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## The Johannesburg real estate industry characteristics: How buyers and sellers are given less than optimal outcomes

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### Abstract

The impact of the: mandate type used, real estate agents' ideological outlook and compromising of principals' on the ultimate outcomes to buyers and sellers have largely been ignored in the South African real estate industry. This study attempted to bridge that gap by investigating the influence of the dual mandate system, the ideology of real estate agents and the compromising of the interests of one or all the principals on the outcomes of any real estate transaction. Stratified random sampling was used for information gathering. Data were collected using face-to-face filling in of the survey instrument and 150 participants agreed to take part in the study. Confirmatory factor analysis (CFA)

was employed to assess the reliability and validity of the results. The results reveal that Dual mandate system and Ideological persuasion of actors in the real estate industry does positively impact on the suboptimal outcomes to consumers. Furthermore, the results also conclusively showed that the principal whose interests are compromised usually gets less than optimal results.

**Keywords:** *South African real estate industry, dual mandate system, ideological outlook, compromised principal and suboptimal results.*

## **1. Introduction**

Selling and buying properties represent a huge chunk of any country's economic activities. Some people buy houses for their primary residence whilst others do it as an investment for rental income. Property selling prices: determine housing market activity (Sari, Erwing & Aydin, 2007); are cornerstones of every real estate transaction (Simmon, 1994); and have a huge impact on the country's gross domestic production (Schatz & Sebastian, 2009). When property owners decide to sell their houses, they usually contract with an agent whose responsibilities include helping with valuation and setting an asking/listing price (Beracha & Seiler, 2014; Herrin, Knight & Sirmans, 2004); preparing the house; checking potential buyers' qualifications to purchase; showing the house to prospective buyers; bargaining the terms of the deal; and handling the paperwork (Hendel, Nevo & Ortalo-Magne 2007; Carol, 1989). In the present quantitative study of the real estate industry (REI) in Johannesburg, some features of the REI and behaviors of real estate agents (REAs) have been found to produce outcomes that are less than optimal to both sellers and buyers. The study reveals that the dual mandate system (DMS), the ideological outlook (IO) of REAs and compromising the interests of principals (CP) lead to less than optimal outcomes for them.

## **2. Problem statement**

Sellers are usually the initial mandate givers to real estate agents for the properties to be placed on the market. The seller and the real estate agent can use different forms of mandates. The preferred mandate type is usually the exclusive type. In the exclusive agency (EA) or arrangement, the seller and broker agree that the contracting agent shall be the only

broker that will be entitled to a commission and that no other brokers will have a direct contractual relationship with the seller (Marsh & Zumpana, 1988). In the South African context, this right is referred to as the sole mandate. As is the general practice in the industry, both the buyer and seller contract with the same agent to represent them due to information advantage that REAs are perceived to possess and the cost of acquiring that information independently (Wiley, Waller & Brastaw, 2013). Buyers also believe that REAs are acting as their representatives (Hopper, 1992). The arrangement amounts to a dual sole mandate contract (referred to as the Dual mandate system (DMS) in the present study). This is the darling of the real estate industry in South Africa. The natural outcome of the arrangement is that the listing agent can be informed of both buyer and seller's reservation price along with other proprietary information like urgency, motivation, and constraints (Anglin, 1997). It is hard for sellers and buyers to gain experience and expertise in real estate transactions (Levitt & Syverson (2008); as they are infrequent market participants (Arnold, 1992; Scott & Lizieri, 2012). Real estate markets are, therefore, prone to information asymmetry (IA) and incomplete contracts (Vosselman & Van Der Meer-Kooistra, 2006; Greenberg, Greenberg, Lederer & Antonucci, 2008). The likelihood of the principals' outcomes being less than optimal is greatly increased as these two principals: have significantly contrasting goals, misaligned interests (Wiley, Waller & Brastow, 2013; Petersen, 1993); and competing interests (Salvador, 2011). Both principals' interests may be damaged by the actions of the real estate agent (REA) (Izzo & Vitell, 2003). Due to this possibility, other countries do not allow dual representation (Black & Nourse, 1995). Another likely source of the problem for the REI in SA is the ideology of real estate agents in the industry.

Ideology allows members of the group to organize a multitude of social beliefs about what is the case, what is good or bad, what is right and what is wrong for them and to act accordingly (Van Dijk, 1998). Ideology can lead to a tendency to prefer certain states of affairs over others (Hofstede, 1980); and can influence their ethical judgments (Davis, Andersen & Curtis, 2001). It reflects one's value and belief about the proper goals of society and how to achieve them (Chin, Hambrick, & Treviño, 2013; Jost, 2006; Tedin, 1987; Rosenberg, 1956; Layman, 1997; Barnea & Swartz, 1998, Goren, Frederico & Kittilson, 2009). Racism is a form of ideology (Shelby, 2003). Anecdotal evidence in SA suggests that the ideological outlook of major players in the industry influence the

operation of the industry. A typical example is the Bassonia case which appeared in the Star newspaper (Mkhondo, 2013). In that article, it was claimed that a seller refused to sell to a customer of a specific race and that was an official standpoint of the estate management (Mkhondo, 2013). It appears as if a REA has strong ideological beliefs, there are possibilities that they may compromise the interests of either of their principals. Like many other people, REAs are self-interested rationalist and utility maximizers (McGovern & Temel, 2005). Both the dual mandate system and the ideological persuasion of real estate agents favors the agent (as will be shown below) (Shapiro, 2005). An extensive literature review has exposed a dearth of studies that link the DMS in the South African REI and the outcomes to the principals; the ideology of REAs and the outcomes of any property transaction; compromising the interests of any principal's interests and outcomes to either the seller or buyer principals.

### **3. Purpose of the study**

Demography is a leading determinant of housing demand and the trends thereof induce substantial and forecastable movements within the residential real estate markets (Hoynes & McFadden, 1994). Housing consumption is therefore shaped by demographic changes (Masnick, 2002). South Africa is an evolving society characterized by a general movement of people from rural and formally black dominated areas into those formally dominated by the white population. This creates its own demographic challenges. The first objective of the study is to investigate the relationship between the DMS in the SA REI and the outcomes to sellers and buyers. The second one is to investigate the link between the REA's ideology and the outcomes of any transaction to both the seller and the buyer. The last objective is to investigate how compromising the interests of one or all players by REAs affect the ultimate outcomes to either of the principals. The rest of the article is completed in the following order: Literature review, hypotheses statements and proposed research model, methodology, results and analysis, discussion and finally the limitations of the study are highlighted.

