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Inside the Profession: Job Satisfaction and Realizable Goals

This study is based on a stratified sample drawn from the roster of Appraisal Institute members and the Appraisal Registry maintained by The Appraisal Foundation. Appraisal Institute members are compared with nonmembers in work assignments and firm type. Participating appraisers offered their opinions on the state of the profession after the *Financial Institutions Reform, Recovery and Enforcement Act of 1989*; their role in the current deregulatory environment; their income; and job satisfaction. The study indicates that designated members appear to lead the profession in firm ownership, diversity of work effort, education level, and income.

Although appraisers and their clients have been surveyed and studied numerous times during the 1980s and 1990s, until recently it has been difficult to conduct a truly representative survey-based study because accessing a sampling frame¹ that fully represents the appraisal population has been impossible. The current survey addresses this problem.

The sample is drawn from the Appraisal Registry maintained by The Appraisal Foundation. Therefore, the randomly drawn sample is as representative of, and generalizable to, the United States appraisal population as possible.

Further, the research design allows the sample to be stratified into subsamples that are representative of members of the Appraisal Institute (*hereafter "members" or "designated members"*) and nonmembers, respectively.

The study was undertaken to address and explore several issues of interest to the appraisal community. Those reported here are a profile of the "typical appraiser," including age, experience, gender, ethnicity, Appraisal Institute designations held (if any), and employment status, including the types of assignments appraisers are undertaking. Information about appraisal firms and the services

1. A sample frame is a list of sampling units (e.g., appraisers), or the population from which the sample is drawn. One weakness of survey research is that, while inferences obtained from a random sample may be representative of the sample frame, they can only be as representative of the true population as the sample frame is representative of the true population. The more representative the sample frame, the more valid (i.e., generalizable) are the inferences obtained from the random sample.

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The typical appraiser respondent has 17 years of appraisal experience and works full time in the appraisal profession.

they provide, and primary business type is also discussed. In addition, the survey gathers opinions regarding the state of the profession after the *Financial Institutions Reform, Recovery and Enforcement Act of 1989 (FIRREA)*, compliance with demands to disclose sales prices, perceptions about the appraiser's role, job satisfaction, and appraisers' earnings.

This study differs from previous U.S. appraiser surveys in both generalizability and content. Previous surveys include appraiser opinions regarding regulatory issues, client relationships from the perspective of the appraiser and the client, profiles of the practicing appraiser, how appraisers do their work, and appraisers' income. None are, however, as fully representative of the U.S. appraisal population as this survey, and much of the data from the 1980s and early 1990s is now out of date.

The survey questionnaire was mailed to 1,200 appraisers in September 1997. The survey recipients comprised a stratified, proportional sample selected at random from two sample frames. One sample frame consisted of the 1997 roster of Appraisal Institute designated members, which represented 13,095 appraisers located throughout the United States. The other sample frame was the Appraisal Registry, which contained 79,112 names as of July 31, 1997. The sample surveyed included 220 members drawn from the membership directory and 980 nonmembers drawn from the Appraisal Registry.² The survey was administered according to the Dillman "total design method."³ The initial questionnaire mailing was followed within one week by a reminder post card and followed with a second questionnaire mailing two weeks later. Also, transmittal letters were personally addressed, written in a style that conveyed the importance of the research to the recipient and the necessity of a prompt reply, and personally signed by the researchers.

Of the 1,200 questionnaires mailed, 14 were returned because the address was incorrect or the person was no longer actively

engaged in appraisal, leaving an effective sample size of 1,186. There were 376 usable responses, or a 31.7% response rate, including 107 member responses, which is a 48.6% response rate from this subpopulation. The response rate for nonmember appraisers was 27.5%, equivalent to 269 responses.

It should be noted that inaccurate inferences can result from applying *t*-tests to ordinal survey data, which can fail to meet the assumption of normality underlying the *t*-test.⁴ To guard against this possibility, *z*-score approximations from the nonparametric Mann-Whitney test were derived when relevant. (Both tests were run on the SPSS statistical package.) The nonparametric Mann-Whitney test is more appropriate for testing differences in central tendency for dichotomous survey responses such as male/female or married/unmarried, and for ordinal scales such as job satisfaction ratings of 1 to 5.⁵ The Mann-Whitney test is also more appropriate for unusual, asymmetric distributions such as the expected distribution of responses to this survey's question on the number of states in which the respondent appraisers are licensed or certified. Because such questions are not expected to elicit responses fewer than one, the distribution of responses is expected to be asymmetric. On the other hand, the *t*-test is an acceptable indicator of differences in central tendency for metric scales, such as the respondent's age and years of appraisal experience.

