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## The Impact of an Online Ethics Module on Uniform Standards of Professional Appraisal Practice Instruction on the Morality Levels of Appraisal Students

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# **THE IMPACT OF AN ONLINE ETHICS MODULE ON UNIFORM STANDARDS OF PROFESSIONAL APPRAISAL PRACTICE INSTRUCTION ON THE MORALITY LEVELS OF APPRAISAL STUDENTS**

Sam Martin

University of Phoenix/Walden University

## **Summary**

This paper represents a portion of the work performed for the PhD in Education at Walden University.

The financial markets have been in a state of chaos for a number of years. Some of the chaos can be attributed to appraisers bending under unethical pressure exerted by lenders (Martin, 2009). Bandura (2001) and Detert, Trevino and Sweitzer (2008) described such deviation from moral behavior as a disengagement from the agents of cognitive morality. Some suggest a lack of morality among appraisers was a principal cause of the financial collapse of the 2000s. Therefore, if appraiser morality could be positively affected, adherence to appraisal codes of ethics would be enhanced. Appraisers must complete a 7-hour USPAP Update Continuing Education course once per renewal cycle to maintain their license. The research problem is to determine the effect an online USPAP course has on the moral outlook of appraisal students who take these courses. The research will consist of administering the Defining Issues Test (DIT) before the USPAP course as a baseline, and then again after the USPAP course to determine if there is a difference in moral outlook. An Ethics Module (EM) will be created and added to the USPAP course for some participants. The researcher will determine if the EM affects the student's morality level. The researcher will also determine if the teaching environment (online vs grounded) affects student morality. The results of this research may result in recommendations to the agency that promulgates USPAP based upon the results of this research.

## **Keywords**

Appraisal, ethics, instruction, online, grounded, Kohlberg, Rest, Detert, Martin, tactics of moral disengagement, stages, cognitive moral development, USPAP, real estate, Appraisal Foundation.

## **Introduction to the Study**

The chaotic nature of the financial markets has been attributed to multiple sources, including financial fraud (Hake, 2005), questionable business ethics (Tsalikis, 2011, p. 523), mortgage fraud ([Frieden, 2004](#); [Hagopian, 1999](#)), and failures by accountants to act ethically themselves or to report the unethical behavior of others (Malone, 2006, p. 142). In addition, appraisers have been held partially responsible for the complex conditions that led to the economic downturn of the early 2000s, as a result of both passive and active complicity in inflating the housing market. Appraisers were significant players in the inflation of the housing markets because appraisers are considered the experts in valuation and, as such, are gatekeepers for their clients' money. Appraisers' ability to assess pricing accurately and in ways that reflect market conditions are a vital element of a balanced housing economy (Martin, 2009).

The failure of appraisers to function ethically and responsibly amid pressure to inflate the housing market had significant consequences including the origination of inflated mortgages which led to upside down borrowers after the housing crash. Thus, understanding the factors that led to such breaches in moral conduct can help to better understand how the housing crisis of the early 2000s began, and can also help to avoid such situations in the future. Callahan (2004) suggested that the pressure to succeed has culminated in a cheating culture, and that ethics is losing ground in a market-driven economy; morality is a fading influence within the modern marketplace.

Bandura (2001) and Detert, Trevino and Sweitzer (2008) described deviation from moral behavior as a disengagement from cognitive morality; in essence, a perpetrator's excuse for behaving poorly. This disengagement may be influenced to support stronger moral behaviors. The premise of the proposed study is that if appraiser morality could be positively affected and appraisers could re-engage with cognitive morality, adherence to appraisal codes of ethics would be enhanced. This enhancement would have a positive impact on the economy through the reduction of fraud and reduced financial losses to lenders and borrowers due to foreclosures.

## **Background of the Study**

Currently, appraisers take a Uniform Standards of Professional Appraisal Practice (USPAP) 15-hour pre-licensing course to become licensed. Appraisers must then take a 7-hour USPAP Update Continuing Education (CE) course every renewal cycle to maintain their appraisal license. While the USPAP course, designed and promulgated by The Appraisal Foundation (TAF), contains some pedagogically-sound components such as multiple choice assessments and case studies, most of the course is devoted to the passive presentation of facts and rules. Furthermore, the USPAP course lacks a module that focuses specifically on ethics and ethical behavior.