#### 4. Literature review, hypotheses development, and research model

South African real estate agents are required to perform two main functions: the marketing and the valuation of properties they are contracted to sell. For their valuations functions, they are mostly dependent on desktop electronic services supplied by three major companies: Lightstone, Windeed, and PropIQ (Day, 2014; Watt, 2014). For their marketing, REAs make use of both print and electronic media. Property finder, Property junction, and Property portfolio are some of the magazines used in the print media category and Private property and Property 24 are the major ones in the electronic media. The present study is concerned with the relationships between the mandate system and the outcomes, the ideological outlook of agents and the outcomes, and how the outcomes are affected by compromising one or all the principals to a deal.

##### 4.1 *The dual mandate system (DMS)*

The dual mandate system is embedded in the agency theory. This is a triangular relationship between the principal, agent and the third party (Markesinis & Munday, 1986). It generally attempts to make the goals of the principal and the agent congruent (Kurland, 1991). Common duties of agents are the formation, variation or termination of contractual obligations (Kerr, 2006), acting on behalf of another and creating contractual obligations between the principal and the third party (Silke, 1981, and conclusion of a juristic act for or on behalf of another (principal) with the result that a legal tie arises between the principal and the third party (Havenga, Havenga, Hurter, Kelbrick, Manamela, Manamela, Schulze & Stoop, 2011).

A typical South African real estate agent's duties can be succinctly listed as follows: act in terms of the agreed terms of the contract or perform his/her contractual undertakings (carry out mandate) personally, act with due care and in good faith, perform with skill and diligence and perform fiduciary responsibilities (Gibson (1991); Havenga et al, 2007). They are expected not to: delegate unless explicitly allowed to do so; put themselves in a situation where their duties to the principal conflict with their interests; acquire benefits for themselves; exceed delegated terms; intentionally cause harm or injury and account to the principal (Gibson, 1991; Havenga et al, 2007). As shown above, the agent assumes

responsibilities to two principals and this arrangement is referred to as the dual mandate system (DMS). The DMS involves the following: it is a written agreement between the seller of a property and an REA to exclusively market the seller's property under certain defined terms and conditions (Davis [sa]; Goslett, 2013); it is given to only one agent and specifies the price, conditions of the mandate and the commission payable upon the successful conclusion of the sale (Spies, 2013; Reynolds, 2011); the seller not to appoint another estate agent to sell his property until the period for which the sole mandate has been given has expired (Rademeyer, 2014); it invariably stipulates that the mandate is irrevocable for a certain period, and it is usually reduced to writing (Goslett, 2013), and the seller is not permitted to sell the property through his/her activities or activities of any other agent (Reynolds, 2011; Spies, 2013; Rademeyer, 2014). Issues of information asymmetry (IA), conflict of interests (COI) and other opportunistic agent behavior are universal concerns in any delegation situation (Wiseman, Cuevas & Gomez-Mejia, 2012).

The cornerstones of the agency theory are the assumptions that the interests of principals and agents diverge (Hill & Jones, 1992), the resolution of these differences may generate agency costs (Walking & Long, 1984; Jensen & Meckling, 1976), and the agent will act opportunistically and exploit information asymmetry at the expense of the principal (Van Slyker, 2006; Greenberg, et al., 2008; Williamson, 1979). Extensive research in economics suggests that people maximize their payoffs (Hamman, Loewenstein & Weber, 2010) and that agents are also self-interested rationalist and utility maximizers (McGovern & Temel, 2005). In the light of the above, it can be inferred that the Dual mandate system is likely to produce less than optimal results to housing consumers in the SA context.

#### *4.2 Ideological outlook of real estate agents (IO)*

REAs are people with their own values and ideological outlook (IO) (Rosenberg, 1956; Layman, 1997, Barnea & Swartz, 1998), who prefer certain states of affairs and most probably often attempt to promote their interests at the expense of others (Hofstede, 1980; Van Dijk, 1998). People who hold strong ideological viewpoints tend to endorse policies and practices that give advantages to members of their own groups to the exclusion of others and they tend to pursue practices that maintain

their group's hegemony (Unger, 2002). The SA society is characterized by unequal relations of power between different race groups. Possibilities, therefore, exist that ideology can be used by the dominant group in the real estate industry to maintain and legitimate their power over other groups in this industry (Paek & Shah, 2003). Some authors have shown that agents discriminate because of their own prejudice and in order to protect their potential business (Becker, 1971). In another American study, real estate elites are said to have promulgated a segregationist ideology that identified the residential presence of blacks with neighborhoods' instability and declining property values (Gotham, 2000). Possible practices arising from real estate agents holding strong ideological viewpoints are white and black customers being shown properties in different neighborhoods to maintain racial segregation (Galster & Godfrey, 2005). In the USA context, REAs' actions were also found to distort spatial patterns of housing demands by whites and minority home buyers in such a way that racial segregation was perpetuated and stable integration discouraged (Galster & Godfrey, 2005). In some instances, blacks were found to be paying more for housing than whites (Wilson, 1979; Palm, 1985). In the present study, Ideological outlook will mean a tendency and practice which shows a preference for a specific economic system and suggesting that there are known fixed right and wrong approaches to doing things which in turn give advantages to members of groups to the exclusion of others in REI context.

#### ***4.3 Compromising the interests of consumers by real estate agents (CP)***

It is known that Information asymmetry is an antecedent of opportunism (Wilkie, Mela & Gundlach, 1998). In a DMS, a temptation for REAs to exploit the principals' trust is a reality (James, 2002). REAs sometimes act as gatekeepers who channel and control the activities of individuals who sell and buy houses (Baressi, 1968). The manifestation of REAs' ideological outlook may be in the information given to their principals, segregation in their pricing recommendations and viewing patterns and in editorializing when marketing customers' properties (Galster & Godfrey, 2005; Gotham, 2000). The ideology of the agent can also lead to information being withheld about the availability of units from other races but not from the other groups (Ondrich, Stricker & Yinger, 1998). Due to their IO, REAs can withhold critical information about

properties in the market which may lead to an uninformed decision by buyers and loss of opportunity to sell by owners and thereby compromise their principals' interests (Ondrich, et al., 1998). The REA can use blockbusting (Von Hoffman, 1998), steering of potential buyers to other houses (Galster & Godfrey, 2005), selectively using the information to maximize their utility and manipulating the marketing mix in order to favor one side of the deal. The buyer and seller principals' interests can, therefore, be compromised in many different ways.

