

**An Analysis of the Factors That Influence University Student Interest in the
Appraisal Profession**

by

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UNIVERSITY STUDENT INTEREST IN THE APPRAISAL
PROFESSION

ABSTRACT

Real estate appraisal, by its very nature, is a labor intensive business. The success or failure of the profession will revolve around its ability to attract, train, and retain the best people. This paper looks at the attitudes of undergraduate students majoring in real estate and/or finance towards the real estate appraisal profession. The students were divided into two groups based on their interest in becoming a real estate appraiser. Each student filled out a questionnaire that measured their psychological profile, value systems, financial reward expectations, academic performance, appraisal education, and personal contact with members of the appraisal profession.

The results indicate that the real estate appraisal profession is one of the least desirable of the professions studied. This negative attitude towards the appraisal profession, however, can be reversed by increasing student exposure to the real estate appraisal profession.

INTRODUCTION

Over the last twenty years the quantity and the quality of the data available to appraisers has greatly improved. This has been accompanied by major improvements in professional education, methodology and standards. For this to result in higher prestige and higher earnings the appraisal profession must attract, train, and retain the best people. This paper will examine the attitudes of university undergraduate students towards the appraisal profession.

The purpose of this paper is to determine what factors impact on student interest in the appraisal profession. The factors considered fall into four categories. The first category is psychological profile and value system variables. These variables will be used to determine if interest in the appraisal profession is driven by the psychological makeup of the students. The second category will examine if academic performance has an impact on the level of interest in the real estate appraisal profession. The

third category will look at anticipated financial reward. Finally, the fourth category will examine the impact of exposure to the appraisal profession. Exposure to the real estate appraisal profession will be measured in two ways, completion of a course in real estate appraisal and personal contact with appraisers.

METHODOLOGY AND DATA

The sample consisted of 166 undergraduate students in the Department of Finance, Real Estate, and Insurance at California State University, Northridge. Of the 166 students, eighty-four indicated that they intended to pursue a career in real estate. In the first part of the questionnaire the students pursuing a real estate career were asked how likely it is that they will be working in each of thirteen real estate and finance related professions. The thirteen professions selected were the most common professions that had been selected in the past by finance/real estate students. The students rated their responses from 0 to 10, with 0 indicating that there is no possibility that they will be working in that profession and 10 indicating that they will very likely be working in that profession. The thirteen professions used and the mean student response scores for those pursuing a career in real estate are listed in Table I.

----- Insert Table I here -----

The results indicate that real estate appraisal is the least desirable of the five real estate professions. Real estate appraisal also scored lower than seven of the eight non-real estate professions. Although the law profession is very popular for many college students, the finance/real estate students in this study were more likely to choose real estate appraisal as a profession.

For each of the professions, all of the students were also asked how desirable, on the basis of 0 to 10, each profession was to the general public. The results are indicated in Table II.

----- Insert Table II here -----

Tables I and II indicate that the students believe that real estate appraisal is the least desirable of the thirteen professions. The law profession that received the lowest score when the students were selecting their own job had one of the highest scores when the students were asked about the interest of the general public.

In order to investigate the factors that cause this low interest in real estate appraisal, we divided the students pursuing a real estate career into two groups based on their interest in real estate appraisal. Those students that expressed an interest level of 6 or higher were classified as having a high interest in real estate appraisal. Those students with scores of 5 or less were classified as having a low interest in real estate appraisal.

CONCEPTUAL FRAMEWORK

If the analysis is to truly explain the factors that influence student interest in the real estate appraisal profession, we must examine those variables that influence choice behavior. This section of the paper will identify potentially important variables that must be considered in the development of the

model. The variables identified can be divided into four categories. These are psychological attributes, academic performance, financial reward, and exposure to the appraisal profession.

PSYCHOLOGICAL ATTRIBUTES

The first set of variables examines if interest in becoming an appraiser is determined by the internal psychology of the student. For each psychological attribute, except locus of control, the students' responses to a series of statements were analyzed and scored on a basis of 1 to 6, with 6 indicating strong agreement. The scoring for locus of control is explained below.

Our values and beliefs towards work often determine the occupations we select and the type of employer we choose. The first twelve variables examine the psychological makeup of the students. Students that have a high interest in the appraisal profession will be compared to those with low interest. Each of these twelve variables is explained below and the results are summarized in Table III.