CHARACTERISTICS OF U.S. APPRAISERS

Appraiser characteristics have been divided into three categories: personal information such as age, gender, employment and the like; education and training; and state licensure and certification (see tables 1, 2, and 3).

Personal characteristics

Based on the survey data, the typical appraiser is a white male, is married, has one

2. Appraisal Institute members are included in the Appraisal Registry. In order to keep the correct proportions, no Appraisal Institute members were included in the sample drawn from the registry. Appraisal Institute members constitute 16.6% of the national roster of appraisers and 18.3% of the sample. However, the proportion of Appraisal Institute members in the national roster is actually higher than 16.6% because appraisers licensed or certified in more than one state are double-counted in the national roster. The higher sample proportion accounts for the double-counting.

3. Don A. Dillman, *Mail and Telephone Surveys: the Total Design Method* (New York, New York: John Wiley & Sons, 1978).

4. The most recent writing in this area, which also contains a good bibliography, is by Nicholas Beaumont, "Appropriate Analysis of Ordinal Data," ANZAM Conference Proceedings (Melbourne, Australia: Monash University, 1997). See also John Neter, William Wasserman and Michael H. Kutner, *Applied Linear Statistical Models*, 3d ed. (Homewood, Illinois: Irwin Publishing, 1990), 10.

5. See Jean D. Gibbons and Subhabrata Chakraborti, *Nonparametric Statistical Inference* (New York, New York: Marcel Dekker, Inc., 1992).

TABLE 1 Appraisers' Personal Characteristics

	Sample Mean (standard deviation) ¹	Appraisal Institute Member Mean (standard deviation) ¹	Nonmember Mean (standard deviation) ¹
Age	49.1 (11.4)	51.1* (11.3)	48.2* (11.3)
Appraisal experience (years)	17.0 (9.6)	21.9** (10.2)	15.1** (8.6)
Number of children ²	1.04 (1.2)	1.04 (1.2)	1.04 (1.2)
Ethnic minority ³ (%)	6.0	8.5	5.3
Male (%)	80.3	86.0	78.0
Married (%)	78.2	79.1	77.9
Full-time appraiser (%)	84.7	89.5	82.8
Firm owner (%)	55.5	71.8**	49.0**
Independent contractor (%)	24.0	11.7**	29.0**
Work for multiple firms (%)	8.0	3.1*	10.2*

1 Standard deviations are not provided for categorical variables.

2 Number of children living at home.

3 Includes Native American, Hispanic, African American, and Asian.

* Signifies statistically significant difference at the 0.05 level.

** Signifies statistically significant difference at the 0.01 level. Significance is based on the parametric *t*-test for continuous variables and on the nonparametric Mann-Whitney test for dichotomous (%) variables.

TABLE 2 Appraisers' Education and Training

	Sample Mean (%)	Appraisal Institute Member Mean (%)	Nonmember Mean (%)
Formal education			
High school graduate	3.0	2.8	3.4
Attended college	19.0	14.2	21.6
Associate's degree	10.2	7.6	10.8
Bachelor's degree	56.0	62.3	53.9
Master's degree	10.0	12.3	8.6
Doctorate	1.2	0.9	1.5
Appraisal designations			
SRA or RM	18.0	64.5	00.0
MAI or SRPA	17.0	59.8	00.0
Both SRA/RM and MAI/SRPA	7.0	24.3	00.0
Other	23.0	10.3**	28.3**

NOTE: The computer-generated sampling did not select any SREA designated members, individuals experienced in real estate valuation and analysis, and who advise clients on real estate investment decisions. Some of the MAI designated appraisers could also be SREAs.

** Statistically significant difference at the 0.01 level. Significance is based on the nonparametric Mann-Whitney test.

child living at home, and is 49.1 years old (based on a range of 26–84). He has 17 years of appraisal experience (based on a range of 3–52), and most likely works full time in the appraisal profession (see table 1). In addition, slightly more than half of the respondents own their appraisal firm. Half of those who do not own their firm work as independent contractors. (Twenty-four percent of the respondents indicated that they were independent contractors, which is about half of the 45.5% who did not claim to be firm owners.) About one-third of the independent contrac-

tors indicated that they work for more than one appraisal firm.