As shown above, blacks were found to be paying more for housing than whites in other countries (Wilson, 1979; Palm, 1985). This clearly compromises their interests as buyers. For the seller principal, possibilities of overpricing of their properties are present, and initially overpriced houses are most likely to lower their asking price due to their prolonged stay in the market (Herrin, Knight, & Sirmans, 2004). This clearly has negative effects on the seller as his/her optimal asking price would decrease (Deng, Gabriel, Nishimura & Zheng, 2008). REAs may also extend less than the seller's optimal level of effort in searching for buyers and also encourage the seller to lower his/her reservation price so as to effect a quick sale due to goal-difference between the seller and the agent (Clauret & Daneshvary, 2008). The seller principal might end up with a transaction price much lower than what the property is worth and thus lose out on potential income. From the above discussion, it is apparent that the possibilities of having either one or all the principals' interests compromised are a reality in the SA REI. The net effect of all these is the creation of sub-optimal match between buyers and sellers by restricting the pool of buyers.

#### ***4.4 Transaction outcomes (OT)***

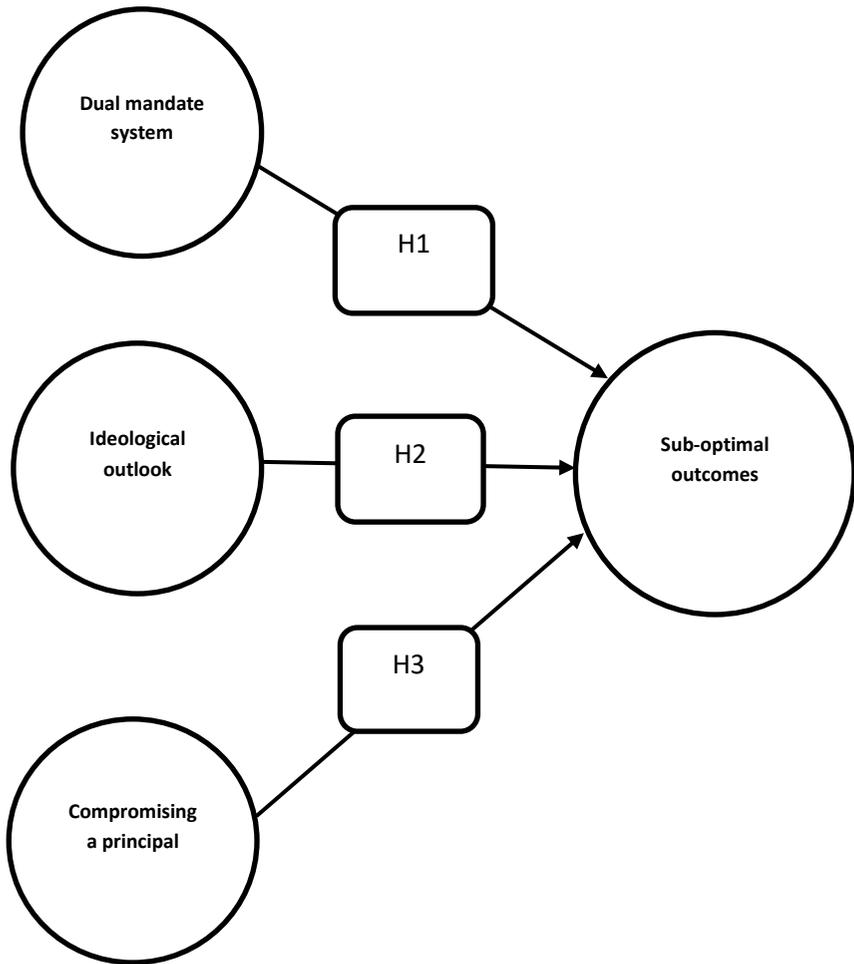
Outcomes from any mandate contract can be judged on the requirements of the original instructions and they can be both financial and non-financial in nature (Bell & Morse, 2008). Acceptable outcomes might mean customer satisfaction, loyalty to the service supplier, the quality of the service rendered, the efficiency of the process and the results (Wisniewski & Donnelly, 1996; Koopman, Bernaards, Hildebrandt & Van der Beek, 2014; Marina, 2014). For the seller principal, speedy sale and income can be used as a measure of sales success/performance (Hunt & Chonko, 1984; Goolsby & Hunt 1992). On the other hand, it is known that REAs are more willing than owners to accept lower price

offers in order to reduce the time before the sale (Levit & Syverson, 2008; Rutherford, Springer, & Yavas, 2005, Hendel, Hendel, Nevo, & Ortalo-Magne, 2007; Zorn & Larsen, 1986). Outcomes measures will, therefore, be time on market, transaction lead times, costs of service, conveyancing services delivery, and conformance to requirements (Hult, Ketchen, Cavusgil & Calantone, 2006; Narasimhan & Das, 2001). A satisfied buyer is more likely to be the repeat customer as sellers often leave the area (Seiler & Reisenwitz, 2010). Based on the above, the current study formulates the following hypotheses in the South African real estate industry context (the proposed hypotheses are also shown in the proposed model in fig.1):

***H1:** There is a positive relationship between the Dual mandate system and the suboptimal outcomes in any real estate transaction*

***H2:** There is a positive relationship between the Ideological outlook of real estate agents and the sub-optimal outcomes in a real estate transaction*

***H3:** There is a positive relationship between compromised principal and sub-optimal outcomes in the SA REI.*



**Figure 1:** Proposed model

## 5. Methodology

### 5.1 *The research instrument*

To test the above hypotheses, a set of scales derived from the literature were developed as discussed below. This research initially measured the Dual Mandate System, Ideological Outlook, Compromised Principal, and

Outcomes using eight measurement items. The questionnaire was composed of original questions compiled after a thorough literature search on these variables.

The 8 items of DMS were derived from the ideas of a number of real estate agent firms mandate forms for 2015 (Rawson properties, Chas Everitt and Pam Golding among others). An example of a sole mandate contract is attached herewith as Annexure A.

