

The Use of Professional Designations in the Real Estate Industry

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A series of surveys investigates the recognition by consumers of professional designations in a variety of financial services fields, but with an emphasis on the real estate industry. The results from the 1991, 1994 and 1996 surveys are consistent in revealing a general lack of recognition by consumers of professional designations, with the notable exception of the CPA. The CFP and CLU also fared somewhat better than the real estate designations examined both in terms of consumer recognition and perceived competence of those holding the designation. Consumers indicate, however, a generally strong desire for dealing with professionally designated individuals when making financial decisions.

I. INTRODUCTION

The real estate industry, particularly the brokerage and appraisal segments of the industry, has come under increasing scrutiny from both consumers and government in recent years. Evidence which indicates a lack of satisfaction with, and confidence in, real estate service providers continues to build. In 1983, a Gallup Poll found that only 13% of those surveyed believed that real estate salespeople had high or very high ethical standards, while 28% believed that real estate salespeople had low or very low ethical standards. By 1988, those who believed that real estate salespersons had high or very high ethical standards had remained constant at 13%, while those who believed they had low or very low ethical standards had risen to 34% (Filisko, 1989).

A 1989 survey of almost 72,000 readers who had sold property between 1985 and 1989 was conducted by *Consumer Reports* magazine (Do Real Estate..., 1990) on a related topic. Although most surveys of service providers conducted by the magazine indicate that about 10% of customers are left dissatisfied, the survey of real estate brokerage service users found that nearly one-third reported trouble of some type and about 20% were left

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dissatisfied—double the expected rate. These findings are consistent with a March 1989 survey conducted by the National Association of REALTORS. The much smaller NAR survey of 1,000 people who had recently worked with a real estate salesperson found that 82% were satisfied (Filisko, 1989).

Such reports, when combined with research which has indicated quite clearly that training, education and professional competence are important to consumers in selecting brokers and salespersons (Chamber, Dotson, & Dunlap, 1985; Little & Myers, 1991; Nelson & Nelson, 1991; Patton & Peterson, 1981) lend credibility to statements like that of a recent home seller that “[t]here are good and bad real estate salespeople, and you have to choose the right salesperson when you put your house on the market” (Filisko, 1989, p. 46). If we accept that the consuming public is wary of the real estate industry to some extent, then the process of communicating to clients that certain practitioners possess superior skills, training, experience, education and competence becomes critical. Most professions which deal directly with consumers in providing a service have turned to the use of professional certification and designation programs for this purpose.

II. THE CERTIFICATION AND DESIGNATION PROCESS

The term “professional certification,” as recognized by the awarding of a professional designation, is often confused with the terms “accreditation” and “licensing.” Although these terms are similar in that they all relate to standards of education, training, experience, and knowledge, there are distinct differences as summarized in Table 1 (Bratton & Hildebrand, 1980, p. 23).

In this paper the term designation is used to represent the completion of a professional certification program or process which then entitles the individual to advertise this fact through the use of a particular title which is abbreviated in use. The most common example of this is the CPA designation which is simply an abbreviation of *Certified Public Accountant*. Thus the term designation essentially becomes synonymous with the notion of certification.

For certifications (or designations) there must be an association or agency which establishes the program, administers or coordinates the educational programs and testing procedures, and markets the designation. There are numerous associations, probably too many to count (Davis, 1990, p. 40), which offer one or more designation programs. Perhaps the leading organization offering real estate designations is the National Association of Realtors (NAR) and its many affiliates. Technically, however, NAR does not issue any designations. Its most popular designation program, the GRI is administered separately in each state. Other designation programs are handled through the many Institutes, Societies and Councils of NAR.