The case can be made that the USPAP course could be more efficacious with the addition of an antecedent ethics module (EM) consisting of properly constructed appraisal case studies. In the field of ethics education, case studies have been shown to be efficacious tools to enhance students' understanding of ethics (M. Keefer and Ashley (2001, pp. 377-378). Case studies in ethics courses have also been shown to enhance student morality (Hashemian & Loui, 2010, p. 202). What is not known is whether ethical case studies would enhance the USPAP course, and whether the inclusion of an EM would influence appraisers' behaviors. Additional concerns include whether there is a difference in ethical outcomes in online versus grounded USPAP courses because several appraisal courses are offered in an online environment now.

If students demonstrate enhanced morality levels after engaging in the current USPAP instruction, then USPAP is "doing the job" as intended. If students do not demonstrate enhanced morality levels, does the addition of the Ethics Module to the USPAP affect morality levels? The solution that best enhances morality in prospective appraisers is a solution that: (a) enhances morality levels; (b) produces appraisers with higher morality; and (c) would best reduce fraud and other immoral behaviors that have a negative impact on the US economy (Frieden, 2004; Hagopian, 1999). An overriding consideration is whether the EM and USPAP can be delivered effectively in an online environment.

There is a gap in the literature regarding whether USPAP students' morality can be enhanced by being taught at a distance vis-à-vis grounded, and whether the addition of an Ethics Module would positively influence appraisal students' morality levels. The work of Izzo (2000a) has shown that there is a direct relationship between cognitive moral development as promulgated by Kohlberg and success in real estate sales. Furthermore, Izzo (2000b) disputes the contention that compulsory ethics education affects salespersons' cognitive moral development. The use of interactive cases, however, has positively influenced moral development of real estate salespeople (Izzo, Langford, and Vitell, 2006, p. 239). Izzo's work informs the current study, but does not expand into non-agents, that is, those who do not have a client-agent relationship, such as appraisers. Izzo also does not address the issue of teaching ethics online. To address the gap in the literature, the author will also examine if a researcher-designed Ethics Module taken before the USPAP course affects appraisal students' moral outlook. The research will consist of administering Rest's (Rest et al., 1977) Defining Issues Test (DIT) before the USPAP course as a baseline, and then again after the USPAP course to determine if there is a change in moral outlook pre and post USPAP course. The EM will be created and administered as an antecedent to the USPAP 7-hour course, with some participants taking the EM and then USPAP, but others just taking USPAP. The DIT will be administered (pre and posttest) to see if the EM affects student morality levels. Recommendations will be made to the agency that oversees USPAP (the Appraisal Foundation) based upon the results of this research. The DIT will be administered to participants taking the 7-hour USPAP course to see what impact USPAP has on experienced appraisers. The assumption is that if morality can be influenced in distance appraisal students, morality can be influenced in distance students in other professions. The results of the proposed study may be generalizable across professions for the betterment of society.

## **Problem Statement**

Reports of appraisers committing fraud have fostered an environment of bank and public distrust of appraisers (American Public Media, 2011). The client-appraiser dynamic can harm the public, if the client places pressure on the appraiser to “hit numbers” or otherwise misstate facts in the appraisal report (The National Community Reinvestment Coalition, 2005). It is important to understand appraisers’ decision-making process with regard to their relationship with clients and the rationale of appraisers to succumb to client pressure. Related professionals, such as assessment officials, have been alerted to the issue of illicit real estate transactions. This alert helps protect the appraisal profession and the public (Hagopiana, 1999, p. 33).

This environment resulted in the passage of various federal and state laws to control the relationship between appraisers and their clients in an effort to protect the public. One such law is the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010, commonly referred to as Dodd-Frank (House of Representatives, 2010). The Dodd-Frank law purports to separate depository institutions from risky endeavors by the creation of firewalls (Omarova, 2011, p. 103). Dodd-Frank also created a barrier between the client and the appraiser to prevent the suborning of the appraisal process and the diminishment of appraiser neutrality (House of Representatives, 2010, p. 812).