On IO, questions were framed based on different authors who describe people who hold strong ideological positions. Identified traits are on: sense of responsibility (Marina, 2014; Goll & Zeitz, 1991), convictions (Carrero, Negri, Castelli & Pastore, 2014), beliefs and values (Chin, Hambrinck & Trevino, 2013), actions (Daniela, 2014), source of ideology (Daniella, 2014), manifestation (Jost, 2006; Rosenberg, 1956; Chin et al, 2013), unmoveability (Jost, 2006; Rosenberg, 1956; Chin et al, 2013) and economic system choices (Marina, 2014). To check for CP the following were used: principals' interests, information asymmetry (Wiseman et al., 2012), contrast between the principals' interests, transaction experience, prior valuation knowledge, transaction experience, information asymmetry, who benefits, price experience and principals' knowledge (Wiseman et al., 2012), contrast in interests between parties on time on market, contrast in interests between parties, Information asymmetry (Herrin, et al., 2004; Mishra, Heide & Gort, 1998). To check how clients experienced service outcomes use was made of: customer satisfaction (Hannachi, 2015), financial performance, customer loyalty (Hannachi, 2015; Carol, 1989; Lee & Lee, 2013; McDaniel & Louargand, 1994), non-financial measures and service quality, financial and non-financial outcomes and relationship management (Milost, 2013). All research scale items were scored on a 7-point Likert scale ranging from 1 to 7 and: 1=strongly disagree, 2=disagree, 3=somewhat disagree, 4=no comment, 5=somewhat agree. 6=agree and 7=strongly agree. For a complete list of individual scale items, sources and the research instrument used see Annexure B and Annexure C attached herewith.

## ***5.2 Data collection method***

The Johannesburg population is roughly estimated to be 4.4 million people. The target population (REAs, buyers, and sellers) for the study was all residents from Soweto, Roodepoort and Randburg and whose

real estate transactions were registered with the Johannesburg register of deeds and whose experience was still fresh in their minds. These suburbs account for about half the total population of Johannesburg at about 2 million (Population and people, census data 2011). Data was collected from mostly English speaking areas. As a result, there was a minimal requirement for translating the questionnaires into indigenous languages. Real estate agents were located in their REFs offices and buyers were generally those people occupying their properties in these suburbs. A stratified random sampling method was used as all potential participants had equal chance to take part in the survey and all potential respondents were classified as buyers, sellers, and Real estate agents. Sample bias was minimized as the researcher randomly approached all the major real estate firms, buyers and sellers in their offices, homes, restaurants, and car washes. The total number of targeted respondents was about 300, which compares favorably with recommendations for minimal sample size for use in Structural equation modeling (see Westland, 2010). The response rate was close to 70% (204) which far exceeds the recommended 17.7% minimum (Leonidou, Barnes & Talias, 2006; Harzing, 2000; Mukherji & Francis, 2008).

Upon approaching the participants and creating a rapport with them, the purpose of the study was explained to them and questionnaires filled in and their consent to participate in the study was obtained via a signing of a consent form. Questionnaires were filled in at respondents' offices, homes, shopping malls, restaurants and at car washes. The researcher employed initial verbal filtering questions (e.g. have you ever bought a property that got registered? Do you still remember how you experienced the property deal interactions with all the participants?)

## **6. Results and data analysis**

### ***6.1 Sample description and accuracy assessment***

Descriptive statistics show the type of respondent, gender, ethnic group, age group, and experience in the real estate industry and position (for REAs). In this article, experience refers to a number of years as agents (for REAs); and numbers of years of knowledge as participants (buyers and sellers) in the housing industry. Note should be taken of the following outcomes: The white portion of the population formed the majority of all participants (REAs, buyers, and sellers). Furthermore, the

REAs category had more white people than any other population groups and the majority of them had more than 13 years' experience in REI. Also, the males aged above 49 years far outnumbered females in this age category. This is in line with the historic feature of the SA population groups. For a summary of the sample description, see table 1 below.

<b>TYPE OF RESPONDENT</b>			<b>FREQUENCY</b>	<b>PER CENTAGE</b>
Seller			43	28.7%
Buyer			58	38.7%
REA			49	32.7%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>
<b>GENDER</b>				
Male			79	52.7%
Female			71	47.3%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>
<b>ETHNIC GROUP OF PARTICIPANT</b>				
African			60	40%
White			80	53.3%
Asian			10	6.7%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>
<b>AGE GROUP OF PARTICIPANTS</b>				
18 – 24 years old			1	0.7%
25 – 34 years old			22	14.7%
35 - 39 years old			28	18.7%
40 – 44 years old			16	10.7%
45 – 49 years old			21	14.0%
Above 49 years old			62	41.3%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>
<b>EXPERIENCE IN THE REAL ESTATE INDUSTRY</b>				
Less than 1 year			8	5.3%
1 to 4 years			15	10%
5 to 8 years			17	11.3%
9 to12 years			42	28%
13 years and above			68	45.3%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>
<b>POSITION FOR THE AGENT</b>				
Owner/Franchisee			23	15.3%
Manager			10	6.7%
Fieldworker			60	40%
Admin & Support			57	38%
<b>TOTAL</b>			<b>150</b>	<b>100%</b>

**Table 1:** Sample description

The study employed partial squares (PLS) for analysis of scale accuracy. PLS was considered more suitable than LISTREL as it was more suited to the sample size obtained (see Chin, Marcolin & Newsted, 2003). The following table (Table 2) shows the scale accuracy statistics for the research variables under investigation.

Research constructs		Descriptive statistics*		Cronbach's test		C.R.	AVE	Measurement Item Loadings
		Mean	SD	Item-total	α Value			
Dual Mandate System (DMS)	DMS2	4.12	1.454	0.630	0.790	0.73	0.48	0.692
	DMS3	4.13	1.405	0.666				0.768
	DMS5	4.11	1.461	0.715				0.607
Ideological Outlook (IO)	IO1	6.01	1.560	0.708	0.848	0.92	0.85	0.926
	IO2	5.40	1.644	0.785				0.918
	IO3	5.09	1.871	0.670				0.873
Principal Treatment (PT)	CP2	4.59	2.496	0.523	0.748	0.65	0.85	0.742
	CP3	4.97	2.255	0.643				0.858
	CP6	4.95	2.698	0.506				0.823
	CP7	4.80	2.226	0.517				0.778
	OT3	5.41	1.960	0.597				0.817
Outcomes (OT)	OT4	5.61	2.152	0.671	0.957	0.88	0.78	0.943
	OT5	5.40	2.288	0.542				0.927
	OT6	5.49	2.197	0.561				0.944
	OT7	5.32	1.926	0.613				0.819
	OT8	5.59	2.202	0.576				0.946

**Table: 2.** Measurement Accuracy Assessment

It depicts means and standard deviations, Item to Total correlations, Cronbach alpha values Average variance extracted (AVE), Composite Reliability (CR) and Factor Loadings.

### 6.2 Reliability

The internal reliability of each construct was also evaluated using the Composite Reliability (CR) index test. The CR values range from 0.65 to 0.92 with is above the recommended threshold of 0.6 (Fornell & Larcker, 1981); Yang & Lai (2010).