TABLE 1
Distinctions Among Professional Credentials

<i>Type of Credential</i>	<i>Recipient of Credential</i>	<i>Credentialing Body</i>	<i>Required or Voluntary</i>
Accreditation	Programs	Association/Agency	Voluntary
Licensure	Individuals	Political Body	Required
Certification	Individuals	Association/Agency	Voluntary

Although a reported top executive of a national real estate organization describes designations of the "mail order" variety that "you can obtain by sending \$50 to get a certificate and some initials to put behind your name" (Davis, 1989, p. 157), there are usually specific requirements for obtaining professional designations. However, there are no specific standards which apply to the organizations sponsoring them. While NAR and its affiliates, as well as several other real estate organizations, are well known and have solid reputations, the same is not always true for other organizations. The National Commission for Health Certifying Agencies (NCHCA) was created in 1978 at the urging of the U.S. Department of Health and Human Services to foster consistent testing guidelines in the health professions. The NCHCA became, in effect, an organization which certifies organizations that offer certifications to members. With the rapidly growing interest in, and popularity of professional designations in fields outside the health area, the NCHCA created a sister organization, the National Commission for Professional and Occupational Certifying Agencies (NCPOCA), and placed it, with NCHCA, under the umbrella called the National Organization for Competency Assurance (NOCA). Thus there now exists an organization which establishes criteria for approving certifying agencies. NOCA even provides a package to assist organizations in developing certification programs.

III. GOALS OF CERTIFICATION PROGRAMS

The rapid proliferation of certification programs in many fields is testimony to the popularity of designations. Why, one might ask, are designations so popular? What need do these programs satisfy in the market? Commentators have suggested numerous criteria to be followed in structuring certification programs. Gilly and Galbraith, in a survey of professional associations and/or societies which had implemented or substantially revised a certification program within the past 20 years, identify ten qualification criteria for attaining certification (1988, p. 14). These are, in rank order of importance:

1. Professional experience;
2. Successful completion of a written examination;
3. Completion of a program of study or desired number of years of education;
4. Currently employed in the respective industry/trade/field;
5. Successful completion of a performance examination;
6. Membership in [the sponsoring] professional organization;
7. Completion of additional training and/or continuing education;
8. Evidence of ethical behavior;
9. Personal and/or professional references;
10. Completion of an oral evaluation and/or interview.

In a survey designated to measure the need for, and desired characteristics of, professional certification of individuals with a professional specialty in marketing research, McDaniel and Solano-Mendez identify a similar list of criteria for structuring a certification program (1993, p. 25). In order of importance, these are:

1. Evidence of ethical behavior;
2. Professional experience;
3. Current employment in the field;
4. Examination over knowledge in the field;
5. Academic preparation/program of study;
6. Personal and professional references;
7. Performance examination;
8. Membership in that professional organization;
9. Oral examination (i.e, demonstration of skills in a simulated exercise).

The importance of ethical behavior revealed in the McDaniel and Solano-Mendez survey is reflected in most certification programs. An often stated belief is that "...[a] certification program without a strong code of ethics would be a disservice to our profession, our clients, and ourselves" (Wukitsch, 1990b, p. 69). Some researchers, however, assert that "certification could be misleading to a naive client. Also, whereas certification cannot ensure ethical behavior, it could conceivably be used to mask unethical behavior" (Rittenburg & Mudock, 1994, p. 8).

In many cases, however, adherence to a code of ethics is a condition of membership in the sponsoring organization and is not contingent upon completion of a certification program. Such is the case with NAR. It is not necessary to complete, or even begin, any of the numerous certification programs available to retain membership in NAR. Thus adherence to NAR's code of ethics is not contingent upon obtaining a designation, nor do any of the designation programs carry more stringent ethical considerations.

The fields offering certification programs are generally those which deal directly with the public in some capacity. In most instances the push for certification is strongest when the field is one in which poor performance offers the potential for harm to consumers. Although this is most evident in the health professions, the potential for harm is also present in those fields that involve financial decisions.

In some instances, the protection of the public is insured through legislative methods. This is certainly true in the field of real estate brokerage, and has become the case for real estate appraisal (Lahey, Ott, & Lahey, 1993). The legal basis for licensing is, in fact, the need to protect the public welfare. Licensing statutes are permitted as an exercise of the police power of the states. Thus those fields which require licensing already have a mechanism to protect the public. Therefore, the existence of certification programs suggests that the minimum standards of practice required under the licensing statutes are not sufficient to adequately protect consumers, or that the licensing statutes are not adequately enforced.

IV. ADDITIONAL CERTIFICATION CONSIDERATIONS

The goals described above are those most often used to explain the need for creating or maintaining certification programs. The need for certification programs when any or all of these goals are not being met is clear. In the field of real estate brokerage, and most related real estate fields, these goals are generally met through legislative requirements (licensing and continuing education) or a strong national organization with an appropriate code of ethics.