Leisure Ethic: A person who approaches work driven by a leisure ethic regards work as a means to personal fulfillment through its ability to allow the worker to pursue leisure activities. Those students who scored high on this attribute expressed the beliefs that leisure time was more interesting than work and that they measured success by how much time was freed up for leisure time pursuits.

Work Ethic: A person who is driven by the work ethic believes that work is good in itself, offers dignity to a person, and that success is a result of personal effort. Students with a high score in this category expressed the belief that work was more enjoyable than leisure, that hard work was a test of one's character, that they received great satisfaction from hard work, and that hard work could overcome all obstacles.

Humanistic Belief System: The humanistic belief system holds the view that individual growth and development in the job is more important than output. Students who scored high in this category would expect their job to be a source of new experiences, a means for self-expression, and would be willing to trade-off income for personal development.

Organizational Belief System: An organizational belief system espouses the view that work takes on meaning only as it affects the organization and contributes to one's position at work. Those students who followed an organizational belief system placed a high importance on conformity, preferred to work together in a group even if they received less credit for their work, and felt that decisions made by a group were probably better than those made by individuals.

Social Status: For some people, career choice is driven by social status; that is, the desire to gain the respect and admiration of other people. Students who scored high on this scale expressed the opinion that the type of job one held was an important and necessary component in gaining social status.

Social Needs: In addition to providing income, some people look to their jobs to provide them with a social network. Other people draw a sharp line between work and pleasure and prefer to have limited contact with their fellow workers outside of work-related activities. The students were asked a series of questions to measure whether they wanted their job to provide them with social opportunities.

Upwardly Striving: Should the job you select be thought of as merely a stepping-stone to a better job or should you find a job you are happy with and stick with it. The students were tested on their desire to be upwardly striving. Those who were upwardly striving were willing to take less money if the job offered opportunities for advancement, felt that a person should always be looking for a better job, and believed that one should strive for higher goals rather than accept life as it is.

Attitude Towards Earnings: For some people motivation for work is driven primarily to accumulate wealth. Students who had high scores on this scale expressed the opinion that job selection should be based primarily on higher income and that the amount of money you made was the most important reason for work.

Intrinsic Motivation: The extent to which an employee is motivated to perform because of subjective rewards or internal feelings he or she expects as a result of performing well is called intrinsic motivation. Students who displayed strong intrinsic motivation expressed a sense of satisfaction when they do their job well and unhappiness when they do not perform to their usual standard.

Variety: Some people like a job that is predictable even if that means that they are doing the same thing every day. On the other hand, some people are attracted to jobs that offer a wide variety of experiences. The students were tested on their desire for job variety. On the questionnaire those who wanted job variety expressed the desire to have a job which enabled them to meet different people, provided them with different problems, did not have set work hours, and did not have a set routine.

Locus of Control: People experience both positive and negative experiences in their life. How they react and adapt to these experiences will often depend upon how strongly they believe that they are in control of their own destiny. If they interpret their experiences to be contingent upon their own actions, they have an internal locus of control. In other words, individuals with a strong internal locus of control would believe that they are the cause of their own successes and failures. If people believe that their lives are a product of outside forces that are beyond their control, they have an external locus of control. Studies have indicated that most successful managers have a strong internal locus of control. A study by Bleich and Davidson (2003) showed that new real estate agents had very strong internal scores. According to Rotter (1966) people with a high internal locus of control are more likely to be attentive to aspects of the environment that provide useful information for the future, engage in actions to improve their environment, place greater emphasis on striving for achievement, are more inclined to develop their own skills, ask more questions, and remember more information than people with an external locus of control. Internals are also better equipped to handle stressful situations (Anderson, Hellreigel & Slocum, 1977) and more likely to engage in entrepreneurial activity (Durand & Shea, 1974). On the other hand, research has also found that an internal locus of control is not always a positive attribute. For example, individuals with an external locus of control have been found to be more inclined to initiate structure as

leaders and to show consideration to people (Durand & Shea, 1974). Internals are less likely to comply with leader directions and are less accurate in processing feedback about successes and failures than externals (Cravens & Worchel, 1977). Internals also had more difficulty arriving at decisions when those decisions had serious consequences for someone else (Wheeler & Davis, 1979).