Significant personal characteristic differences exist between those who are Appraisal Institute designated members and those who are not. Designated members are slightly older than their nonmember counterparts, have significantly more appraisal experience, and are much more likely to own their firm. Members are considerably less likely to be independent contractors, and if they are working as independent contractors, they are much less likely to be working for more than one appraisal firm.

TABLE 3 Licensure and Certification

	Sample Mean	Appraisal Institute Member Mean	Nonmember Mean
Licensed appraiser (%)	13.0	2.9**	17.1**
Certified residential appraiser (%)	37.0	21.9**	42.4**
Certified general appraiser (%)	51.0	75.2**	40.9**
Number of states licensed or certified in (standard deviation) ¹	1.21 (0.51)	1.35** (0.69)	1.16** (0.41)
Licensed or certified in more than one state (%)	17.0	25.7*	13.9*

¹ Standard deviations are not provided for categorical variables.

* Statistically significant difference at the 0.05 level.

** Signifies statistically significant difference at the -0.01 level. All significance tests are based on the nonparametric Mann-Whitney test.

Although mean responses also differ in other personal characteristics, the differences do not appear to be statistically significant. Therefore, no inference can be made that the remaining differences—minority status, gender, marital status, and full-time commitment to the appraisal profession—are systematic (i.e., nonrandom).

Formal education and training

Responses shown in table 2 indicate the highest formal education level attained. The data reveal no significant differences in formal education between members and nonmembers. No respondent indicated a failure to finish high school, and only 3% indicated that high school was their highest level of education. For the remainder of the respondents, 19% attended college but did not earn a degree, 10.2% earned an associate's degree, the majority (56%) graduated from college with a bachelor's degree, 10% earned a master's degree, and 1.2% had completed a doctorate.

To the extent that earning an Appraisal Institute designation requires a considerable amount of additional professional training, members possess more appraisal-specific training than nonmembers. Within the Appraisal Institute subset, 64.5% of respondents indicated that they held a residential appraisal designation—SRA or RM—and 59.8% of respondents indicated they held a general appraisal designation—MAI or SRPA. (The computer-generated sampling did not select any SREA designated members, individuals experienced in real estate valuation and analysis and who advise clients on real estate investment decisions. Some of the MAI designated appraisers could also be SREAs.) In addition, 24.3% of the member respondents held both residen-

tial and nonresidential Appraisal Institute designations. Designations conferred by other appraisal associations were held by 23% of respondents. However, members are considerably less likely to hold another appraisal designation (10.3% versus 28.3%). Also, the data imply that 71.7% of those who do not hold Appraisal Institute designations hold no appraisal designation at all (or 100% - 28.3% = 71.7%).

Licensure and certification

Table 3 shows the distribution of appraiser respondents by licensure and certification. Of those who responded, 13% were licensed appraisers, 37% were certified residential appraisers, and 51% were certified general appraisers. (The distribution adds up to more than 100% due to rounding.) These figures can be compared with the actual population distribution of 16,908 licensed appraisers (21.4%), 30,898 certified residential appraisers (39.1%), and 30,969 certified general appraisers (39.1%). In addition, the 79,112-name Appraisal Registry includes 337 persons (0.4%) holding transitional licenses. On average, each respondent is licensed or certified in 1.21 states (based on a range of 1–5), with 17% of the appraisers holding an appraisal credential in more than one state.

Significant differences exist between members and nonmembers on all the characteristic variables shown in table 3. Members are significantly less likely to be licensed or hold a residential certification. They are, however, much more likely to be certified general appraisers (75.2% versus 40.9%) and to hold credentials in more than one state (25.7% versus 13.9%). To the extent that these figures are fully representative, the survey indicates that approximately 11,000 apprais-

ers are licensed or certified in more than one state, many of whom are members. Hence, the profession has a vested interest in controlling the cost of holding multistate credentials, and in promoting consistency and reciprocity of qualification requirements.

APPRAISAL WORK AND APPRAISAL FIRMS

Slightly more than half of the work effort of licensed and certified appraisers in the United States is devoted to appraising residences (51.4%), according to survey results. The remaining work effort is divided among nonresidential appraisal (25.0%), review appraisal (6.3%), litigation support and expert witness work (3.8%), office and personnel management (3.1%), residential brokerage (2.6%), consulting and counseling (1.4%), nonresidential brokerage (1.2%), market studies (0.9%), and property management (0.8%). Appraisers report that they spend 3.2% of their work effort on "other tasks" (see table 4).