Unless the public demands a standard of performance beyond that required by the combination of legislative and professional organization efforts, certification programs would appear to serve no real need. One of the major concerns voiced in the appraisal industry is “whether professional designations awarded by associations... will be as important, because all an appraiser needs to work for a federal-related institution or agency is to hold a state certificate or license, not a designation” (Davis, 1989, p. 154). There are, however, several additional factors which may explain the continued demand for designations. Nancye Kirk, staff vice president for the Institute of Real Estate Management, lists three “rewards of professional designations” (Professional Designations... 1987, p. 65):

1. Increased credibility and enhanced job opportunities;
2. Professional contacts which accompany association membership;
3. Enhanced earnings potential.

Glenn Crellin, formerly Vice President for Economics and Research at NAR, points out two additional reasons for certification. First, the mandatory continuing education (MCE) requirement found in real estate puts real estate agents back in the classroom. “Once in the class, the motivation to stay to receive something tangible for the effort is expanded. In many cases that result becomes a license or a designation” (Crellin, 1991). Crellin also points to a variation of the “enhanced professional contacts” role mentioned by Kirk. Approximately 70–80% of NAR’s membership operates in the general area of residential brokerage. Thus, finding a peer who specializes often becomes a difficult process. For many, the most reliable method of locating specialists is to seek out those agents who hold an appropriate designation.

Galbraith and Gilley (1985, p. 13) provide a summary list of “other purposes” for certification, including to:

- Promote professionalism;
- Enhance the prestige of the profession;
- Improve academic programs;
- Be an income producer;
- Distinguish individuals from peers and colleagues;
- Encourage individuals to remain in the profession;
- Avoid external governmental regulations;
- Stabilize individual’s job security;
- Protect clients/employees from incompetent practitioners; and
- Prevent cannibalism (the recruitment of individuals from other professional associations in order to strengthen one’s own).

These goals are obviously designed primarily with the welfare of the recipient of the designation in mind, not the user of the service. In similar fashion, Gilley (1988) suggests a seven-step plan to “market” a certification program. Interestingly, the marketing plan is “...focused on meeting the needs of certified or potentially certifiable individuals” (Gilley, 1988, p. 110). It would appear that in many fields (Gilley was speaking specifically about the interior design field), the concerns expressed by organizations do not relate in any

meaningful way to the unmet needs of clients. Rather they seem to be based, at least in part, on the need to generate revenue and other benefits associated with a successful certification program. Because certification "can guarantee only that an individual meets certain knowledge, education, and/or experience requirements, it cannot guarantee competence" (Rittenburg & Murdock, 1994, p. 7). Some researchers argue that "certification would benefit only those doing the certification, entrenched practitioners, and academics—not the public..." (Rittenburg & Murdock, 1994, p. 8).

Shimberg (1984, p. 14) similarly cites the ability of certification credentials to "...provide significant economic benefits to those who possess them." One danger in such programs is the temptation by sponsoring organizations "...to restrict the number of certified individuals by increasing the difficulty of the tests or increasing other qualifications, thereby giving special benefits to those who are already certified." The antitrust charge made under the Sherman Act is that such programs act as a "conspiracy to monopolize" trade in a particular market by creating membership restrictions for organizations or services essential to competing on an equal basis. Although frequently raised, this argument appears to have little, if any, validity. Webster, citing Internal Revenue Service and Federal Trade Commission rulings and guidelines, finds that "[a]ntitrust violations need not be engendered if the program is educational in nature, is open to all, and is not designed to fix prices, exclude members, or allocate markets" (1989, p. 132).

V. EVALUATING CERTIFICATION PROGRAMS

The evaluation of certification programs may proceed from the criteria developed by NOCA involving the structure of both the sponsoring organization and the certification program. There may be compelling reasons for the existence of a particular certification program based solely, or almost so, on the basic goals of certification described earlier. The certification programs in appraisal, for example, have their origins in meeting these needs in a field which until recently lacked legislative efforts. In similar fashion, the accounting industry has remained almost solely self regulated through the use of the CPA program.