Each of the students was given a standard questionnaire to measure his/her locus of control. The scores could vary from a minimum of 0 to a maximum of 23. A low score is indicative of an internal locus of control. The scores for each of these psychological profile variables are shown in Table III. Those variables that were significantly different between the two groups are indicated with asterisks.

----- Insert Table III here -----
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Only two of the twelve psychological variables showed significant differences between the high and low interest groups. Students with a high interest in the real estate appraisal profession had significantly higher scores on the humanistic and organizational belief systems. Although the appraisal profession has no control over student belief systems, these scores may indicate how the profession can be successfully marketed to university students. Emphasis should be placed on the fact that the profession can be an excellent source of new experiences and personal development. Knowledge gained while working as an appraiser can enable an appraiser to develop the personal skills required for success in all aspects of real estate.

ACADEMIC PERFORMANCE

The data in Tables I and II indicates that the appraisal profession is one of the least desired by those students pursuing a career in real estate. Will the profession therefore attract students that don't do as well academically as their classmates? In this section we will compare the grade point averages of students with high and low interest in the real estate appraisal profession. The results are summarized in Table IV.

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Although the students expressing a high interest in the real estate appraisal profession had a slightly higher GPA, it was not statistically significant. This implies that the level of student interest in the real estate appraisal profession cannot be explained by academic performance. Students with higher grades are just as likely to be attracted to the appraisal profession.

FINANCIAL REWARD

One of the possible reasons for selecting our profession is to maximize wealth by earning a high income from our job. Can student interest in real estate appraisal be explained by student expectations of their future salary? Will students with higher salary expectations show a lower interest in the real estate appraisal profession? Students were asked what they expected to be earning after five years of work experience. They were also asked how much someone with five years of work experience would earn in each of the thirteen professions. The results are summarized in Tables V and VI.

----- Insert Tables V and VI here -----

Although the students believe that real estate appraiser salaries are at the lower end of the real estate professions, this does not appear to affect their level of interest in the profession. When students are divided into the high and low interest groups there is no significant difference in their expected earnings after five years of work experience. This is consistent with our previous findings for the Attitude Towards Earnings and Humanistic Belief System variables in Table III.

EXPOSURE TO THE REAL ESTATE APPRAISAL PROFESSION

In this section of the study we will examine if student interest in the real estate profession is driven by their lack of knowledge about the profession. There are different ways that students can learn about the real estate appraisal profession. The two ways explored in this paper are appraisal education and personal contact with people working in the real estate appraisal profession.

Appraisal Education

The next part of this paper examines whether real estate appraisal education will have an impact on student interest in the appraisal profession. The university offers one course titled Real Estate Valuation. Will taking the appraisal course change student attitudes towards the profession? The results are indicated in Table VII.

----- Insert Table VII here -----

The results indicate that appraisal education will have an impact on student interest in the appraisal profession. Among those students who had not taken the real estate appraisal course, only 23% had a high interest in the appraisal profession. Of those students that had taken the course, the percentage with a high interest increased from 23% to 41%. This was significant at the 10% significance level.

Personal Contact with Appraisers

Another method of learning about the appraisal profession is to have contact with people in the profession. Contact with an appraiser could be through personal contact with family and friends or through professional contact through employment, such as banking, that utilizes appraisers. The next part of this paper will examine if students who know a real estate appraiser will have a higher interest in the profession. Students who were pursuing a career in real estate were asked if they know someone in the real estate appraisal profession. The students were then divided into two groups, those who knew at least one appraiser and those who had no personal contact with an appraiser. Each of these two groups was then subdivided into those with a high interest in real estate appraisal and those with a low interest in the profession. The results are summarized in Table VIII.

----- Insert Table VIII here -----

Personal contact with real estate appraisers appears to have the highest impact on the level of student interest in the profession. Only 18% of the students who had no personal contact with a real estate appraiser displayed a high interest in the profession. On the other hand, nearly half of the students who had personal contact with a real estate appraiser displayed a high interest in the profession. The results are significant at the 5% significance level.

Combination of education and personal contact

Tables VII and VIII indicate that either appraisal education or personal contact will have a positive impact on student interest in the real estate profession. We will now examine if there is a stronger impact if the students both take the valuation course and also know an appraiser. In Table IX the students are divided into four groups. Those who took the real estate appraisal course and also know an appraiser, those who took the course but don't know an appraiser, those who know an appraiser but didn't take the valuation course, and finally those who neither know an appraiser nor took the valuation course. The results are summarized in Table IX.

