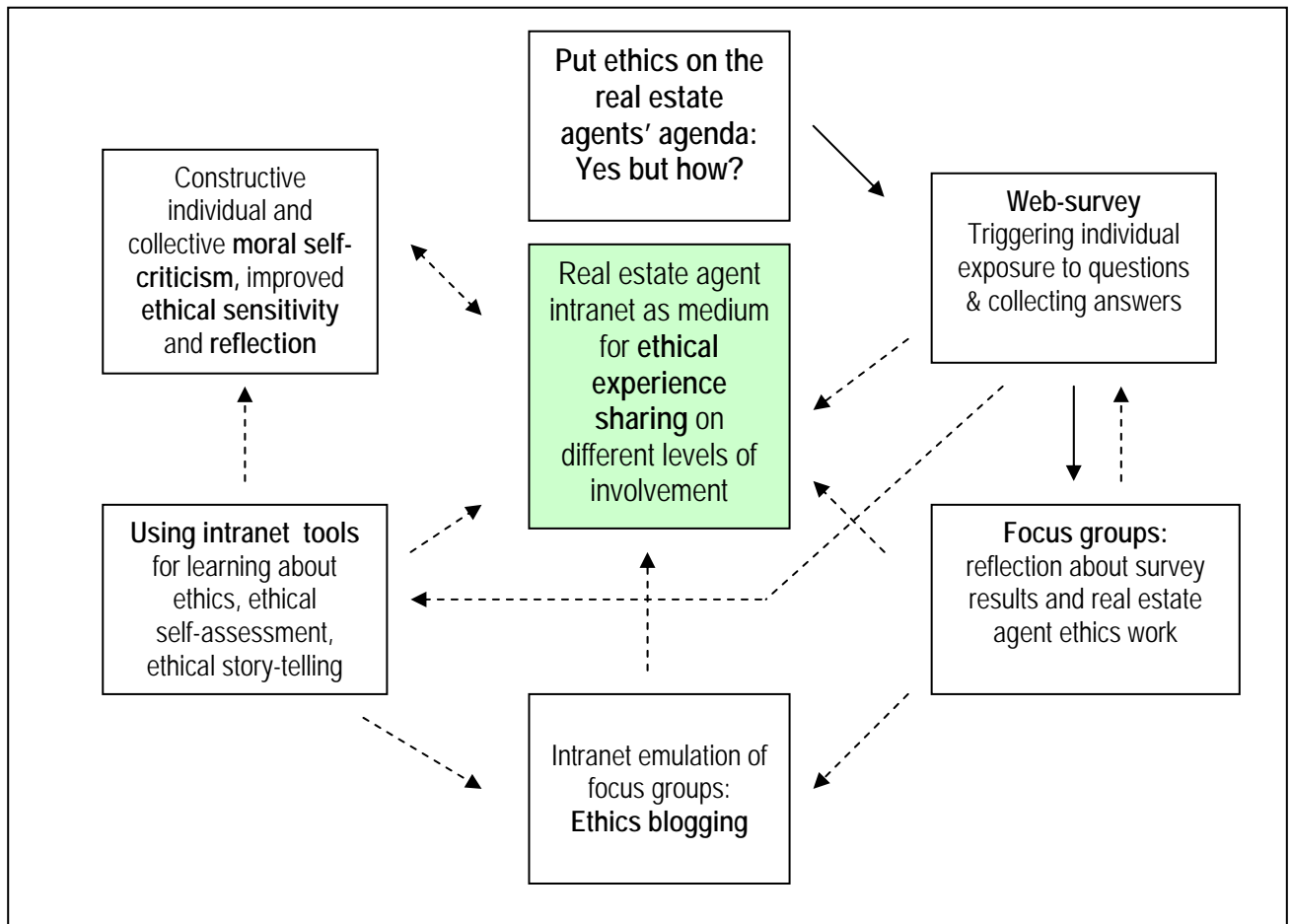
Figure #3: Draft of real estate agent ethics action research

The second argument relates to the distinction between traditional and action research. Traditionally, one would try to collect data among respondents and then summarize and report it, for primary audiences such as social science or ethics journal readers. A *less traditional* approach could be to collect and summarize data to feed them back to the profession and the industry themselves as primary target groups, as a kind of mirror for them, and then perhaps asking follow-up questions, inviting reflection in the narrow sense of the word – whether the agents agree with and like the picture they see in the mirror, or perhaps if they would like to change it, and if yes,

how and in which directions? A next step could then be to focus more principally on helping build vocational and industry ethics management, for example making such data collection permanent and publishing the results on the agents' (and on the agency students') intranet (cf figure #3 below).

There are also practical research design questions to deal with. When it comes to empirical research for description and understanding, the main choice is between qualitative and standardized quantitative designs, with complementary strengths and weaknesses, such as depth vs. scope, identifying vs. answering of research questions, hypothesis development vs. testing, etc. In the present case, the exploratory and action research potential were the main focus.