Although legislation offers an additional layer of regulation that can help avoid conflicts of interest and corruption, the law alone fails to address the core issue that leads to negative behaviors among appraisal professionals. The disengagement of these professionals from the moral and ethical foundations of their work is the root cause of this issue (Baker et al., 2006). Beyond external regulations, appraisers must re-engage with their own cognitive morality. To date, there has been little consideration of how to make that happen. The mandated training and continuing education required of appraisers through the USPAP course provides an opportunity to explore the effectiveness of the infusion of ethical principles into the curriculum, and to find out how such instruction might support ethical thinking and behaviors.

## **Purpose of the Study**

The purpose of this study is to explore how appraisers’ morality is influenced following participation in an Ethics Module as part of a USPAP course, as measured by Rest’s (Rest et al, 1977) Defining Issues Test (DIT). A pretest/posttest analysis will help determine the efficaciousness of the USPAP courses and their impact on appraisal morality. Some participants will complete the DIT, the USPAP course with an EM created by the author, and the DIT again; other participants will not receive the EM. These two groups will be compared to gain insights into the differences in outcomes between those who participated in the Ethics Module and those who did not. The researcher will analyze the DIT and the translation of DIT scores into Lawrence Kohlberg’s (Rest, Turiel, & Kohlberg, 1969) moral development stages. The study will further ascertain the usefulness of the DIT for measuring the impact of the USPAP course on the morality levels of participants wanting to attain a real estate appraisal license and participants who have appraisal experience, but want to maintain their license.

Ethical behavior is of paramount importance in appraisers who evaluate real estate to be used as collateral for real estate loans. Billions of dollars of lender money is at risk if appraisals are faulty. Massive losses have been recorded in the lending industry. Much of this loss is attributed to a downturn in the real estate market (Frieden, 2004; Hagopiana, 1999). Yet, a considerable amount of this loss is attributed to lender pressure placed on appraisers and fraud. If appraisers are expected to “just say no” to bribes and other illicit inducements, many appraisers may not be up to the challenge (Mortgage Fraud Blog, 2006).

## **Research Questions and Hypotheses**

The researcher will explore the impact that taking the USPAP course and an adjunct Ethics Module have on the morality level of students in an online environment. The results of the study will affect the future course design of USPAP and the USPAP document itself. It is hypothesized that changing the USPAP course will affect the morality level of incoming appraisers and, consequently, levels of fraud in appraisal and mortgage lending. This study will enhance awareness of the role of cognitive moral development when appraisers are faced with dilemmas; the dilemmas will be operationalized via case studies included in the ethics module.

After a careful review of the literature the following null and alternate hypotheses were formulated.

### **Research Question 1**

Is there a difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course without the ethics module versus those taking the 7-hour USPAP CE course with an antecedent ethics module?

#### **Null Hypothesis 1**

There is no difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course without the ethics module versus those taking the 7-hour USPAP CE course with an antecedent ethics module.

#### **Alternative Hypothesis 1**

There is a difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course without the ethics module versus those taking the 7-hour USPAP CE course with an antecedent ethics module.

### **Research Question 2**

Is there a difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course online versus continuing appraisal students taking the 7-hour USPAP CE course in a grounded environment?

#### **Null Hypothesis 2**

There is no difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course online versus continuing appraisal students taking the 7-hour USPAP CE course in a grounded environment.

#### **Alternative Hypothesis 2**

There is a difference between the moral affect of continuing appraisal students taking the 7-hour USPAP CE course online versus continuing appraisal students taking the 7-hour USPAP CE course in a grounded environment.

A null hypothesis posits an assertion about a population parameter and follows a traditional approach (Creswell, 2009, p. 134). The assertion is held to be true unless there is sufficient statistical evidence to conclude otherwise. The notation is:

$$H_0: \mu_1 = \mu_2$$

$$H_a: \mu_1 \neq \mu_2$$

where  $H_0$  and  $H_a$  = null hypothesis and alternative hypothesis respectively. In addition  $\mu_1$  and  $\mu_2$  represent the arithmetic means of the two populations. The alternative, or directional, hypothesis suggests a potential outcome based on research or literature (p. 134).

### **Theoretical Base**

Three theories provide the foundation for this study. These theoretical bases are Lawrence Kohlberg's (1963) theory of cognitive moral development; James Rest's (1974) work stemming from Kohlberg's theory; and Bandura's (2006) tactics of moral disengagement (TMDs). Together, these theories will support the systematic examination of the moral decision-making of appraisers.