----- Insert Table IX here -----

The results indicate that although only taking the valuation course or only knowing an appraiser will have a significant positive impact on student interest, the two together have an even greater impact.

CONCLUSIONS

When drawing conclusions from this study, it is important to emphasize that the conclusions apply to one segment of the population. The population segment examined in this study was business students majoring in finance and/or real estate at an urban public university. Some of the best appraisers today never set foot in a business school. How they were attracted to the real estate appraisal profession would be an interesting topic for another study. For this student segment of the population there is good news and bad news. The bad news is that the appraisal profession is looked upon as one of the least desirable of the thirteen professions tested in this study. Although the law profession scored lower than appraisal for student interest, it received one of the highest scores when the students were asked about the general public's interest in becoming a lawyer. The good news is that the study also indicates that these negative attitudes can be changed. The negative attitude towards the real estate appraisal profession appears to be driven by a lack of knowledge about the profession. Only 15% of the 26 students who did not take the real estate appraisal course and did not know an appraiser had a high interest in the real estate appraisal profession. This high interest percentage increased for students who either took the appraisal course or knew an appraiser. For those students who both took the appraisal course and knew an appraiser the percentage of those with a high interest in real estate appraisal almost quadrupled to 56%.

The major conclusion from this study is that undergraduate finance/real estate majors with strong academic records can be attracted to the appraisal profession. The best way to accomplish this is by increasing student exposure to the profession. A few suggestions are as follows:

- ? Appraisers should teach classes at local universities. Many universities are looking for adjunct professors to complement the work done by the full-time faculty.
- ? Appraisers can provide actual appraisals for use in university classes. After the class completes their versions of the appraisal, the appraiser can then visit the class and discuss the appraisal.
- ? Students are often looking for mentors from outside the universities. This can be very effective for those students that are considering real estate appraisal but do not know anyone in the profession.
- ? Appraisers should provide internships to students. This will serve the interests of both the students and the appraisers. An internship can serve as a three month interview by which both the appraiser and student can decide, without a major commitment, if it should lead to permanent employment.
- ? Appraisal organizations should invite students to their monthly meetings. This can provide networking opportunities for students that are considering real estate as a profession.
- ? Professional organizations can provide scholarships to students to cover the costs of attending classes and seminars offered by the organization.
- ? Students should be allowed to challenge, at nominal cost, the first exam(s) required to attain an appraisal designation. The exam(s) can be offered at the university upon completion of the appraisal class.
- ? Professional organizations should provide scholarships and awards to the top students.

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TABLE I

Five years from now will you be working in the following professions?

(0=no possibility, 10=certainly will)

	<u>Students Pursuing Real Estate Career</u> (n=84)
Financial Analyst (not real estate)	6.21
Real Estate Financial Analyst	6.14
Corporate Executive	5.98
Mortgage Broker/Banker	5.95
Financial Planner	5.70
Investment Banker	5.56
Consultant	5.54
Real Estate Broker/Sales Person (Residential)	5.11
Real Estate Broker/Sales Person (Commercial)	5.04
Portfolio Manager	4.87
Banker	4.38
Real Estate Appraiser	4.08
Lawyer	1.45

TABLE II

How desirable are the following professions to the general public?

(0=people would not go into that profession even if they were qualified and compatible with the demands of the profession, 10=most people would want to enter that profession if they were qualified and compatible with the demands of the profession.)

	<u>Students Pursuing Real Estate Career</u> (n=84)	<u>Students Not Pursuing Real Estate Career</u> (n=78)
Corporate Executive	8.81	8.49
Lawyer	8.04	7.49
Investment Banker	7.68	6.91
Consultant	7.42	6.92
Financial Analyst (not real estate)	7.35	6.68
Financial Planner	7.06	6.63
Mortgage Broker/Banker	6.82	5.49
Portfolio Manager	6.75	6.58
Banker	6.58	6.46
Real Estate Broker/Sales Person (Residential)	6.37	5.60
Real Estate Broker/Sales Person (Commercial)	6.37	5.24
Real Estate Financial Analyst	6.07	5.50
Real Estate Appraiser	4.82	4.29