The average variance extracted estimate reveals the overall amount of variance in the indicators accounted for by the latent construct (Fraering & Minor, 2006). Higher values for the variance extracted estimate (greater than 0.50) reveal that the indicators well represent the latent construct (Fraering & Minor, 2006). As it can be seen in Table 3 above,

the AVE values ranged from 0.5 to 0.85 which are within the recommended threshold of 0.5.

### ***6.3 Validity***

The tests for the validity of the research scales were based on confirmatory factor analysis (CFA) of all the scale items. After running the original data on the Smart PLS software, loadings of each scale item to the latent construct were examined and that resulted in items that had non-significant loadings to the latent constructs being removed. The remaining ones are those whose loadings are greater than 0.5 and thus proved that they converge on a common construct and provided evidence of convergent validity (Zikmund, Babin, Carr & Griffin, 2010). Fifteen items were eliminated due to the fact that their factor loadings were below 0.5 which is the recommended threshold according to Anderson and Gerbin (1988). These are all given in table 2 above. Therefore, the result supported the convergence of the research scales (Chin-Hung Wang, Ming-Sung Cheng, Purwanto & Erimurti, 2011). The final model consisted of four variables which were measured by DMS-3 items, IO-3 items, CP-4 items, and OT-6 items. The items used in the final model are shown in Table 3 below.

Variables	Item number	Responses in %						
		SD	D	SOD	NT	SMA	A	SAG
DMS	2	21.6	14.7	4.9	4.9	4.9	10.3	37.7
	3	1.5	1.5	2.5	13.2	3.4	10.8	67.2
	5	0.9	0.9	1.5	0.5	7.4	21.6	67.2
IO	1	1.5	7.8	3.4	6.4	4.4	28.9	47.6
	2	1.9	7.8	7.4	13.2	12.3	34.8	22.6
	3	5.9	12.3	8.8	13.7	13.2	21.6	24.5
CP	2	22.6	15.2	6.4	1.5	9.3	9.8	35.3
	3	10.8	19.6	10.3	2.5	8.3	16.2	32.4
	6	25.5	12.3	1.5	1.9	2.5	5.4	50.9
	7	8.8	14.7	15.7	5.4	7.4	13.2	34.8
OT	3	7.4	10.1	4.9	3.43	11.3	31.9	30.4
	4	10.8	9.8	6.9	1.9	6.9	15.7	48.0
	5	14.2	12.8	3.4	4.4	2.9	19.1	43.1
	6	13.2	11.8	3.9	4.4	3.9	21.6	41.2
	7	8.8	2.9	3.4	12.3	11.8	30.4	30.4
	8	14.2	5.9	4.4	5.4	4.9	16.7	48.5

**Table 3:** Response table with significant variables: Key: 1= Strongly Disagree 2= Disagree 3= Somewhat Disagree 4= Neutral 5= Somewhat Agree 6= Agree 7= Strongly Disagree

The inter-construct correlation matrix was utilized to check for discriminant validity of the research constructs. Correlations among latent constructs were evaluated in order to observe if they were lower than 1.0. As indicated in Table 4 below, the inter-correlation values for all paired latent variables are less than 1.0, indicating the existence of discriminant validity (Chinomona, Lin, Wang & Cheng, 2010). According to Nunnally and Bernstein (1994), correlation values between constructs of less than 0.7 confirm the existence of discriminant validity.

Research Construct	DMS	IO	CP	OT
DMS	1.000			
IO	0.360**	1.000		
CP	0.214**	0.322**	1.000	
OT	0.374**	0.613**	0.588**	1.000

**Table: 4.** Inter-Construct Correlation Matrix

### 6.4 Model fit assessment

Acceptable model fit was indicated by chi-square values over degree of freedom ( $\chi^2/\text{df}$ ) of value between 1 and 3, the values of Goodness-of-Fit Index (GFI), Comparative Fit Index (CFI), Incremental Fit Index (IFI), Normed Fit Index (NFI), Nominal Normed Fit Index (NNFI) equal to or greater than 0.90, and the Root Mean Square Error of Approximation (RMSEA) value to be equal to or less than 0.08. Given below (table 5) is a table showing the standard criteria and study specific values for model fitness assessment decision:

Measure	Scholarly recommended value	Study-specific value	Decision
$\chi^2/\text{df}$	1-3	2.841	Acceptable
GFI	$\geq 0.9$	0.911	Acceptable
CFI	$\geq 0.9$	0.907	Acceptable
IFI	$\geq 0.9$	0.927	Acceptable
NFI	$\geq 0.9$	0.936	Acceptable
NNFI	$\geq 0.9$	0.957	Acceptable
RFI	$\geq 0.9$	0.915	Acceptable
RMSEA	$0.08 \geq$	0.078	Acceptable

**Table 5:** Model fit assessment table

### 6.5 Path modeling and factor loadings

In accordance with the two-step procedure suggested by Anderson and Gerbing (1988), prior to testing the hypotheses, confirmatory factor analysis (CFA) was performed to examine scale accuracy (including reliability, convergent validity, and discriminant validity) of the multiple-item construct measures using AMOS 7. A confirmatory factor analysis (CFA) was performed to obtain the standard regression weights.

Path	Hypothesis	Path coefficients ( $\beta$ )	T Statistics	Decision on Hypotheses
DMS $\longrightarrow$ OT	H1	0.185	2.448	Accept/ Significant
IO $\longrightarrow$ OT	H2	0.574	5.919	Accept/ Significant
CP $\longrightarrow$ OT	H3	0.299	5.671	Accept/ Significant

**Table: 6** <sup>a</sup>Significance Level  $p < .10$ ; <sup>b</sup>Significance Level  $p < .05$ ; <sup>c</sup>Significance Level  $p < .01$ .

Table 6 displays the three hypothesized relationships, path coefficients, the t-statistics and the decision criteria. The value of the t-statistic indicates whether the relationship is significant or not. A significant relationship is expected to have a t-statistic that is above 2. Drawing from the results provided in Table 6, all of the hypothesized relationships (H1, H2, and H3) were statistically significant.

### 7. Findings

This section focuses on elucidation of the results relating to relationships between these variables.

***Hypothesis One (H1): Dual Mandate System (DMS)  $\longrightarrow$  Outcomes (OT)***

In this study, this hypothesis was supported. It can be observed in Figure 2 and Table 4 that Dual mandate system exerted a positive influence ( $\beta = 0.185$ ) and was statistically significant ( $t=2.448$ ) in predicting outcomes. The strength of the relationship is indicated by a path coefficient of 0.185. This result implies that the dual mandate system directly influences outcomes in a positive and significant fashion. This means that the higher the level of the dual mandate system the higher the level of outcomes.