Ethical decision making in appraisal is largely an individual process. While some agencies purport to control the appraisal profession and the sanctity of appraisal ethics, the appraiser decides to violate ethics or not. In this way, the appraiser is an insular entity, with few appraisers belonging to organized appraisal groups. Lawrence Kohlberg (L. Kohlberg & Lickona, 1976) postulated that human morality can be categorized by the following six stages:

Level I: Pre-conventional morality

Stage 1-Obedience and punishment orientation. Do as you are told. Avoid rule-breaking.

Stage 2-Naively egoistic orientation. Let's make a deal.

Level II: Conventional Morality

Stage 3- Good boy orientation. Be nice and kind and get along with others.

Stage 4- Authority and social order maintaining orientation. Do your duty and receive protection from the law.

Level III: Post-conventional morality

Stage 5- Contractual legalistic orientation. Duty defined by contract or the will of the majority.

Stage 6- Conscience or principle orientation. Orientation to logical social rules and principles of choice appealing to logical universality. Conscience is the guiding force. (pp. 225-226)

Individuals progress through these stages until they reach a terminus. Not everyone makes it through all six stages. These six stages (Rest et al., 1969) of cognitive moral development outline how individuals develop morally across the course of a lifetime. Individuals can, with outside influences, progress to higher stages (Rest et al., 1969). Regardless of the stages they evolve through, individuals deviate from moral perfection. Bandura (1990, 1999) postulated that individuals who choose to deviate from the ethical expectations of society do so because tactics of moral disengagement (TMDs) deactivated agentic processes (Albert Bandura, 1990, 1999; Detert et al., 2008; Martin, 2010). The eight TMDs are: (a) moral justification; "I am in the right, therefore I may proceed with my action;" (b) euphemistic labeling; sanitizing language to make an action appear acceptable; (c) advantageous comparison with more reprehensible cultures; (d) displacement of responsibility; "others are forcing me to perform immorally;" (e) diffusion of responsibility; others share the responsibility for the immoral act making self-action more palatable; (f) disregarding or distorting actions; people recall positive effects of actions but not the negative effects; (g) dehumanization; the objects of actions are less-than-human and therefore deserving of their fate; and (h) attribution of blame; the subject is faultless due to external provocation by others. Martin (2010) postulated another TMD that supersedes the other eight, a zero TMD that disengages an agent of morality for the greater good of humanity.

While various theories explain the nature of human behavior and development, the relationship between moral development and individual behavior is uncertain. Albert Bandura (2002, p. 103) posited eight TMDs that explain the disconnect between the individual and moral behavior. In Bandura's (2002) eyes, humans have an agentic nature that allows them to act as agents of social change, or to make the conscious decision to not act as such agents (p. 101)). Bandura's (2002) contention is that moral behaviors are affected by agentic response concerning morality vis-à-vis cognitive reactions to morality. In other words, acting on what is right versus merely thinking about what is right.

Rest et al. (1977) took Lawrence Kohlberg's (1963) work and expanded upon it. Rest et al. (1977) developed a quantitative tool, the DIT, to measure (among other things) the moral development of participants, and how moral development correlates with Kohlberg's stages (Rest et al, 1977). Rest's work was further expanded in 1999 (Rest et al.). Hundreds of studies over a span of more than thirty years have been based upon the DIT of James Rest (Rest, Navaez, Bebeau, & Thoma, 1999, p. 2). Rest's work and the work of his colleagues and peers has culminated in a Neo-Kohlbergian approach to the study of moral development. While agreeing in many important areas, Rest et al. (1977) differed from Kohlberg (1963) in several areas: (a) instead of hard stages, Rest proposed soft schema that are based on frequency of usage instead of being a staircase; (b) schema are more concrete than stages; (c) schema do not directly assess cognitive operations. People are aware of content in their mental life but are not aware of what generates the content (p. 3). The DIT started as a "quick-and-dirty" alternative to the cumbersome questionnaire used by Kohlberg (1963), and then evolved into the reliable assessment used today (p. 7). Using Kohlberg's work as the foundation, Rest and his colleagues have moved the study of moral development forward. In this study I will analyze the moral decision-making of future appraisers and licensed appraisers. The relationship between taking the USPAP (with or without an EM)

and changes in morality will be ascertained. Kohlberg's (1963) stages of moral reasoning will be operationalized using James Rest's (DIT), specifically the online version (DIT-2)(Rest et al., 1999).