A country-wide *web-based pilot survey* among Norwegian real estate agents during spring 2007 served as a point of departure. The purpose of the agent survey[15] was to get a preliminary overview of how the seriousness and frequency of well-known typical moral conflicts are perceived and handled among Norwegian real estate agents, as well as an overview of their knowledge and attitudes regarding their code of ethics (n= 190 individuals, with a response rate of 20%).[16] As the "exploratory and pilot" qualification suggests, the survey served several functions, as a conventional market analysis for identifying what ethics work is seen as necessary and desirable within the industry, for mapping the need for further research in general and more specifically for helping with formulating or improving research questions, both for follow-up focus group studies and for continuous online data-collection.

The survey questionnaire aimed at mapping the agents' professional ethics, from a combination of moral conflict, ethics code and role ethics perspectives (cf. Brinkmann, 2002); in this case, role ethics was the primary reference.[17] This means that moral conflicts were mainly deemed interesting as *role conflicts,* and that codes of ethics were mainly interesting as written specifications of *role expectations, role rights* and *role duties*. The underlying conceptual assumption was that role conflicts and ethical codes trigger, create, or at least increase role norm awareness, while

---

[15]   At the same time a modified but comparable web-questionnaire was used among 2nd and 3rd year real estate agency students at the author's business school.

[16]   Response rate after two reminder mails. Such a rate seems satisfactory, at least considering the length of the questionnaire (which took up to 45 minutes or so to complete). In addition, as control variables, individual personality properties were mapped - such as locus of control, reliability and various demographics. Due to a reuse of instruments, parts of the real-estate agent survey data are comparable with real estate agent student data (cf note above), Norwegian insurance broker survey data (collected in 2006) and Norwegian financial adviser survey data (collected in 2007).

codes outline proper procedures and solutions to such conflicts. In addition, it was desirable to look at some of the individual values and attitudes of the individual role players, since individual personality traits mediate individual role perceptions and definitions and can reinforce or neutralize social role norms, and perhaps even replace them as determinants of role behaviors in professional conflict situations. For this reason, some standard personality measurement instruments were included in the questionnaire.

More specifically, different question formats were used for mapping professional role conflict handling and role ethics, starting with open-ended questions, and then using role conflict scenarios as well as item batteries where perceived frequencies and seriousness of expected conflicts were checked.

An open question at the beginning of the questionnaire was mainly intended as a warm-up for the respondents, inviting the agents[18] to examine what ethically challenging experiences they have encountered. This produced some interesting results: about 30% of the 263 valid responses to the question represented a kind of denial: ie in about 30 per cent of cases respondents said either that they had not encountered any ethically challenging situations or could not recall any such situations. For the other responses, the best inductive coding turned out to be a classification by context/macro and single party/micro considerations, as well as by principled versus consequentialist ethics.[19] Another useful classification was intra- versus inter-sub-role conflicts (sales, brokerage, advice), as well as dilemma versus temptation versus power and pressure.

After asking for descriptions of previously encountered ethical conflicts in the respondents' own words, the questionnaire presented four different role conflict scenarios (see appendix 1 for vignette texts and answer distributions). When asked for their advice or their own decision in such situations and for a justification of their answer, agents mostly suggested staying neutral or to letting the market decide, and

---

[17]   Cf. Brinkmann, 2002, suggesting four approaches instead of three, with a moral climate approach as a fourth and one (about the terms moral climate or ethical climate in business ethics research cf. especially Martin and Cullen, 2006).

[18]   For similar reasons, the student control group was asked a different introductory open question as a warm-up, about why they had chosen their bachelor specialization, especially hoping to find which aspects of their future real estate agent role they identified the most with. For most responses a classification by the three sub-role types made most sense. These have been mentioned above already (sales agent, broker or go-between and competent adviser roles), with role variation as a good fourth code.

[19] If combined, these two dimensions can be used to define a four-cell table: with the following four types: rule, loyalty, market and care-focus.

mostly choose principled or utilitarian justifications.[20] Most inspiring for future analyses and practical work are the different advice-justification combinations (see ibid.).

Somewhat more superficially, the agents' *moral conflict and moral conflict risk perception* was mapped by first asking for frequency using a long list of role-related moral conflicts and conflict areas, and then using the same list for mapping perceived conflict seriousness.[21] Some of the conflict items represented the broad areas of potential moral conflict addressed by sections in the agents' code of ethics. Other items were indicators of the specific challenges faced by agents as advisers and as intermediaries.[22] Not surprisingly perhaps, most respondents answered that such conflicts occurred seldom or never, while only minorities and sometimes very small minorities of the sample perceive some conflict occasionally (ranging from 4 to 18%). Not surprisingly either, norm breaches of clear legal norms (own or own company transactions) are perceived as relatively most serious and least frequent.[23]

Another way of describing and understanding role morality is by looking for important *role-norm sources* which describe roles and norms, rights and duties, and perhaps sanctions. In addition to legal regulation, existing *relevant codes of ethics* are another important formal source of role norms, perhaps the most important one. The history, the content and the implementation of such codes can be studied in various ways, for example, by content analysis or by looking at cases examined and decided by a responsible ethics council. In a survey, one would typically ask a representative sample of addressees for their knowledge of, for their experience with, or for their attitudes towards such a code. Knowledge, experience and attitudes represent, after all, important intervening variables between the mere existence of a code and the real functioning of a code as a role-norm source. For a code to be well-known, daily

---

[20] The competing but less frequent answer alternatives were care-ethical focus, conscience-feelings focus and legitimate self-interest focus.