***Hypothesis Two (H2): Outlook (IO) → Outcomes (OT)***

Figure 2 and Table 4 above, indicate that H2 is supported by the hypothesis finding ( $\beta = 0.574$ ) and is significant at t-statistics 5.919. Again, the strength of the association is indicated by a path coefficient of 0.574. This implies that Outlook (IO) is positively related to Outcomes (OT) in a significant way. Thus, higher levels of ideological outlook will lead to higher levels of positive or negative outcomes.

***Hypothesis Four (H3): Compromised principal (CP) → Outcomes (OT)***

The final hypothesis postulated that principal treatment exerts a positive influence on outcomes. The t-statistics is (5.671). The strength of the relationship is indicated by the path coefficient of ( $\beta = 0.299$ ). This finding suggests that principal treatment has a direct strong positive effect on outcomes. Therefore, the result depicts that higher levels of principal treatment will lead to higher levels of job satisfaction.

## **8. Results discussion**

This study has confirmed that the actions of real estate agents have a huge impact on the housing market performance (Xun, Turnbull, & Waller, 2017). When people decide to enter the housing market either as sellers or buyers, they need an agent that will represent their interests (Coretz, 2017). Given the history of South Africa, the DMS and IO are a reality in the REI. The research model predicted that DMS, IO, and CP are likely to lead to sub-optimal (OT) to either one or both principals in a housing transaction. The present study has confirmed all the proposed hypotheses. It has for instance, empirically shown that when the DMS is practiced, it is likely to create sub-optimal outcomes in the SA REI. This finding confirms a string of other findings (see amongst others: Kaplan, 2004; Kadiyali, Prince & Simon, 2014; Deutsch, Keil & Laamanen, 2011; Evans & Kolbe, 2005).

On the ideology of real estate agents, it has been shown that real estate agents who hold strong ideological viewpoints are likely to produce less than optimal results for their principals. This also is in line with other studies in other areas. As an illustration, in the USA, it was found that political ideology matters in consumer behavior (Crockett & Wallendorf, 2004). Furthermore, some authors have shown that agents discriminate because of their own prejudice and in order to protect their

potential business at the expense of one or all their principals (Becker, 1971). Clearly, therefore, the interests of principals are not optimally served.

Finally, when a principal's interests are compromised, there is a big possibility of him/her getting sub-optimal results. The outcomes may be those associated with perceptions of fairness in transactions, confidence in the REA, the perception of quality of service and possibilities of future business. This may arise from REAs disclosing sensitive information to one party or pressuring either the seller (to accept a lower price) or the buyer (to accept a higher price) to hasten the sale (Kadiyali, et al., 2014; Izzo, et al., 2003). The study has shown that brokers have an impact on property price and that buyers usually lose out (Zietz & Newsome, 2002).

The following recommendations naturally flow out of this study: State intervention in the form of disallowing agents from representing two opposing interests (Nanda & Pancak, 2010). This would be in line with practices in other countries Like New Zealand and the UK (Gardiner, Heisler, Kalberg & Liu, 2007; Mersel, 1996; Kadiyali, et al., 2014). Furthermore, it is imperative for agents to not only avoid exploiting the inherent COI in their dealings with both seller and buyer principals, they also need to make consumers aware of their position, and to explain the possible effect on the broker's obligation to represent them (Carpenter, 2014; Coretz, 2017). They also need to be trained on how to avoid favoring one party at the expense of the other in a deal (Hodge, 2015). Secondly, it is recommended that REAs be given ideological transformation training before they are licensed to practice. The curriculum for REAs training can be structured in a way that includes training on ideological change. It has been shown in some studies that people's ideologies and personality are malleable and can change (Pratto, Tatar, Conway & Lanz, 1999). Alternatively, a way should be found and used to limit the possibilities of adverse effects of the ideological persuasion of REAs the majority of whom are white in the South African REI. On the issue of compromised principals' interests, it is recommended that a disclosure to principals of all possible issues that may lead to less than optimal outcomes for principals be done (Green & Vandel, 1995). Lastly, a pre-purchase counseling should be made compulsory before any deal is concluded via a REA. At the conclusion of a transaction, a customer satisfaction form should be filled in by all buyers and sellers and that information should be made available to all prospective property buyers and sellers working through REAs.

## **9. Contribution of the study**

The study contributes to knowledge in a number of ways. Firstly, the fact that both sellers and buyers of properties are likely to lose out to REAs suggests that possibilities of regulating the actions of agents should be further investigated. Secondly, a need to further research possible motives for agents' behavior in order for policy-makers to make decisions based on concrete evidence. Lastly, the management of the industry (the estate agency affairs board-EAAB) stands to benefit from evidence supplied by this and from many other international studies conducted in the industry.

## **10. Limitations and directions for future research**

The current research was based on a robust literature review and empirical analysis. However, some limitations remain that provide opportunities for future work. Data were only collected from Johannesburg areas and the opinions of the respondents might not be representative of the whole SA public. It is further acknowledged that this research is biased towards large cities in SA and therefore cannot be generalized to the entire country without further replications. The REI is one area of economic activity that generates huge amounts of money and impacts many consumers in a big way. Many deals are done daily and they involve big amounts of money which people have to pay over a very long time.

## **11. Conclusion**

Numerous studies in other countries have shown that serving two opposing interests in any given transaction is fraught with potential pitfalls. The present article has shown that the South African real estate industry features and practices of agents also produce undesirable outcomes. Some principals might not be aware of their losses, but might be due to their lack of sophistication when selling or buying properties. The study suggests that policy-making in this important part of the country's economy has to shift in order to address some of the issues identified. The industry cannot be left to self-regulate. The ongoing debates in South Africa about land expropriation without compensation

also add another element to the implications for a possible policy shift in how all major players in this industry conduct business.

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## SOLE MANDATE

I, \_\_\_\_\_  
\_\_\_\_\_ warrant that I am not a supplier as defined in the Consumer Protection Act and I do not engage in selling property in the normal course of my business. and

\_\_\_\_\_ married in/out of Community of Property/Unmarried of \_\_\_\_\_

\_\_\_\_\_ hereby grant Harcourts Parklane hereinafter referred to as “THE AGENT” the exclusive right to sell my property known as:

\_\_\_\_\_ together with all buildings and erections thereon and all fixtures of a permanent nature pertaining thereto the PROPERTY for the gross price

R \_\_\_\_\_ inclusive of VAT (if applicable) thereon, or such lesser amount as I may agree to accept. Occupation of the PROPERTY is to be given to the Purchaser on registration of transfer or such date as may be mutually agreed upon.