### **Definition of Terms**

*Agentic theory:* "Individuals adopt standards of right and wrong that serve as guides and deterrents for conduct" (Bandura, 2006, p. 171).

*Cognitive:* The mental thought process or the process of knowing (Kohlberg, 1984).

*Cognitive moral development:* The development of thought processes including remembering, problem-solving, and decision-making, from childhood through adolescence to adulthood (Kohlberg, 1984).

*Defining Issues Test (DIT):* The DIT is an assessment that measure moral or ethical dilemmas using a scale likened to a Likert scale (J. Rest, 1974, p. 174)A series of moral dilemmas identified how respondents would react across various stages of moral development. An updated online version of the DIT (DIT-2) is available (Rest & Narvaez, 1999).

*Ethics:* A code of ethics "is a guideline for reasoning through a moral dilemma, an enactment of Kohlberg's (1963) conventional level of moral development in which one seeks to follow established rules of ethical behavior" (Bivins, Morrow, Bowen, & Doescher, 2002, p. 179). "A code of ethics is often thought of as idealistic, but such a code is required to bridge the gap between the idealistic and the realistic" (Bivins et al., 2002, p. 178).

*Fraud:* A deliberate misrepresentation of fact. Fraud is contrary to the codes of ethics of all professions. Fraud can be for profit or for property (Firozabadi, Tan, & Lee, 1999).

*Moral or ethical dilemma:* A condition wherein there is no choice clearly "right." All options violate one or more ethical standards (Kohlberg, 1984).

*Stages of cognitive moral development theory:* Stages of moral development in the individual. The first proponent was Kohlberg, who postulated that processing moral dilemmas led an individual through successive stages of morality. Kohlberg posited six such stages (Lawrence Kohlberg & Hersh, 1977).

*Tactics of moral disengagement (TMDs):* Mechanisms whereby moral decision-making is short-circuited, allowing (or excusing) the individual from proper behavior. There are eight such tactics: moral justification; euphemistic labeling; advantageous comparison; displacement of responsibility; diffusion of responsibility; disregarding or distorting consequences; dehumanization; and attribution of blame (Detert et al., 2008; Martin, 2010).

*Uniform Standards of Professional Appraisal Practice (USPAP):* The USPAP as promulgated by the Appraisal Foundation (TAF). USPAP contains the generally accepted standards of the appraisal profession in North America (The Appraisal Foundation, 2010).

*USPAP 7-hour update course:* A continuing education (CE) course that all licensed appraisers need once every renewal cycle (i.e., every 2 years). The course is based upon the most current version of USPAP and the 7-hour Student Manual. The latter acts as a guide through USPAP and contains real world sample problems (The Appraisal Foundation, 2011, p. 1).

*USPAP 15-hour course:* A pre-licensing course that all students must take and pass prior to becoming a licensed appraiser. The course is based upon the most recent version of USPAP and the 15-hour Student Manual. The latter acts as a guide through USPAP and contains real world sample problems (The Appraisal Foundation, 2011, p. 1).

*Values:* Core beliefs that guide and motivate attitudes and actions (Ethics Resource Center, 2011).

### **Assumptions**

One major assumption is that all parties agree on definitions of morals, morality, values and ethics. The study assumes that Kohlberg's (1963) cognitive moral development model, Rest's (1974) subsequent expansion of Kohlberg's (1963) theory, and Bandura's (2002) tactics of moral disengagement are efficient ways of analyzing appraisal student behavior. These theoretical frameworks are assumed to reveal the relationship between cognitive moral development and ethical decision-making in appraisal students.

Though an honorarium will be offered to augment the number of appraisal students who participate in this study, it is assumed that the honorarium will not affect the participant responses or the study outcome.

### **Limitations**

The 7-hour USPAP course is a continuing education course that must be taken every renewal cycle by appraisers wishing to renew their appraisal licenses. This 2-year renewal cycle differs from state-to-state, with many states staggered in time. Therefore, the number of students available to participate in the study at any given time might be quite limited.

The 7-hour grounded USPAP CE course does not have a test requirement. Therefore students might not have an incentive to pay close attention in class. The 7-hour online USPAP CE course has a proctored test, so students might be more inclined to study the course material.