The focus of this paper is on a field, real estate brokerage, which has long been characterized by strong legislative efforts in mandatory education, licensing, and continuing education. Such a field would not appear to be in need of independent certification programs. However, real estate brokerage boasts many certification programs that apply to individuals who must also comply with state licensing regulations and adhere to a comprehensive organizational code of ethics. Thus, with basic certification goals already met, there remain only two reasons why such programs exist:

1. Legislative efforts to protect the public are insufficient or are not enforced effectively.

If, for example, a distinction exists between complaints filed by consumers against certified brokers (or salespersons) as opposed to noncertified brokers, then a case could be made on this basis. Although there is very little, if any, research in this area, it would appear that such is not the case. The Hawaii Real Estate Commission, in preparing to initiate a MCE program, did note that in analyzing its complaint files "[i]t appears that licens-

ees with nine or more years of experience had a disproportionately higher number of complaints than did licensees with less than nine years” (Ordway & Yee, 1989, p. 13). This study, like other similar efforts, was aimed at an evaluation of the need for MCE and did not directly address the use of certification programs per se. It is implied, however, that since the certification programs had been available for a considerable time period prior to this finding, either licensees in Hawaii did not pursue such programs in sufficient numbers, or the certification programs did not provide the additional public protection desired. Unfortunately, since no research efforts have been aimed specifically at this question, only speculation is possible.

2. Certification programs provide member and organization benefits.

As discussed earlier, this reasoning seems to provide much of the basis for certification programs in certain fields. Since basic consumer protection needs have already been met through legislative efforts, real estate brokerage may fall in this category. If so, a certification program must meet only two criteria to be successful:

- Clients must express a desire for credentials and/or protection beyond those provided by basic licensure; and
- Clients must view those holding the designation as being more competent and/or more ethical than those who do not hold the designation.

In this context, it is not even essential that members of the general public recognize the designation. Recognition by the client group, however, is certainly a desirable feature. Clearly, those seeking certification must believe that the program they have selected meets these criteria or that the supplemental benefits described earlier are sufficient. Obtaining a designation, however, can be a difficult and costly process. Obtaining the CCIM designation, for example, is estimated to cost candidates a minimum of \$10,000 to \$15,000 (Davis, 1993, p. 78). Candidates continue to seek the designation, says Steven F. Pope, Executive Vice President of CIREI, because they “believe that they will have a better chance to survive if they have the CCIM designation” (Davis 1993, p. 78).

VI. REAL ESTATE BROKERAGE CLIENT SURVEYS

Lack of recognition by the ultimate consumer group for real estate industry designation holders does not, by itself, completely eliminate the desire to obtain such certification. A poor level of recognition would, however, cast into serious question the value in the marketplace of many real estate industry designations. This study undertakes an assessment of the client group for residential real estate brokerage with regard to familiarity with professional designations. The assessment consists of direct mail responses to three questions from a sample of potential real estate brokerage clients. The results of three such surveys are reported here. The first survey took place during 1991 and was sent to a sample of U.S. homeowners. The second survey took place during 1994 and was sent to recent home buyers. The third survey took place in 1996 and was also sent to recent home buyers. A different source of mailing labels was obtained for the second and third surveys. These national

lists consisted of names and addresses developed from public records of deed recordings for home sales which took place during January 1994 and January 1996, respectively.

The purpose of each survey is to investigate three aspects of client familiarity with professional designations. The first probes the level of *recognition* of a set of common professional designations, including one nonexistent designation. The second concerns the perceived level of *competence* for individuals with a designation when compared to individuals who do not hold the designation. The third involves a series of events which commonly call for the use of a service provider who may hold a professional designation. Respondents are asked to indicate how *important* it is that the provider hold an appropriate professional designation (even if they do not know what the appropriate designation might be).

A. The Survey Instrument

The survey instrument consists of questions addressing the three elements described above, along with introductory material describing the nature of the survey and a few demographic questions. Question number one provides the list of designations included in the study and asks respondents to indicate which type of business activity each is associated with. The list of designations, presented in alphabetic order, represents a cross-section of common nonhealth related professional business services. The designations, and the full title for each, are listed in Table 2. The "Type of Business Activity" information is based on the choices available to respondents.