[21] In the questionnaire this instrument with 21 items altogether was placed about half-way along, after several introductory open and scenario-format questions and after measuring the agents' attitude towards their code of ethics.

[22] See appendix #2 for a summary table showing the main tendency in the material in an easy to read format, grouping single items into meaningful groups.

[23] In appendix #2, deserved attention *as risk* serves as sorting criterion – i.e. deserved because of either frequency, or seriousness, cf the following four cell table as an illustration:

high frequency, low seriousness: MEDIUM RISK	high frequency, high seriousness: MOST CRITICAL RISK
low frequency, low seriousness: NEGLIGIBLE RISK	low frequency, high seriousness: MEDIUM RISK

applied and widely accepted are perhaps almost sufficient conditions for its functioning (while the opposite situations could be guarantees for its malfunctioning). In other words, good intentions of using codes for improving professional and industry reputation and practices will not always produce the desired results. Codes can possibly have unintended effects, such as assuming and confirming preconventional moral maturity, or leading their users to shift from taking individual moral responsibility to not getting caught for breaking rules (cf. Brinkmann and Ims, 2003). In the present pilot study, the overall attitude towards the code as a role-norm source among the individual addressees was measured on five-point scales denoting acceptance of various arguments in favor of a code or rejection of counter-arguments. The material shows a clear support for the code,[24] especially among respondents in leadership positions and/or with higher seniority.

In addition to the survey, some 20 months later, four *focus groups* were conducted, two among practitioners and two among final year agency students. Such focus groups not only create an opportunity for self-criticism, but also and not the least for moral sharing,[25] ie for triggering an inter-colleague debate in a safe face-to-face or intranet environment.[26] In order to obtain synergies with the pilot survey, several topics were selected for a follow-up discussion in the focus groups (and would be natural themes for a future intranet ethics blog): a closer examination of the above-mentioned three real estate agent sub-roles, the collective moral self-image of the real estate agents, the relationship between legal and ethical acceptability, and sharing of ideas about if and how the industry ethical climate would be affected by the changed real estate market climate in Norway. A version of the introductory story told above, the distinction between the three real estate agent sub-roles, and the replication of selected survey questions all functioned well in a focus group setting to trigger lively and inspired discussions among the participants. The most interesting

---

[24]   See appendix #3 for a summary table with the responses to code-related arguments, also showing how they could serve as raw material for a scale-construction. In their answers to a code knowledge self-assessment question (asked first) 16% of the respondents claim to know the code rules by and large, 50% claim to know them rather well, and another 29% claim to have some or frequent user experience.

[25]   Cf Brinkmann and Sims, 2001, p. 177, focusing on moral sharing as one of seven key objectives for ethics teaching and ethics work, with formulations such as the following one: "We are skeptical about the highly individualistic ethics conception in the Western or at least the Anglo-Saxon tradition, with the individual fighting an integrity conflict against others. On the contrary, students should be told and invited to share moral issues with others, rather than keeping them to themselves. There are a number of good reasons for such an objective: two individuals usually see more than one does, and others can function as a corrective, help with simulating action chains, and with sharing responsibility..."

[26]   An alternative could be the Socratic dialogue technique, either in the more traditional sense with Socratic questioning as the key idea or in the design suggested by the practical philosopher's movement (see e.g. http://www.sfcp.org.uk/socratic_dialogue.htm).