1. This Mandate is granted under the following conditions:

1.1 This Mandate is irrevocable and shall commence on signature of this AGREEMENT and shall remain in force until 24h00 on \_\_\_\_\_ 201\_\_\_\_\_. 1.2 The AGENT shall use their best endeavors to find a willing and able Purchaser to purchase the PROPERTY. 1.3 The AGENT shall at their sole cost and expense advertise the PROPERTY during the MANDATE PERIOD. 1.4 The AGENT will communicate with the Seller at regular intervals during the MANDATE PERIOD. 1.5 The AGENT will furnish the Seller with all written offers made to purchase the PROPERTY forthwith upon receiving such offers. 1.6 The AGENT shall consider the Seller's needs at all times. 2. The Seller undertakes that: 2.1 he will not, during the MANDATE PERIOD, appoint or allow any other Estate Agent to sell or endeavor to sell the PROPERTY. 2.2 He will not do anything which might prevent, frustrate or hinder the AGENT from effecting a sale of the PROPERTY. 2.3 He will allow the AGENT to display their "FOR SALE" board on the PROPERTY. 2.4 The Seller shall pay a net professional fee to the AGENT of 7.5% plus Value Added Tax thereon, of the price at which the PROPERTY is sold. The said fee shall be paid if: 3.1 the PROPERTY is sold during the MANDATE PERIOD, whether by the Seller or any other person; or 3.2 the PROPERTY is sold by the Seller or any other person, within 30(thirty) days after the termination of the MANDATE PERIOD to any person who was introduced to the Property during the MANDATE PERIOD. After 30(thirty) days the Common Law Principal of Effective Cause shall apply. 3.3 The Seller refuses during the MANDATE PERIOD, to accept an AGREEMENT on the terms as set out herein. 4. I accept that I am to bear the cost of inspection of the property by an entomologist to determine whether the property is infested by termites, borer or other timber destroying insects, and the cost of the treatment should such infestation be found to be present. 5. I accept that I am to bear the cost of an Electrical Compliance Certificate issued by an accredited electrical contractor and the cost of any necessary repairs to the property to enable a certificate of compliance to be issued. SIGNED AT \_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_\_\_\_

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\_\_\_\_ THE SELLER or AUTHORISED REPRESENTATIVE This Mandate is accepted by the AGENT SIGNED AT \_\_\_\_\_

\_\_\_\_\_ on this \_\_\_\_\_ day of \_\_\_\_\_ 201\_\_\_\_\_

\_\_\_\_\_ wh  
o declares he is authorized hereto. DECLARATION BY SELLER I  
declare that the meaning and implications of the above Mandate have  
been explained to my satisfaction and I further declare that: I. The  
Property is sold with all fixtures and fittings, subject to Clause 2 below,  
and \_\_\_\_\_ especially  
including \_\_\_\_\_

\_\_\_\_\_ Which are my exclusive property and fully  
paid for. 2. The following items are excluded from the sale of the  
PROPERTY;

\_\_\_\_\_ 3. The PROPERTY is/is not subject to  
lease. If leased the lease expires on \_\_\_\_\_ 4. I warrant  
that the following has been disclosed by me as material facts effecting the  
above PROPERTY, which are likely to be material to the  
PURCHASER'S decision to purchase the PROPERTY, namely;

\_\_\_\_\_ 5. The above PROPERTY has/has  
not been used by me as part of a VAT enterprise as defined in the VAT  
Act 1991. \_\_\_\_\_

**Annexure A** The sole mandate

Source	Concept	Variable	Item	Questions/Statement
		<b>1.Dual mandate system</b>		
Pam Goldings Rawson properties Chas Everitt Harcourts (See attached sample)	Sole mandate,	Written sole mandate (SM) Views on the sole mandate	<b>DMS1</b>	Instruction to market the property was given to one real estate agent
			<b>DMS2</b>	Giving instruction to one agent is the best way to sell a property
	Exclusivity, Representation	Involvement of REAs in initial valuations	<b>DMS3</b>	
		Check on whether others were involved in the deal	<b>DMS4</b>	Initial valuation of the property was done by the agent/agent's firm
	Multi listing service		<b>DMS5</b>	More than one real estate agent was used to sell in this transaction
	Industry practices	Exclusive representation of the buyer	<b>DMS6</b>	The instructed agent/firm acted for the buyer in the present transaction
	One agent is the go-between	Exclusive representation for both parties	<b>DMS7</b>	Offers for the sale of this property were presented by the listing agent
	Lack of outside assistance Commission sharing/lack	Confirmation question for DMS	<b>DMS8</b>	None of the transacting parties received any other assistance for this sale  Only the instructed agent received a commission for the deal

		<b>2.Ideological outlook</b>		
Marina, 2014; Goll & Zeitz, 1992	Sense of responsibility	Sense of responsibility	<b>IO1</b>	It is important for the agent to fulfill his/her responsibility to the principal
Carrero, Negri, Castelli & Pastore, 2014	Convictions, beliefs and values, .Actions	Association of people with certain features Ideology is related to actions	<b>IO2</b> <b>IO3</b> <b>IO4</b>	The agent who sold this property can accurately predict a client 's preferences in a housing deal
Chin, Hambrinck & Trevino, 2013	Source of ideology	Ideology reflected in values	<b>IO5</b>	This agent can determine where people choose to sell/purchase properties
Daniela, 2014.	Manifestation	Strong values reflect the ideology	<b>IO6</b>	I was flexible when negotiating this housing transaction
Jost, 2006;Roseberg, 1956 Chin et al, 2013	Unmoveability	Persistence of commitment	<b>IO7</b>	I hold very strong personal values
Daniela, 2014	Commitment	Ideology reflected in values	<b>IO8</b>	My principles will not be compromised regardless of possible gain
Marina, 2014	Economic system	Economic		Personal values should influence the way I do business

	choice	model choice can be motivated by ideology		A free-market economy is the best economic system
		<b>3. Compromising principal</b>		
Wiseman, RM, Cuevas-Rodriguez & Gomez-Mejia, 2012	Principals interests	The contrast in interests between parties	<b>CP1</b>	Reasons for the sale/buying the property were disclosed for purposes of this deal
		Information asymmetry	<b>CP2</b>	I knew how to do property valuation before this transaction
Henrin, Knight & Sirmans, 2004; Mishra, Heide & Gort, 1998.	The contrast in interests between parties	The contrast in interests between parties on TOM	<b>CP3</b>	There were no winners or losers in this transaction
	Contrast between parties	The contrast in interests between parties	<b>CP4</b>	I am satisfied with the time on market (TOM) of the property
Wiseman, RM, Cuevas-Rodriguez & Gomez-Mejia, 2012	Transaction experience	Information asymmetry	<b>CP5</b>	The duration of the transaction process was too long
	Prior valuation knowledge	Who benefits/loses	<b>CP6</b>	Valuation and pricing information was disclosed to me
	Price experience	Information asymmetry	<b>CP7</b>	I received maximum benefit with regards to pricing
Wiseman, RM, Cuevas-Rodriguez & Gomez-Mejia, 2012	Principals' knowledge	Who benefits/loses	<b>CP8</b>	My knowledge of property transactions is close to the level of the other parties in this deal
		Information asymmetry		