There are some striking differences, however, between the types of assignments members and nonmembers accept. Members are significantly less likely to be engaged in residential appraisal work (35.7% versus 57.6%) and significantly more likely to be engaged in nonresidential appraisal work (35.5% versus 20.8%). Also, unlike the rest of the appraisal population, members are evenly divided in terms of residential and nonresidential work effort (35.7% versus 35.5%). Further, members are much more likely to be involved in litigation support

(6.9% versus 2.6%) perhaps as a result of the credibility their designations add to expert testimony. They are also considerably more likely to be doing consulting and counseling work (2.5% versus 1.0%) although this type of work represents a relatively minor focus for members and nonmembers alike. Nonmembers are more likely to work on residential brokerage (3.0% versus 1.4%), while the percentage differences of the remaining types of work effort are insignificant.

As shown in table 5, three kinds of appraisal services are provided by the majority of appraisal firms: residential, nonresidential, and review. Litigation support is offered by just under half of the firms (49%), and 38% indicate that their firms offer consulting and counseling services. The remaining services are market studies (25%), residential brokerage (15%), nonresidential brokerage (13%), property management (11.4%), real estate lending (6%), and mortgage brokerage (5%).

There are significant differences between the services offered at firms at which members work and firms at which other appraisers work. Members are less likely to work at firms that offer residential appraisal services (74.3% versus 87.1%) and more likely to work at firms that offer nonresidential appraisal services (71.4% versus 58.0%). Likewise, their firms are more likely to offer appraisal review services (74.3% versus 62.5%) and litigation support (64.8% versus 42.4%). Other services more likely to be offered at firms employing members include consulting and counseling, and market studies. In contrast, firms employing nonmembers are more likely to offer resi-

Slightly more than half of the work effort of licensed and certified appraisers in the United States is devoted to appraising residences.

TABLE 4 Work Effort by Task

	Sample Mean	Appraisal Institute Member Mean	Nonmember Mean
<i>Over the past two years, what percentage of your work effort was spent on the following tasks?</i>			
Residential appraisal	51.4	35.7**	57.6**
Nonresidential appraisal	25.0	35.5**	20.8**
Review appraisal	6.3	7.4	5.9
Litigation support ¹	3.8	6.9**	2.6**
Market studies ²	0.9	1.1	0.8
Residential brokerage	2.6	1.4*	3.0*
Nonresidential brokerage	1.2	0.6	1.4
Consulting and counseling	1.4	2.5**	1.0**
Property management	0.8	0.5	0.9
Office and personnel management	3.1	4.1	2.7
Other tasks	3.2	3.6	3.0

¹ Includes serving as an expert witness.

² Includes marketability and feasibility studies.

* Statistically significant difference at the 0.05 level.

** Statistically significant difference at the 0.01 level. Significance is based on the nonparametric Mann-Whitney test.

TABLE 5 Services Firms Provide

	Member Mean	Appraisal Institute Nonmember Mean	Sample Mean
<i>What real estate services does the firm you work for provide?</i>			
Residential appraisal	83.0	74.3**	87.1**
Nonresidential appraisal	62.0	71.4*	58.0*
Review appraisal	66.0	74.3*	62.5*
Litigation support ¹	49.0	64.8**	42.4**
Residential brokerage	15.0	6.7**	18.2**
Nonresidential brokerage	13.0	10.6	14.4
Consulting and counseling	38.0	53.3**	32.2**
Market studies ²	25.0	34.3*	21.6*
Property management	11.4	11.4	11.4
Real estate lending	6.0	1.9*	7.2*
Mortgage brokerage/banking	5.0	0.9*	6.1*

¹ Includes serving as an expert witness.

² Includes marketability and feasibility studies.

* Statistically significant difference at the 0.05 level.

** Statistically significant difference at the 0.01 level. Significance is based on the nonparametric Mann-Whitney test.

dential brokerage, real estate lending, and mortgage brokerage services. When lending and mortgage brokerage services combined are considered, it becomes apparent that members have not captured appraisal employment opportunities in the lending community, where appraisers are nearly five times as likely to be nonmembers.