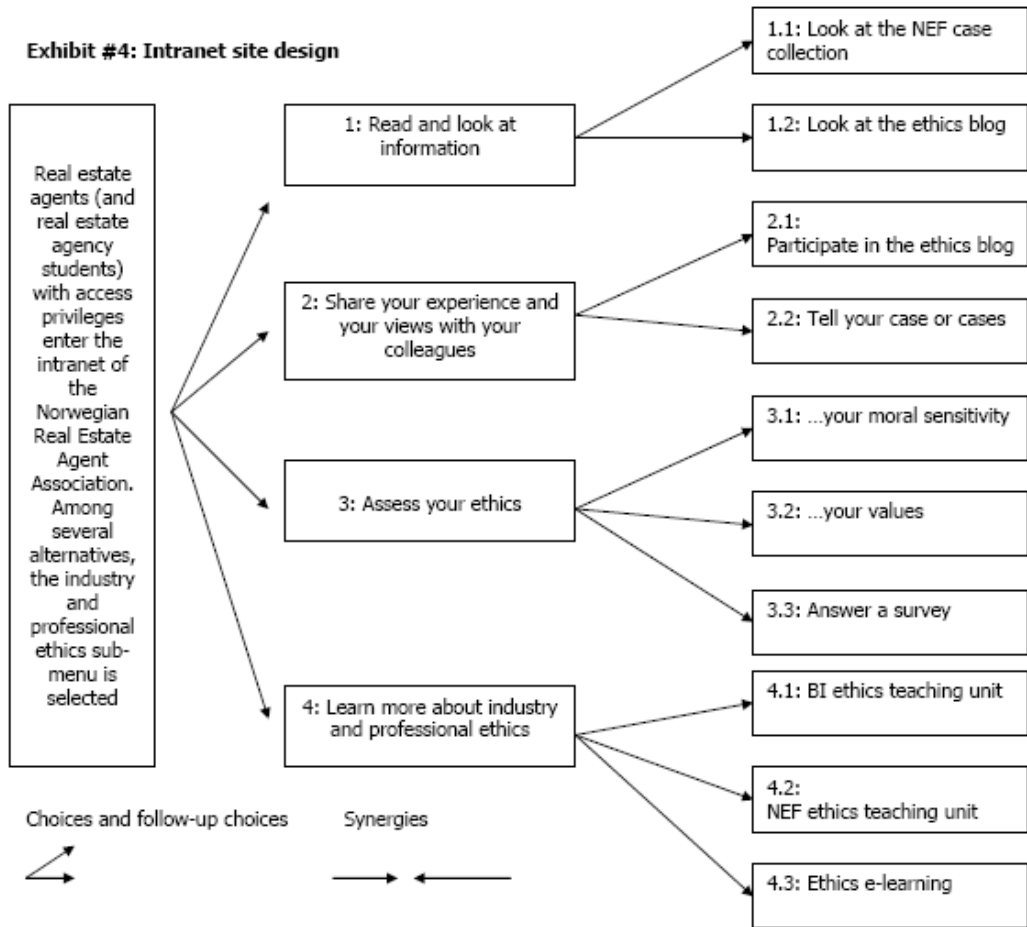part of the discussion was related to the two topics which had not been addressed in the pilot survey:

- the tension between the admittedly bad general reputation of real estate agents and their need for a positive self-image, both individually and collectively;
- market climate and moral climate interdependency (the discussion produced a rich collection of suggestions about factors that were either improving or worsening moral climate).

Putting role ethics on the agents' agenda III: using intranet tools to further constructive self-criticism and moral development

As indicated in figure #3 and in the previous section, the available survey and focus group pilot material can provide a useful point of departure, and a mirror to look into, before engaging in an internal discussion in the real estate profession about needs, possibilities of and potential barriers to moral development. This section suggests some intranet tools that would allow for continuous data collection, discussion and learning when it comes to real estate agent industry and professional ethics. Figure #4 summarizes the suggested design for an ethics sub-site on the intranet of the Norwegian Real Estate Agent Association. After entering the intranet

Exhibit #4: Intranet site design

Real estate agents (and real estate agency students) with access privileges enter the intranet of the Norwegian Real Estate Agent Association. Among several alternatives, the industry and professional ethics sub-menu is selected

1: Read and look at information
- 1.1: Look at the NEF case collection
- 1.2: Look at the ethics blog

2: Share your experience and your views with your colleagues
- 2.1: Participate in the ethics blog
- 2.2: Tell your case or cases

3: Assess your ethics
- 3.1: ...your moral sensitivity
- 3.2: ...your values
- 3.3: Answer a survey

4: Learn more about industry and professional ethics
- 4.1: BI ethics teaching unit
- 4.2: NEF ethics teaching unit
- 4.3: Ethics e-learning

Choices and follow-up choices

Synergies

with a legitimate user identity and password, an industry and professional ethics submenu is offered, with different levels of involvement, ranging from reading and looking at information, (ie "watching without touching"), to more or less active sharing of moral standpoints and experiences with moral conflicts in a safe and collegial environment, to assessing one's personal ethics, moral sensitivity and values. One could also answer a survey where one eventually can compare one's own profile with the summarized answers of one's colleagues or learn more about ethics with a planned on-line ethics education tool.

Encouraging constructive moral self-criticism: remarks about seven topics one could start with

Making available a summary of pilot data and a mix of intranet tools represents a start. Hopefully, the tools, once accessible, will have a fair chance of legitimizing their existence after a trial period of a year or so, by collecting new data, and inviting and enabling continuous discussion and learning about industry and professional ethics. While we wait for the outcome of such an initiative and look forward to a critical

evaluation, we can speculate about which topics could function best as triggers and catalysts for encouraging constructive moral self-reflection, self-enlightenment or self-criticism, based in part on the pilot material. The following areas of potential conflict and tension are the author's best candidates, each formulated in a thesis format, with a few additional thoughts and recommendations. The best approach might be to offer the following alternatives through the intranet and then let the participants decide which topics are most interesting *to them* and best suited for collective, constructive self-criticism.

1) Most real estate agents have an unexploited potential in the form of forgotten *moral conflict experience*, of the dilemma, temptation or powerlessness type, with themselves as participants or as observers.[27] Trying to recall, formulate well and share such experience is a good and important way of starting an interesting and critical-constructive industry and professional ethical discussion. The most promising next step is perhaps to understand how important it is but how difficult it can be to give a really convincing, good enough *ethical justification* of one's suggested solution to a conflict.