In addition to the business activities listed in Table 2, two other choices are available. The only other business activity type listed is that of "marketing." The nonexistent CMR designation, which could stand for "Certified Market Researcher" if such a program existed, is provided for two reasons. First, to test the willingness of respondents to attribute a nonexistent designation to a type of business activity. Second, to provide some early information on the potential need for a certification program in the field of marketing research, an area which has recently generated interest in such a program (McDaniel & Solano-Mendez, 1993; Phillips, 1989; Rittenburg & Murdock, 1994; Schlossberg, 1989; Wukitsch, 1990a). The other choice is a "Do Not Recognize" option for designations not recognized by respondents.

Question number two, using the same set of designations from question one, asks respondents to rate the competence of someone who holds each of the designations when compared to an individual who does not have the designation but offers the service.

TABLE 2
Designations Used in Surveys

<i>Designation</i>	<i>Full Title</i>	<i>Type of Business Activity</i>
CCIM	Certified Commercial, Investment Member	Real Estate (General)
CFP	Certified Financial Planner	Financial Planning
CLU	Certified Life Underwriter	Insurance
CMR	N/A	Nonexistent Designation
CPA	Certified Public Accountant	Accounting
CRS	Certified Residential Specialist	Real Estate (General)
GRI	Graduate, Realtors Institute	Real Estate (General)
MAI	Member, Appraisal Institute	Real Estate (Appraisal)

Respondents are asked to rate designated individuals as being "Much More," "Equally," or "Less" competent than nondesignated individuals. The same "Do Not Recognize" option is available for this question as well.

The final question provides a list of personal and business situations. Respondents are asked to indicate how important it is, on a six point scale from "Extremely" (6) to "Not At All" (1) important, that the individual providing the service holds an appropriate professional designation, even if the appropriate designation is not known to them right now. A "Does Not Apply" field is provided for those instances where the respondent has never been in the described situation and does not expect to be in the future. The situations describe events that may call for professional services. Providers of such services could hold one of the designations provided in questions one and two. Thus, once again, health-related services are omitted.

B. The Survey Samples

The client group for real estate brokerage services consists of those individuals who are likely to have used, or are currently using, such services. The client group for the 1991 survey was defined simply as home owners. To tighten the focus of the survey, and provide a more reliable indicator of the recognition level of real estate brokerage designations, the second and third survey client groups consisted of recent home buyers. National samples were acquired from commercial mailing list services for each survey. In each case, the survey instrument, along with a postage paid return mail envelope, was sent to individuals from these lists. The 1991 survey was sent to a total of 950 individuals (selected from a larger list to include 475 female and 475 male names). A total of 126 questionnaires were returned for a response rate of 13.3%. The second and third surveys were sent to national samples, each comprised of 2,000 individuals who had recently purchased a home. These lists are developed on a continuing basis from deed recording information in public

TABLE 3
Demographic Characteristics of Sample Respondents

		<i>1996 Survey</i>	<i>1994 Survey</i>	<i>1991 Survey</i>
Sex:	Male	76.7%	64.0%	50.0%
	Female	23.3%	36.0%	50.0%
Age:	18-24	2.8%	1.2%	0.8%
	25-34	35.5%	35.2%	19.3%
	35-49	43.3%	44.2%	33.1%
	50-64	12.8%	12.7%	25.0%
	65 and over	<u>5.6%</u>	<u>6.7%</u>	<u>21.8%</u>
Total		100.0%	100.0%	100.0%
Total Household Income:				
	Under \$10,000	0.0%	0.0%	8.2%
	\$10,000-\$19,999	1.7%	1.9%	6.6%
	\$20,000-\$34,999	13.6%	14.3%	20.5%
	\$35,000-\$49,999	18.2%	24.8%	27.0%
	\$50,000-\$74,999	27.8%	27.3%	26.2%
	\$75,000-\$99,999	14.2%	19.9%	6.6%
	\$100,000-\$124,999	11.4%	6.8%	3.3%
	\$125,000 and over	<u>13.1%</u>	<u>5.0%</u>	<u>1.6%</u>
Total	100.0%	100.0%	100.0%	100.0%

records. The samples utilized for these surveys were from those who recorded deeds during January 1994 and January 1996, respectively. A total of 165 completed questionnaires were received from the 1994 survey for a response rate of 8.3%. In an effort to improve the response rate, a small gift was included in the 1996 survey mailing. The "gift" was a wallet card with information of how to calculate the "wind chill factor." Since the mailing came from the University of North Dakota, and was mailed in January, it was hoped the card would gain the recipient's attention and lead to an increased willingness to complete and return the survey instrument. However, the 1996 survey resulted in the return of 181 completed questionnaires for a response rate of only 9.1%.