Firm organization

As shown in table 6, most firms employing the services of appraisers are single-office firms. When asked to describe the primary business of their firms, most appraisers characterized the firm as an appraisal company (75%). Other primary business responses were banks or thrift institutions (10%), real estate brokerage firms (9%), units of government (6%), insurance companies (0.7%), and ac-

counting firms (0.3%). Further, 3% indicated that their firm was primarily engaged in some "other" business. These respondents characterized their firms as primarily engaged in mortgage brokerage, construction, property management, electric utility, or title insurance.

Appraisal Institute members were significantly more likely to work for a firm that is characterized primarily as an appraisal firm, in which specialized training is expected to have more market value. Nonmembers described their firm as a bank or thrift institution twice as frequently, but the difference was only moderately significant ($p = 0.084$)

Appraisers' Opinions

Effect of regulation

Respondents were asked to rate the effect of appraiser licensing and certification on sev-

TABLE 6 Type of Organization

Variable	Sample Mean (%)	Appraisal Institute Member Mean (%)	Nonmember Mean (%)
<i>The firm I work for has</i>			
A single office	84.0	83.7	83.9
<i>The firm I work for is primarily a (an)</i>			
Bank or thrift institution	10.0	5.7	11.7
Insurance company	0.7	0.9	0.4
Appraisal firm	75.0	83.8*	70.9*
Real estate brokerage firm	9.0	5.7	10.6
Accounting firm	0.3	1.0	00.0
Unit of government	6.0	3.8	7.2
Other type of firm	3.0	2.9	3.4

* Statistically significant difference at the 0.05 level. Significance is based on the nonparametric Mann-Whitney test.

TABLE 7 Effect of Licensing and Certification

	Sample Mean (standard deviation)	Appraisal Institute Member Mean (standard deviation)	Nonmember Mean (standard deviation)
<i>What, in your opinion, has been the effect of licensing and certification of appraisers on each of the following?¹</i>			
Average length of time from report order to delivery	4.37 (1.53)	4.23 (1.55)	4.42 (1.53)
Reliability of the typical value estimate	3.79 (1.64)	2.93** (1.50)	4.12** (1.58)
Quality of the typical appraisal product	3.91 (1.76)	3.03** (1.65)	4.26** (1.68)
Career prospects for those new to the profession	2.86 (1.76)	2.61 (1.76)	2.96 (1.75)
Earning power of the typical appraiser	2.83 (1.62)	2.37** (1.49)	3.01** (1.64)
Your earnings (i.e., the level of your fees)	3.13 (1.57)	2.77** (1.62)	3.28** (1.54)
<i>When conducting an appraisal for the purpose of a loan to facilitate a purchase, how often does the lender make the purchase price available to you as required under FIRREA?²</i>			
	5.92 (1.38)	5.82 (1.53)	5.95 (1.32)

1 Rated on a scale of 1 to 7 (1 = worsened, 4 = no effect, and 7 = improved).

2 Rated on a scale of 1 to 7 (1 = never, 4 = about half of the time, and 7 = always).

* Statistically significant difference at the 0.05 level.

** Statistically significant difference at the 0.01 level. Significance is based on the nonparametric Mann-Whitney test.

Appraisal Institute designated members are decidedly more negative than nonmembers in their view of the post-regulatory appraisal world.

eral aspects of the appraisal business: length of time to deliver a report, reliability of value estimates, quality of the appraisal product, career prospects for professionals entering the business, earning power of the typical appraiser, and the respondent's earnings (see table 7). Responses were measured on a scale of 1 to 7 (with 1 = worsened, 4 = no effect, and 7 = improved).

Perhaps the most revealing result of the opinions gathered on the effect of licensing and certification is that none of the sample means indicate any substantive improvement as a result of this activity. Only one mean response was above 4.0 ("no effect"), and it was only 4.37. The remaining mean responses were all less than 4.0, with two sample means being less than 3.0, indicating somewhat worsened career prospects for those new to the profession (2.86) and worsened earning power as a result of licensing and certification (2.83).

Members are decidedly more negative than nonmembers in their view of the post-regulatory appraisal world. They hold a sig-

nificantly lower opinion of the reliability of the typical post-regulation value estimate compared with nonmembers, who are neutral (2.93 versus 4.12). Members also have significantly more negative views of the quality of the typical appraisal product (3.03 versus 4.26) and the regulatory impact on their personal earnings (2.77 versus 3.28). They are most negative in regard to the typical appraiser's earnings (2.37). Although not as negative, nonmembers' opinions also do not indicate improvement in any of the six variables measured in the questionnaire. (Their sample means run from a high of 4.42 to a low of 2.96). In light of these findings, it is somewhat surprising that the appraisal community is not working harder either to increase product quality through higher standards or remove the economic burden of appraisal regulation entirely.