2) Real estate agent roles (in the Norwegian tradition and in similar traditions in other countries) contain a more or less clear potential *conflict between three sub-roles* (sales, brokerage and advice-giving), which can be handled more or less wisely and convincingly. These sub-role differences and distinctions have potentially positive and/or negative functions, that is, sub-roles can sometimes fruitfully *discipline* and reinforce one another mutually, and sometimes be used for a *denial of responsibility* and for moral neutralization (Sykes and Matza, 1957) - whenever one under-performs as a sales agent, as an intermediary or as an adviser.

3) The widely known and mentioned legal formula of *proper real estate agent practice* (in Norwegian *God meglerskikk*) leaves it more or less to the agents themselves to define it, produce and reproduce it "through practice" and then evaluate it in terms of good enough or not good enough,[28] or perhaps if it is

---

27 In such a context, one could perhaps also invite an intranet discussion about the low survey response rate (of 20%) and the high proportion of agents not recalling a moral conflict situation when being asked an open question about this (39%)

28 The survey also contained a simple question about this term. After some recoding of "other" responses, 29% of the respondents wanted to use the term for sorting out the worst colleagues, 24% picked the answer closest to the legal definition (that is "slightly better than average"), while the clear

equivalent to a mode, a median or an average practice.[29] Still another angle could be to read proper real estate agent practice as the real estate agents' *collective conscience,* their *moral self-image,* or more sceptically as their potential collective *moral self-betrayal.*

4) Another topic could be the tension between the agents' perhaps *positive* professional self-image and a rather *negative* reputation in public opinion, how deserved such a negative reputation feels and how one would suggest addressing such a reputation, internally and externally, e.g. by emphasizing professionalism or professional ethics, or perhaps by requiring continued education.

5) There is also a potential tension between, on the one hand, an ideal of voluntary, inner-directed ethical self-regulation and self-governance, i.e. taking responsibility for the ethical climate of the industry and profession and, on the other hand, outer-direction by legislative intervention. Beyond the well-known strengths and weaknesses of ethical versus legal approaches, the potential for unintentional negative side effects and the handling of legal grey areas[30] are perhaps most interesting to discuss, for example in a Socratic dialogue or at least an intranet dialogue about the agents' own understandings[31] of illegal versus legal, ethical versus ethically disputable and *legal* versus *ethical* behavior, and what the pros and cons are of legal versus ethical regulation.

6) *Market climate and moral climate.* Most of the empirical material referred to above was collected during 2007, when the Norwegian real estate market was still a hot sellers' market. Meanwhile, the real estate market has faced a historical drop and turned into a buyers' market. For agents, an extremely slow market means a risk of bankruptcy and losing jobs, and for the ones left it normally means competing more and working more, even much more, for clearly less pay per working hour (at least as long as one uses the dominant commission system, which has been almost unfairly beneficial to the agents in times when properties almost sold themselves). Such an extreme shift obviously deserves a before-after

---

majority (48%) identified proper practice as average practice (i.e. more ordinary than the good guy role models, but better than the clearly bad guys).

[29] In addition, when looking at parts of the survey material, one wonders if agent morality and practice is too heterogeneous to be grasped by such a formula at all.

[30] Cf. once more the introductory narrative where the question is if agents want to hide behind an ethics-free interpretation of the law, e.g. 'as long as it's not clearly illegal it must be ok'

[31] Differences in the understanding of the law versus ethics distinction are likely to affect how respondents understand and answer several pilot survey questions, e.g. the referred-to open ended question about moral conflict experience where a minimalist or pre-conventional ethics understanding

comparison study, about possible moral climate change as a consequence of market climate change. For the time being and perhaps as a preparation of such a study, one could ask the agents to share their experiences on the intranet site (as mentioned above already, this topic functioned really well in the 2008 focus groups).

7) *Ethics education* among real estate agents *before* and *after entering the career.* An industry's and a profession's moral climate is a function of moral socialization, of future and of newcomer real estate agents. In other words, both industry associations and educational institutions for real estate agents carry their share of responsibility for which qualifications and competencies real estate agents and students are equipped with, moral competencies and moral socialization included, both through explicit law and ethics courses, but also and perhaps even more so through what teachers and practitioners communicate, not least as role models. Even if such a topic is clearly less "hot" than the others, it is generally important to address it, for example, on the planned intranet website, to make sure that ethics courses and ethics seminars are perceived as relevant, useful and accessible by their target groups. Some remarks during both student and practitioner focus groups suggest some criticism of how ethics is taught at present, often in the periphery of the program in general and the periphery of other courses in particular. With this in mind, one could perhaps invite constructive criticism, drawing out what ethics teaching should not be like, and then asking for suggestions of how to do it better.