4. Outcomes				
Hannachi, 2015	Customer satisfaction	After sale evaluation of both product and service	OT1	I bought a property in an ideal neighborhood
Hannachi, 2015; Carol, 1989	Financial performance	Satisfaction with the price charged/paid	OT2	With the benefit of hindsight, I should have transacted for a lower price
			OT3	I received a fair treatment from all parties involved in this transaction
Lee & Lee, 2013	Customer satisfaction	Perception of fairness	OT4	I would use the same REA for my next property deal if I decide to buy/sell in the same suburb
McDaniel & Louargand, 1994	Customer loyalty	Possibilities of repeat business	OT5	I have confidence in the REA who handled the present transaction
Milost, 2013 Hannachi, 2015	Non-financial measures	Trust in the service provider	OT6	I will continue buying/selling my property (ies) through this REA
	Service quality	Possibilities of repeat business	OT7	
Milost, 2013	Financial and non-financial outcomes	Client satisfaction	OT8	The quality of service I got for this in this transaction was excellent
	Relationship management	Client satisfaction		After this transaction, I am very satisfied with the relationship with this REA

**Annexure B** Research items and sources

## RESEARCH INSTRUMENT SECTION A

### 1: GENERAL INFORMATION

The section is asking your background information. Please indicate your answer by ticking (✓) on the appropriate box.

A1: Please indicate whether you are a seller, buyer or a real estate agent

Seller	1
Buyer	2
REA	3

A2: Please indicate your gender

Male	1
Female	2
Other	3

A3: Please indicate your ethnic group

African	1
White	2
Asian	3
Coloured	4
Other	5

A4: Please indicate your age group

18 – 24 years old	1
25 - 34 years old	2
35 - 39 years old	3
40 – 44 years old	4
45 – 49 years old	5
Above 49 years old	6

A5: Please indicate your work experience in the real estate industry

Less than 1 year	1
1 to 4 years	2
5 to 8 years	3
9 to12 years	4
13 years and above	5

A6: Please indicate your position

Owner/Franchisee	1
Manager	2
Fieldworker	3
Admin & Support	4

## SECTION B

### 1: Dual mandate system (DMS)

Below are statements about the mandate that was given by the seller/buyer for your latest property transaction. You can indicate the extent to which you agree or disagree with the statement by ticking the corresponding number in the 7 point scale below where:

**1= Strongly Disagree 2= Disagree 3= Somewhat Disagree 4= Neutral  
5= Somewhat Agree 6= Agree 7= Strongly Agree**

*Please tick only one number for each statement*

DM S1	Instruction to market the property was given to one real estate agent.	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S2	Giving instruction to one agent is the best way to sell a property	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S3	Initial valuation of the property was done by the agent/agent's firm	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S4	More than one real estate agent was used to sell in this transaction	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree

DM DM S5	Offers for the sale of this property were presented by the listing agent	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S6	The instructed agent/firm acted for the buyer in the present transaction	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S7	None of the transacting parties received any other assistance for this sale	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
DM S8	Only the instructed agent received commission for the deal	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree

## 2: Outlook

Below are statements about your values and life outlook. You may agree or disagree with each statement by ticking the appropriate number provided below where:

1= Strongly Disagree 2= Disagree 3= Somewhat Disagree 4= Neutral  
5= Somewhat Agree 6= Agree 7= Strongly Disagree

*Please tick only one number for each statement*

IO O1	It is important for the agent to fulfill his/her responsibility to the principal	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
IO O2	The agent who sold this property can accurately predict a client 's preferences in a housing deal	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
IO O3	This agent can determine where people choose to sell/purchase properties	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
IO O4	I was flexible when negotiating this housing transaction	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
IO	I hold very strong	Strongly	1	2	3	4	5	6	7	Strongly

O5	personal values	Disagree										Agree
IO 06	My principles will not be compromised regardless of possible gain	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
IO 07	Personal values should influence the way I do business	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
IO 08	Free-market economy is the best economic system	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree

### 3: Compromised principal

Below are statements about the treatment you received in your last property transaction. You may agree or disagree with each statement by ticking the appropriate number provided where:

1= Strongly Disagree 2= Disagree 3= Somewhat Disagree 4= Neutral 5= Somewhat Agree 6= Agree 7= Strongly Agree

*Please tick only one number for each statement*

CP1	Reasons for the sale/buying the property were disclosed for purposes of this deal	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
CP2	I knew how to do property valuation before this transaction	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
CP3	There were no winners or losers in this transaction	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
CP4	I am satisfied with the time on market (TOM) of the property	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
CP5	The duration of the transaction process was too long	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree
CP6	Valuation and pricing information was disclosed to me	Strongly Disagree	1	2	3	4	5	6	7			Strongly Agree

CP7	I received maximum benefit with regards to pricing	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
CP8	My knowledge of property transactions is close to the level of the other parties in this deal	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree

#### 4: Outcomes

Below are statements about the outcomes of your latest property transaction. You may agree or disagree with each statement by ticking the appropriate number provided where:

1= Strongly Disagree 2= Disagree 3= Somewhat Disagree 4= Neutral  
5= Somewhat Agree 6= Agree 7= Strongly Agree

*Please tick only one number for each statement*

OT1	The property is located in an ideal neighborhood	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT2	The price for this property should have been lower	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT3	I received a fair treatment from all parties involved in this transaction	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT4	I have confidence in the real estate who handled the present transaction	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT5	I would use the same real estate agent for my next property deal if I decide to buy/sell in the same suburb	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT6	I will continue buying/selling my property	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree

	(properties) through this real estate agent									
OT7	The quality of service I got for this transaction was excellent	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree
OT8	In general, I am very satisfied with the relationship with this real estate agent	Strongly Disagree	1	2	3	4	5	6	7	Strongly Agree

**Annexure C:** Research instrument