These results run counter to an earlier 1992 survey in which appraiser respondents held the opinion that licensing and certification would reduce the number of faulty appraisals somewhat, and increase appraisers'

incomes.⁶ It seems as though the reality of regulation is markedly different from what was anticipated. Further, these findings corroborate the opinion that minimum appraisal standards are insufficient, allowing substandard work to continue to drive out good work.⁷

Under FIRREA, the *Uniform Standards of Professional Appraisal Practice* (USPAP), and most state appraisal laws, appraisers are required to consider the sales price in the current agreement of sale when conducting an appraisal for the purpose of financing a pending sale and when such information is available to the appraiser "in the normal course of business."⁸ Appraisers were asked

if the purchase price was being made available to them by their lender clients, allowing them to comply with this requirement. Out of a range of 1 (never make the price available) to 7 (always make the price available), the mean score was 5.92, indicating that appraisers are aware of, and able to consider, the pending sales price most of the time.

Role of the appraiser

In light of the currency of the question of pressures that bear on appraisers to support or validate client preconceptions of value,⁹ a section of the survey questionnaire dealt with appraisers' perceptions of their role and

TABLE 8 Role of the Appraiser

	Sample Mean (standard deviation)	Appraisal Institute Member Mean (standard deviation)	Nonmember Mean (standard deviation)
<i>From your perspective as an appraiser, rate the role of the appraiser in today's market for appraisal services:¹</i>			
Provide unbiased opinions of value without regard for the client's needs	4.44 (1.89)	4.61 (1.99)	4.38 (1.85)
Provide unbiased opinions of value, but also be concerned about the client's needs	5.27 (1.52)	5.26 (1.58)	5.28 (1.50)
When doing mortgage appraisal work, to validate the sales price	3.75 (2.07)	3.41 ² (2.02)	3.88 ² (2.08)
<i>From the perspective of the client, rate the role of the appraiser in today's market for appraisal services:¹</i>			
Provide unbiased opinions of value without regard for the client's needs	3.42 (1.79)	3.40 (1.88)	3.43 (1.75)
Provide unbiased opinions of value, but also be concerned about the client's needs	4.92 (1.61)	4.89 (1.70)	4.94 (1.58)
When doing mortgage appraisal work, to validate the sales price	5.14 (1.76)	4.90 (1.94)	5.23 (1.68)

1 Rated on a scale of 1 to 7 (1 = disagree, 4 = neutral, and 7 = agree).

2 Moderately significant difference based on a *p*-value of 0.07 using a nonparametric Mann-Whitney test.

6. Karen E. Lahey, David M. Ott, and V. Michael Lahey, "Survey of the Effects of State Certification on Appraisers," *The Appraisal Journal* (July 1993): 405-413.

7. William H. Brewster, "Appraisal Reform: Who Will Call the Shots?," *Mortgage Banking* (September 1992): 18, 24. See also Peter F. Colwell and Joseph W. Trefzger, "Impact of Regulation on Appraisal Quality," *The Appraisal Journal* (July 1992): 428-429.

8. The Appraisal Foundation, *Uniform Standards of Professional Appraisal Practice*, Standards Rule 1-4 (Washington, D.C.: The Appraisal Foundation, 1998), 15.

9. Gerald E. Smolen and Donald C. Hambleton, "Appraisal Company Status and Direction for Survival," *The Appraisal Journal* (April 1997): 156-164; William N. Kinnard, Jr., Margarita M. Lenk, and Elaine M. Worzala, "Client Pressure in the Commercial Appraisal Industry: How Prevalent Is It?," *Journal of Property Valuation and Investment*, v. 15, no. 3 (1997): 233-244; and Appraisal Institute, "GAO Report Signals FHA Fraud, Mismanagement, and Abuse: Calls for Stricter Review," *Appraiser News In Brief* (September 1997): 1.

their opinions on how clients perceive the appraiser's role. As shown in table 8, these responses differ substantially. On average, appraisers are more inclined to agree than disagree with statements that their role is to provide unbiased opinions of value (mean = 4.44) and to be concerned about client needs when providing unbiased opinions of value (mean = 5.27). Conversely, appraisers are more inclined to disagree than agree with a statement that their role is to validate the pending sales price when doing an appraisal for mortgage purposes (mean = 3.75). Also, members appear to be more inclined to disagree with this statement than nonmembers (3.41 versus 3.88), although the statistical significance of this finding is only moderately significant (p -value = 0.07).