Concluding remarks

This article has presented a procedure and offered some tools with the aim of delaying our own moral criticism of real estate agent ethics, and instead giving the responsibility for moral self-criticism and climate change to the moral subjects and owners of the climate themselves. Norwegian real estate agents, representing both an industry and a profession, serve as an example. This is a target group worth looking at, for many readers of this article would, almost as a reflex, expect a low demand for and a high need for constructive moral self-criticism among such agents. Although the article contains references to empirical material, this material is not used traditionally, for drawing conclusions, but instead for suggesting a kind of continuous action-

could suggest ethical=not illegal=not having been caught for breaking the law, an as a consequence

research, in shared ownership with the real estate agents, encouraging them towards self-reflection and self-criticism. As this article has a somewhat untraditional objective and design, one cannot draw a traditional conclusion. But a repetition of some main points and theses makes sense.

1. Adopting a role ethics approach suggests focusing on *role-related moral conflicts*, for example, between conflicting duties or between individual and role ethics and role expectations. Role ethics is also about inviting critical and self-critical *reflection* related to role behavior.

2. Stories of everyday moral conflict represent fruitful points of departure for industry and professional ethical discussions, both in informal and in staged settings, such as focus groups and intranet blogs.

3. One approach would be to fall back on the law and to analyze such stories like lawyers in terms of what is legal and illegal. In parallel to lawyers, however, sociologists offer another set of tools, that is, concepts and models for a better understanding of the potential for moral role conflict faced by real estate agents – for example between duties towards the different parties in an assignment, or between duties as sales agents, as intermediaries and as advisers.

4. In addition to outsider experts, one should always also ask the agents themselves for their stories, their perceptions of risks of moral conflict, their beliefs in ethical codes, and for their recommendations in hypothetical moral conflict situations. Empirical work makes sense, both as an opportunity for listening to the main moral subjects, in a way which is both fair and ultimately wise, and for producing raw material which then can be fed back as an invitation to self-reflection and self-criticism.

5. Such an empathetic and constructive critical action research approach[32] can be justified with a reference to a mix of Rorty- and Socrates-inspired arguments, in favor of a focus on practical ethics work and on self-criticism.

6. Empirical findings on Norwegian real estate agent role ethics are not reported in much depth in the article, which has another aim, concentrating instead on the

---

answering open moral conflict experience questions with a simple "no".

[32]   Regarding the key question of how empirical research, whether understanding itself as action research or not, could and should function as painting a positive or critical picture, cf. for example Kemmis (2008) or classical Critical Theory references about bridge building between a critique of ideology and empirical social science, such as Horkheime(1972), or about transcending technical and practical research motives for critical ones Habermas(1972)cf. esp. the appendix, 301-317, which is a transcript of Habermas' inauguration lecture ms.)

potential use of the question formats and results from the study to a propose an intranet discussion that is both constructive and critical.

7. Keeping the promise made in the title of the article, there are also two sections presenting a mix of planned intranet tools for obtaining relevant information, and for experience-sharing, self-assessment, blogging and online ethics teaching. The article finishes with a suggestion of seven topics which could be used to start lively and useful discussions on the ethics of being a real estate agent.

References

Bråten, S.: 1983, *Dialogens vilkår i datasamfunnet* (Universitetsforlaget, Oslo)

Bråten, S.: 2000, *Modellmakt og altersentrerte spedbarn* (Sigma, Bergen)

Brinkmann, J.: 1994, *Sosiologiske grunnbegreper* (Basic sociological concepts), (Adnotam, Oslo)

Brinkmann, J.: 2000, 'Real Estate Agent Ethics. Selected Findings from Two Norwegian Studies', *Business Ethics: A European Review*, **9**, 163-173

Brinkmann, J.: 2002, 'Marketing Ethics as Professional Ethics. Concepts, Approaches and Typologies', *Journal of Business Ethics*, **41**, 159-177

Brinkmann, J.: 2007, 'Responsibility Sharing (Elements of a Framework for Understanding Insurance Business Ethics)', *Research in Ethical Issues in Organizations*, 7 (Elsevier, Amsterdam), 85-113

Brinkmann, J.: 2008, *Ubehagelig næringslivsetikk* (Uneasy Business Ethics) (Licentia, Bodø)

Brinkmann, J. and A.-M. Henriksen: 2007, 'Vocational Ethics as a Subspecialty of Business Ethics – Structuring a Research and Teaching Field', *Journal of Business Ethics* (electronic version, aug. 07)

Brinkmann, J. and K.J. Ims: 2003, 'Good intentions aside: drafting a functionalist look at codes of ethics', *Business Ethics: A European Review*, **12**, 265-274

Brinkmann, J. and K.J. Ims: 2004, 'A Conflict Case Approach to Business Ethics', *Journal of Business Ethics* **53**, 123-136

Brinkmann, J. and R. Sims: 2001, 'Stakeholder-Sensitive Business Ethics Teaching', *Teaching Business Ethics*, **5**, 71-193

Castro, B.: 1994, 'Knowing Ourselves', *Business Ethics Quarterly,* **4**, 181-190