Table 3 summarizes the demographic characteristics of the three survey respondent groups. Due to the selection process, the 1991 group is equally split between males and females. The 1994 and 1996 groups are based upon the names which appear in the public record and tend to be more heavily dominated by males. These 1994 and 1996 survey respondents are also younger and have slightly higher household income levels. The age differences are consistent with the sample characteristics, since younger families are somewhat more likely to be in the housing market (as opposed to all home owners).

C. Survey Results

Tables 4 through 7 summarize responses to the survey questions. Although it should come as no surprise, the CPA designation dominates in terms of recognition and perceived competence. As seen in Table 4, the CPA designation was recognized by all survey respondents in 1994, and by virtually all respondents in 1991 and 1996. With one exception, all respondents also correctly categorized the CPA as an accounting designation. The next most recognized designations are the CFP and the CLU. Recognition of the CFP designation appears to be increasing, while that of the CLU is declining somewhat. With the exception of the CCIM designation, the other five designations in the study (including the nonexistent CMR designation) show similar levels of recognition by the respondents throughout the five-year period. The CCIM designation, already the least recognized of those included, well below even that of the nonexistent CMR designation, showed a marked decrease in recognition during the study period.

A very similar pattern can be seen in Table 5 which summarize responses to the question regarding the competence of designation holders as compared to those offering the same service but who do not hold the designation. Once again, the CPA designation dominates both in terms of recognition and perceived competence. As seen in Table 6, the CPA ranks first in all surveys by a wide margin in terms of those who perceive holders as being "much more competent" or "somewhat more competent" than those without the designation. The CFP designation moved up one slot to second from 1991 to 1994, changing places with the CLU designation. These are followed by the GRI, MAI and CRS designations. The CCIM designation finished last in all surveys, slightly below the nonexistent CMR designation.

Although the GRI remained in fourth place from 1991 to 1996, the percentage of respondents who rated holders as more competent dropped noticeably from 26.2% to 18.0% to 16.4%. Smaller drops can be seen for the MAI, CRS and CCIM designations. The CFP designation has increased noticeably, while the CLU has dropped by the same magnitude. These two designations have essentially traded places in term of perceived competence since the first survey in 1991.

TABLE 6
Designation Holders Ranked as "Much" or "Somewhat More Competent"

Designation	Percent Selecting			Rank		
	1996	1994	1991	1996	1994	1991
CPA	94.9	93.3	93.5	1	1	1
CFP	41.3	40.4	33.9	2	2	3
CLU	33.5	35.2	40.8	3	3	2
GRI	16.4	18.0	26.2	4	4	4
MAI	13.6	14.2	16.6	5	6	5
CRS	13.1	14.3	14.4	6	5	6
CMR	8.7	9.2	10.5	7	7	7
CCIM	5.0	6.1	10.3	8	8	8

Table 7 summarizes the responses to question three which investigates the perceived importance of utilizing the services of an individual holding a professional designation in a variety of situations. Importance is measured on a six point scale with six being "Extremely" important and one being "Not At All" important. The mean importance ratings for this table were computed without including the "Does Not Apply" responses. Thus the number of responses utilized to compute the mean varies somewhat between situations.