In contrast, responses indicate that clients are less interested than appraisers in having appraisers provide objective value opinions (3.42 versus 4.44, p -value = 0.000) even when these objective value opinions consider the needs of the client (4.92 versus 5.27, p -value = 0.004). Even more striking is the fairly strong agreement with the statement that clients perceive the appraiser's role as validating pending sales prices, which is significantly different from how appraisers perceive their role (5.14 versus 3.75, p -value = 0.000). In light of other research, which has shown that appraisers and other real estate experts can be subconsciously biased because they know the sales price,¹⁰ coupled with the high frequency of such awareness among appraisers (see table 7), it seems appropriate to question whether the opinions on lender perceptions regarding the appraiser's role are grounded in appraisers actually being influenced by a *priori* knowledge of the sales price.

JOB SATISFACTION AND INCOME

Appraisers were asked to indicate on a five-point scale the degree to which they were satisfied (5) to dissatisfied (1) with their appraisal position. Six dimensions of job satisfaction were measured in addition to overall job satisfaction, including clarity of their role as an appraiser, pace of the appraisal workload, control over the work environ-

ment, intellectual challenge of appraisal work, amount of total compensation received, and fringe benefits received. Appraisers rated the dimensions of job satisfaction on the "satisfied" side of neutral (where 3 = neutral) for five of the six variables, including overall job satisfaction. Although, the total compensation received sample mean is barely above neutral (see table 9).

The only sample mean indicating some dissatisfaction concerns fringe benefits, where nonmembers were more dissatisfied with their fringe benefits than members. This outcome is not surprising given the propensity of appraisers to operate out of small, single offices. If fringe benefits could be improved for members as a result of the Appraisal Institute's advocacy in their behalf, nonmembers might be motivated to work toward membership designation.

Income-related items scored lowest in the job satisfaction portion of the survey (see table 9). In addition, the typical appraiser's earning power scored lowest in the licensing and certification effect portion of the survey (see table 7). It is interesting, therefore, to explore appraisers' actual earnings. Table 10 shows eight annual income categories ranging from "less than \$25,000" to "greater than \$200,000." Appraisers responded by checking the income category, excluding fringe benefits, that applied to them.

Appraisal incomes are concentrated in the third (\$35,001–\$50,000) and fourth (\$50,001–\$75,000) highest income categories. Whereas, members are clustered in the third (\$35,001–\$50,000), fourth (\$50,001–\$75,000), and fifth highest (\$75,001–\$100,000) annual income categories, nonmembers are clustered in the second (\$25,001–\$35,000), third, and fourth highest annual income categories. The differences in member and nonmember incomes is more striking when annual income categories are analyzed separately. The percentages of nonmembers in the two lowest categories is significantly greater than the percentages of members in the two lowest categories. In contrast, the percentages of members in three of the five highest income categories is significantly higher than the percentages of nonmembers in these categories.

Income-related items scored lowest in the job satisfaction portion of the survey.

10. Paul Gallimore and Marvin Wolverton, "Price Knowledge-Induced Bias: A Cross-Cultural Comparison," *Journal of Property Valuation and Investment*, v. 15, no. 3 (1997): 261–273; and G. Northcraft and M. Neale, "Experts, Amateurs, and Real Estate: An Anchoring Perspective on Property Pricing Decisions," *Organizational Behavior and Human Decision Processes*, v. 39, no. 1 (1987): 84–97.