Chadwick, R.: 2000, 'Professional Ethics', in: G. de Stexhe and J. Verstraaten, eds., *Foundations for Professional Ethics,* (Peeters, Leuwen), 47-56

Clarke, M.J., D. Smith and M. McConville: 1994, *Slippery Customers* (Blackstone, London)

Clarke, M.J.: 1995, 'Ethical dilemmas for estate agents', *Business Ethics: A European Review*, **4**, 70-75

Habermas, J.: 1972, *Knowledge and Human Interests* (Heinemann, London)

Høivik, H.v.W. and A. Føllesdal: 1995, eds., *Ethics and Consultancy* (Kluwer, Dordrecht)

Horkheimer, M.: 1972, 'Traditional and Critical Theory', in: *Critical Theory: Selected Essays* (Herder and Herder, New York), 188-243 (2002 paperback ed., Continuum, New York).

Izzo, G.: 2000, 'Compulsory Ethics Education and the Cognitive Moral Development of Salespeople: A Quasi-Experimental Assessment', *Journal of Business Ethics*, **28**, 223-241

Izzo, G.M., B.E. Langford and S. Vitell: 2006, 'Investigating the Efficacy of Interactive Ethics Education: A Difference in Pedagogical Emphasis', *Journal of Marketing Theory and Practice*, **14**, 239-248

Kemmis, S.: 2008, 'Critical Theory and Participatory Action Research', in: P. Reason and H. Bradbury, *The Sage Handbook of Action Research, Participative Inquiry and Practice* 2nd ed (Sage, Los Angeles), 121-138

Larsen, J.E., J.W. Coleman and J.A. Petrick: 2007, 'The Ethics of Real Estate Agents: A Comparison of Realtor and Public Perceptions', *Journal of Real Estate Practice and Education*, **10**; 41-60

Kohlberg, L.: 1985, 'A Current Statement on Some Theoretical Issues', in S. Mogil and C. Mogil, eds., *Lawrence Kohlberg, Consensus and Controversy* (Falmer Press, Philadelphia), 485-546.

Long, D.H.: 1998, *Doing The Right Thing: A Real Estate Practitioner's Guide To Ethical Decision-Making* (Prentice Hall, Upper Saddle River NJ)

Martin, K.D. and J.B. Cullen, 2006, 'Continuities and Extensions of Ethical Climate Theory: A Meta-Analytic Review', *Journal of Business Ethics*, **69**, 175-194

McClaren, N.: 2000, 'Ethics in Personal Selling and Sales Management: A Review of the Literature Focusing on Empirical Findings and Conceptual Foundations', *Journal of Business Ethics*, 27, 285-303

Miller, N.G.: 1999, 'Ethics as economically influenced: A preliminary test', S.E. Roulac, ed., *Ethics in Real Estate* (Kluwer, Boston), 153-161

Murphy, P.E., G.R. Laczniak, N.E. Bowie, Th.A. Klein: 2005, *Ethical Marketing*, (Prentice-Hall, Upper Saddle River NJ)

NOU 2006:1, *Eiendomsmegling* (Norwegian Governmental Inquiries, Real Estate Agency)

Okoruwa, A.A. and A.F. Thompson: 1999, 'An empirical analysis of real estate brokerage ethics' (in Roulac, 1999, 257-272)

Petrick, J.A.: 2008, 'Integrity', in: *Encyclopedia of business ethics and society* (Sage, Thousand Oaks), 1141-1144

Rorty, R.: 2006, 'Is Philosophy relevant to Applied Ethics?' *Business Ethics Quarterly*, **16**, 369-380

Roulac, S.E.: 1999, ed., *Ethics in Real Estate* (Kluwer, Boston)

Sykes, G.M. and D. Matza, 1957, 'Techniques of Neutralization: A Theory of Delinquency', *American Sociological Review,* **22**, 664-670

Appendix 1:

Scenario texts and bivariate frequency distributions (simplified tables, vertical %)

Dilemma and justifications	Justification by advice given (action chosen)				Justi-fication by case, (constant advice/choice)
After receiving a sales-assignment and after showing the property, estate agent **Hansen** realizes that the seller obviously does not have the intention of selling to foreigners from far-away countries. The justification is a fear that the neighbor property's value might decline and that might hurt the neighbors who happen to be good friends. Hansen has returned to his/her office and received the first offers, also from bidders from far-away countries who appear to be quite eager. Which advice would you give the agent? What is the most important moral justification for your advice?					
Advice and justification	Loyalty towards seller	Neutral	Distance		all
principled ("this is right, as a question of principle")	57,1	38,6%	70,8%		48,1%
utilitarian ("look for the best solution for all parties")	28,6%	53,5%	8,3%		40,2%
n (100%)	7	127	48		189
Due to a significant interest increase the real estate market has dropped somewhat. A home owner (with average income) is forced to sell quickly in order to prevent loss of equity and credit rating problems. Real estate agent **Bakke** recommends an advertisement with a formulation 'priced below market value for quick sale'. The first potential buyer at a showing (and the only seriously interested one) gives the real estate agent confidential information that he is under economic pressure and needs a reasonably priced home. He also shows a guarantor note from a welfare office which together with a savings statement from a bank documents a bid on the asked price level. He then asks the agent to recommend his bid to the seller. Which advice would you give the agent? What is the most important moral justification for your advice?					
Advice and justification	Recommend accepting	(Cautiously) recommend accepting	Neutral	Gain time	all
principled ("this is right, as a question of principle")	31,3%	33,3%	47,0%	36,8%	40,7%
utilitarian ("look for the best solution for all parties")	60,4%	57,1%	48,2%	47,4%	50,8%
n (100%)	48	21	83	19	189