Situations most likely to involve the use of an accountant or financial planner have the highest importance ratings. Several situations related to real estate brokerage, however, exhibit very high importance ratings as well. Note the importance placed on the use of a designated professional during the home purchase process, which is ranked almost identically to the home selling process. Furthermore, obtaining an appraisal for a home purchase

TABLE 7
Mean Responses in 1994 Survey Results Rank Order

	Mean Rating			Does Not Apply (Percent Selecting)		
	1996	1994	1991	1996	1994	1991
<i>"How important is it that the person you deal with has a professional designation when you are:"</i>						
Preparing a personal income tax return	4.90	5.06	4.78	4.4	2.4	7.1
Investing in stocks and bonds	4.85	4.95	4.69	3.3	7.3	7.9
Obtaining an appraisal for a home purchase	4.63	4.82	5.16	2.2	2.4	4.8
Planning for retirement	4.73	4.74	4.76	3.3	4.2	4.8
Investing in real estate	4.41	4.58	4.77	10.5	3.6	7.9
Buying a home	4.26	4.40	4.51	1.1	1.8	4.0
Selling a home	4.23	4.42	4.47	2.8	3.6	4.0
Buying life insurance	3.90	3.99	4.05	5.0	3.0	6.4
Buying home owners' insurance	3.70	3.89	4.19	3.9	2.4	4.8
Buying car insurance	3.31	3.51	3.83	2.2	1.8	3.2
Being asked to reveal information about yourself in a survey*	2.97	3.32	2.32	7.7	9.7	8.8

Note: *Wording changed between 1991 and 1994.

and investing in real estate both garnered even higher designation importance ratings than did the brokerage aspect of the industry.

VII. CONCLUSIONS AND RECOMMENDATIONS

Several conclusions can be drawn from the survey results. Survey respondents, who are likely clients of financial professionals, attach reasonably high level of importance to selecting individuals holding designations when engaged in a variety of financial decision-making situations. Unfortunately, most consumers are not able to recognize common professional designations and do not see holders of these designations as being a great deal more competent than those without the designations. The general conclusion that can be drawn from this pattern is that consumers perceive a need for professional services, particularly financial services, and feel that using a service provider with an appropriate designation is important, but have very little idea what an appropriate designation may be.

The real estate industry offers its members a wide variety of professional designation programs, as does the financial services industry in general. In contrast, the dominant professional designation is the CPA—a single designation covering a wide variety of specialty areas. The accounting industry is now debating the merits of adding specialty designations (Elsea & Donelan, 1991; Shambo & Eveloff, 1993) and has already approved the “personal financial specialist” (PFS) designation. Although the circumstances are a bit different in that the accounting specialty designations would be *in addition* to the CPA (i.e., only CPA holders would be eligible), some parallels do exist. Those who favor additional specialization in accounting point out that the medical profession has 23 specialties and the legal profession has up to 12 specialties in some states (Elsea & Donelan, 1991, p. 59). Opponents warn of potential “mass confusion both inside and outside the profession” and note that such specialty designations would “overlap designations already offered by other recognized professional bodies” (Shambo & Eveloff, 1993, p. 43). Proponents of accounting specialization note that “CPAs naturally should stand above the crowd of financial services providers” but that the “public has challenged this presumption, however, and has sought advice outside the profession” (Shambo & Eveloff, 1993, p. 42). This latter argument appears to approach the issue from the viewpoint of the needs of the organization and its members rather than the needs of the consumer.

As the accounting profession begins to move toward potential specialization designations, the real estate industry should move toward a single, highly recognizable, designation which can serve as an “umbrella” designation, much as the CPA designation now does. The financial services industry, although offering numerous professional designation programs, is in somewhat better shape in terms of consumer recognition and perceived competence than is the real estate industry due to the CFP and CLU programs. The real estate industry has a significant image problem in many areas—particularly brokerage and appraisal. The creation of a single designation program, with an appropriate level of rigor, based on the CPA and/or CFP model could do much to improve the perceived level of competence and ethical behavior in the real estate industry. This designation must be broad in scope, require extensive education, training, and experience and be heavily promoted to the public. Although a new organization could be created to develop and sponsor this designa-

tion, a cooperative program by existing organizations (perhaps with the leadership of NAR) may be more appropriate.

Existing real estate designations could, and probably should, be retained in many instances as specialty areas for those holding the new umbrella designation. This would allow the real estate industry to recognize the legitimate specialty areas which exist, while addressing the problems facing the industry. Current designation programs are highly ineffective, at least in terms of recognition by consumers.

The demand for financial services, and the desire by clients to utilize the services of persons holding appropriate designations, appears to be reasonably high. The financial services industry, and in particular the real estate brokerage industry, should take note of the current public confusion and ignorance regarding certification programs and take affirmative steps to improve the image of the industry.

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