TABLE 9 Appraiser Job Satisfaction

	Sample Mean (standard deviation)	Appraisal Institute Member Mean (standard deviation)	Nonmember Mean (standard deviation)
<i>How satisfied are you with your appraisal position with regard to:¹</i>			
Clarity of your role as an appraiser	3.93 (0.99)	3.83 (1.04)	3.97 (0.97)
Pace of your appraisal workload	3.41 (1.11)	3.37 (1.14)	3.43 (1.10)
Control of your appraisal work environment	3.82 (1.07)	3.83 (1.12)	3.82 (1.05)
Intellectual challenge of appraisal work	3.85 (1.01)	3.84 (0.94)	3.86 (1.03)
Amount of total compensation you receive	3.03 (1.19)	3.02 (1.19)	3.03 (1.19)
Fringe benefits (e.g., health insurance, retirement plan) you receive	2.47 (1.37)	2.65 ² (1.29)	2.39 ² (1.40)
Overall job satisfaction	3.64 (0.98)	3.63 (0.99)	3.65 (0.98)

1 Rated on a scale of 1 to 5 (1 = dissatisfied and 5 = satisfied).

2 Moderately significant difference based on a *p*-value of 0.06 using a nonparametric Mann-Whitney test.

TABLE 10 Income

	Sample Mean (%)	Appraisal Institute Member Mean (%)	Nonmember Mean (%)
Less than \$25,000	9.0	2.9**	12.0**
\$25,001-\$35,000	13.0	1.9**	18.2**
\$35,001-\$50,000	31.0	25.7	33.2
\$50,001-\$75,000	24.0	31.4*	21.2*
\$75,001-\$100,000	13.0	22.9**	9.7**
\$100,001-\$150,000	5.0	11.4**	3.1**
\$150,001-\$200,000	1.8	1.0	1.9
Greater than \$200,000	1.0	2.9	0.8

* Statistically significant difference at the 0.05 level.

** Statistically significant difference at the 0.01 level. All significance tests are based on the nonparametric Mann-Whitney test.

The data indicate that members make higher annual incomes than nonmembers. It does not necessarily mean, however, that their higher earnings are attributable to Appraisal Institute membership. Many other concomitant causal factors must be accounted for before a causal relationship could be inferred between earnings and membership, such as firm ownership, formal

education, type of license or certification, and full-time commitment to employment.¹¹

CONCLUSION

By using a stratified sample, the survey applies not only to many aspects of the appraisal profession in general, but also provides a means to compare members with

11. For a study of appraiser income, which controls for these other income effects, see Marvin Wolverton and Donald Epley, Characteristics of U.S. Appraiser Income After FIRREA. Washington Center for Real Estate Research working paper series, Pullman, Washington, WCRER Washington State University, 1998.

nonmembers. Although there are many similarities between these two groups, members remain in a position of leadership in the profession. They are more likely to be firm owners, hold certified general credentials in multiple states, and have more diverse practices. They are also more highly educated. As shown in table 2, 75.5% of Appraisal Institute member respondents have a bachelor's degree, a master's degree, or a doctorate, while only 64.0% of nonmembers do. Further, members are expected to have access to greater per capita financial resources based on their typically higher incomes.

Leadership efforts for effecting improvements in the profession should concentrate on three apparent areas of concern. First, there is a need to diversify the types of services offered by appraisers in order to survive and prosper in the future. While many firms are offering consulting or counseling services (38%) and market study products (25%), very few appraisers are actually doing this type of work (1.4% and 0.9%, respectively). Appraisers need to find out who is doing this type of work, discover why appraisers are getting such a small share of it, and retool to become more competitive. In addition, appraisers could make inroads into employment in accounting firms and insurance companies, where much of the consulting and market analysis activity is occurring. Further, the Appraisal Institute should investigate why so few members are employed by the lending industry. Finally, it may be productive to ex-

plore the feasibility of appraisers venturing into less traditional areas of real estate endeavor for appraisers such as brokerage, property management, and lending.

The second area deserving attention is regulation of the profession. Since the appraisal profession has apparently not been improved by licensing and certification, appraisers need to work together to improve the system. It is reasonable to infer that minimum appraiser qualifications and performance standards are not sufficiently stringent since appraisers indicate that there has been no improvement in the reliability or quality of appraisal products despite regulations. If appraisers are to bear the monetary and regulatory costs of regulation, should they not expect higher levels of performance from their competitors? An additional regulatory concern is the need for uniform licensing and certification requirements, as well as reciprocity among the various states, since many appraisers practice in multiple states.

The third area that should be of concern to the profession is the need to advocate for better health insurance and retirement plans. Because appraisers tend to practice in small, single-office firms, their benefits are often not comparable to those offered by large firms or government agencies. Professional associations can intercede in their members' behalf. The Appraisal Institute currently provides some services to its members in this area, but based on the low satisfaction reports received, there is room for improvement.

While many firms are offering consulting or counseling services and market study products, very few appraisers are actually doing this type of work.

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