TABLE III

**PSYCHOLOGICAL PROFILE ATTRIBUTES
Students Pursuing Real Estate Career
Mean Scores**

	Interest in Becoming a <u>Real Estate Appraiser</u>	
	<u>Low</u>	<u>High</u>
	N = 57	27
Belief Systems		
Leisure	3.90	4.19
Work Ethic	3.57	3.88
Humanistic	4.58	5.10 **
Organizational	3.70	4.35 **
Social Status	3.18	3.22
Social Needs	3.89	3.79
Upwardly Striving	3.96	4.09
Earnings	3.19	3.15
Intrinsic Motivation	5.08	5.35
Variety	3.58	3.57
Qualifications	4.56	4.69
Locus of Control	16.56	16.21

(**) Significant at the .01 level

(*) Significant at the .05 level

TABLE IV

**GRADE POINT AVERAGE
(Maximum = 4.0)**

Students Pursuing Real Estate Career
Mean Scores

	Interest in Becoming a <u>Real Estate Appraiser (*)</u>	
	<u>Low</u>	<u>High</u>
N =	56	26
Grade Point Average	2.856	2.995
Minimum	2.00	2.00
Maximum	3.94	3.82
Standard Deviation	.382	.494

(*) Two students, one in the high interest group and one in the low interest group, failed to indicate their grade point average.

Results are not significant.

TABLE V

For each of the professions listed below, indicate what would be a typical salary for an employee with five years of work experience (in thousands)

<u>Students Pursuing a Real Estate Career</u>				
(n=84)				
		<u>Mean</u>	<u>Median</u>	<u>Range</u>
Corporate Executive		87.4	72.5	30-400
Lawyer	83.3	75.0	10-250	
Real Estate Broker/Sales Person (Commercial)	71.4	60.0	25-500	
Investment Banker		67.8	60.0	30-250
Portfolio Manager		65.0	60.0	30-250
Financial Analyst (not real estate)		62.7	60.0	30-200
Financial Planner		60.4	56.5	30-150
Consultant		60.1	50.0	25-150
Mortgage Broker/Banker		58.5	50.0	30-200
Real Estate Financial Analyst		56.4	57.5	17-100
Real Estate Broker/Sales Person (Residential)	53.0	50.0	20-250	
Banker		49.3	45.0	20-150
Real Estate Appraiser		48.9	50.0	30-100

TABLE VI

STUDENT FINANCIAL REWARD

After five years, how much money will you be making annually from your job?

Students Pursuing Real Estate Career
Mean Expected Salaries
(In Thousands)

	Interest in Becoming a <u>Real Estate Appraiser</u>	
	<u>Low</u>	<u>High</u>
N =	57	27
Expected Salary	78.4	72.1
Minimum	35	30
Maximum	250	175

Results are not significant.

TABLE VII

REAL ESTATE APPRAISAL EDUCATION

Students Pursuing Real Estate Career

		<u>Interest in the appraisal profession</u>		
		<u>Low</u>	<u>High</u>	<u>Total</u>
Did the student complete the real estate appraisal course?	Yes	24 (59%)	17 (41%)	41 (100%)
	No	33 (77%)	10 (23%)	43 (100%)

Results are significant at the 10% level. (p=.07)

TABLE VIII

CONTACT WITH REAL ESTATE APPRAISER

Students Pursuing Real Estate Career

		<u>Interest in the appraisal profession</u>		
		<u>Low</u>	<u>High</u>	<u>Total</u>
Does the student know someone in the real estate appraisal profession?	Yes	21 (52%)	19 (47%)	40 (100%)
	No	36 (81%)	8 (18%)	44 (100%)

Results are significant at the 5% level. (p=.04)

TABLE IX

EDUCATION AND CONTACT WITH APPRAISER COMBINED

Students Pursuing Real Estate Career

	<u>Interest in the appraisal profession</u>		<u>Total</u>
	<u>Low</u>	<u>High</u>	
Both appraisal course and know appraiser	10 (44%)	13 (56%)	23 (100%)
Know appraiser only	11 (65%)	6 (35%)	17 (100%)
Appraisal course only	14 (78%)	4 (22%)	18 (100%)
Neither appraisal course or know appraiser	22 (85%)	4 (15%)	<u>26</u> (100%)
			84

Results are significant at the 1% level.