A couple hires agent **Torp** to sell their home. Agent Torp receives the keys in order to show the apartment. When Torp collects all the papers after a house showing he accidentally sees a draft of a separation contract between the spouses which assumes that the wife should stay in the apartment and pay the husband half of the assessed market price, equal to the highest proper bid after a proper showing assisted by a real estate agent. Two parties seem highly interested and show both willingness and capability to pay a very good price. One of these parties, however, doesn't wish to participate in several bidding rounds and asks the real estate agent how high a bid the seller would accept instantly. Which advice would you give the agent? What is the most important moral justification for your advice?

Advice and justification	Market price	Time out for thinking	Voice or exit		all
principled ("this is right, as a question of principle")	64,0%	19,0%	63,5%		57,7%
utilitarian ("look for the best solution for all parties")	27,0%	57,1%	15,9%		27,0%
n (100%)	100	21	63		189

Agent **Dal** has had a showing and receives bids. Dal has noticed that couple A has a clear need for a larger appartment since they expect their second child and are heavily interested in an affordable two-bedroom appartment with an assessed market value of 300 000€. The agent knows that their upper limit is slightly above 310 000€. The agent's guess of a realistic price is somewhere between 300 000€ and 310 000€. Among the bidders only couple A and an investor B are left. B often purchases apartments via agent Dal for the purpose of quickly repackaging them and then selling them again. He also gives Dal selling assignments for such properties. B's bid is 305 000 with a one hour deadline. Couple A's bid of 306 000 has a deadline to the end of the working day. Dal has phoned B twice during the last half hour and left an answering machine message, but B has not got back to Dal. Dal has a personal commitment to referee a small boys football game some 20 minutes ahead. Assume you are in Dal's shoes. What would you do?

Advice and justification	Recommend seller to accept couple A's offer	Recommend the seller to make a counter-offer	Try to persuade couple A to extend the deadline		all
principled ("this is right, as a question of principle")	87,0%	31,3%	33,9%		53,5%
utilitarian ("look for the best solution for all parties")	7,4%	50,0%	52,5%		35,1%
n (100%)	54	16	59		185

Appendix 2:
Moral conflicts faced by Norwegian real estate agents
(grouped by ethics code sections, sub-roles, and role conflict risk)[33]

	% who never expe- rience	% who occa- sionally experi- ence	% who judge situation as very serious	risk score (the higher the risk the lower the score, frequency x seriousness)
a) Broader areas of potential role conflict as outlined by the ethics code				
Transactions through own company/own transactions (§§ 4, 5)	78	5	67	6,4
Execution of the Agency Assignment (§ 3)	32	9	40	6,7
Updating one's knowledge (cf § 8)	29	15	30	6,8
Advice (§ 6)	37	15	31	7,0
Marketing (§ 7)	41	12	16	7,9
Acceptance of Agency Assignments (§ 2)	45	6	26	8,3
b) Information handling, advice- and intermediary-related norms				
Incomplete truth	34	18	58	5,6
Imperfect control of information	28	18	46	5,8
Confidentiality duties	50	10	58	6,1
(Updating one's knowledge)	29	15	30	6,8
(Advice)	37	15	31	7,0
c) Balancing of interests and intermediary-related norms				
Sufficient work quality for client under time pressure	23	27	39	5,7
Neutrality as intermediate	41	14	53	5,9
Caring for obviously vulnerable party	57	16	35	6,6
Relationship between seller's and own interests	57	4	42	7,3
n	**187**	**187**	**175**	**175**

---

[33]   Three other kinds of potential sources of moral conflict which are not reported in exhibit #2 concern relations to colleagues, work performance, expectations of competency and judgement.

Appendix 3
Arguments for and against ethical codes among Norwegian real estate agents (by relative support, including correlations with a code support scale)

	agents' mean score (n 187)	correlation (r) between item and scale
Ethical codes are useful for agents who want to refuse unethical requests from customers	5,6	,58
Ethical codes contribute to improving the reputation of the industry association and its members	5,4	(not included)
Ethical codes improve the ethics of the profession	5,3	,46
Ethical codes protect inefficient companies and hamper quick growth in companies and in the industry (inverse item)	1,7	(not included)
The legal regulation of real estate agency is sufficient. An additional ethical code is not really necessary (inverse item)	1,8	,71
A strong focus on ethical codes can weaken an individual sense of responsibility (inverse item)	2,0	,66
Individual role models are more important for morality than ethical codes (inverse item)	3,1	,62