### **Delimitations**

The scope of this study includes students who are attempting to retain an appraisal license. Specifically, I will analyze the morality level of online and grounded students taking the 7-hour USPAP course. The students' contact information will be made available by a limited number of schools, thus further diminishing the number of students who may participate. To increase student participation, I will assure the students of the confidential nature of the study. I will also offer a monetary incentive to participating students in the form of a gift card to a local restaurant or store.

Students are taken as they are made available by the schools, with disparate backgrounds and motivations. As the DIT depends upon participants being motivated and having a reading level (at least) of a 12-13 year-old, a lack of motivation or understanding could present problems when analyzing DIT data. As a precaution against a lack of motivation or reading comprehension, the instructions for the DIT and ethics module will be presented in a manner that is easily read by a 12-13 year old.

### **Literature Review**

As discussed above, the financial markets are in a state of chaos, in large part due to mortgage and appraisal fraud. The inability of appraisers to stand up to client pressure, and the willingness of some appraisers to accept gratuities and favors from clients to bend values that favor client objectives led to public mistrust in the appraisal profession. Appraiser is defined as "One who is expected to perform valuation services competently and in a manner that is independent, impartial, and objective" (The Appraisal Foundation, 2010, p. U-1). The definition of the word appraiser, therefore, sets the expectation that appraisers must be unbiased. That some appraisers accept bribes or succumb to client pressure is troublesome, particularly in light of the critical role appraisals play to safeguard a lender's money. If the appraisal is inflated, the lender (who is the appraiser's client) lends more money than would normally be justified. The result is a lender with increased exposure to risk and a borrower who could be "upside down," owing more than their home is worth.

This review of the literature examines the theoretical explanations for deviations from ethical behavior, with particular emphasis on how such deviations have impacted the work of appraisers and the housing market in general. Theories of moral development including those of Kohlberg, Rest, and Bandura are examined in-depth. The root causes of moral disengagement are also explored in depth. The chapter concludes with an examination into ethics education and the value of including ethical content in the USPAP, and the potential of case studies to support moral engagement and critical thinking that supports ethical decision-making. The value of case studies in both on-ground teaching and online teaching environments are also discussed.

### **Stages of Moral Development**

Before one can determine whether current USPAP instruction has an impact on appraisal students some additional information is required, starting with Kohlberg's (1963, 1984) stages of moral development and the work of other scholars who expanded Kohlberg's theory. Kohlberg provided the initial foundation for the stages of moral development. Since his original conceptualization, others including Rest have refined and augmented the original theory. The social-cognitive conception of moral identity has also been explored in the literature, and the tenets of this theory are also presented.

### **Kohlberg's Stages of Moral Development**



Kohlberg (1963, 1984) postulated six stages of moral development. These six stages denote phases of moral judgment that children pass through, each phase with its unique way of organizing and structuring its moral and social order (Rest et al., 1969, p. 225). The successful completion of each stage is contingent upon the mastery and reorganization of all former stages. According to Rest et al. (1977) and Kohlberg (1963), Kohlberg's stages of moral development include:

- Stage 1: Obedience and punishment orientation. Do as you are told. Trouble avoidance. This stage is similar to Piaget's first stage of moral thought (Crain, 1985).
- Stage 2: Naively egoistic orientation. Let's make a deal. Satisfy the self's needs and occasionally the other's.
- Stage 3: Good boy orientation. Be nice and kind and get along with others. Conform to the stereotypical images of the majority (Crain, 1985).
- Stage 4: Authority and social order maintaining orientation. Do your duty and receive protection from the law. Regard the earned expectations of others.
- Stage 5: Contractual legalistic orientation. Duty defined by contract or the will and welfare of the majority.
- Stage 6: Conscience or principle orientation. Orientation to logical social rules and principles of choice appealing to logical universality. Conscience is the guiding force.

The first two stages are known as *Level I: Preconventional morality*. Stage 3 and Stage 4 are known as *Level II: Conventional Morality*. Finally Stage 5 and Stage 6 are known as *Level III: Postconventional morality* (Lawrence Kohlberg, 1963). These levels provide order to Kohlberg's (1963) ordinal stages of moral development. Kohlberg's stages are broad brushstrokes, likened by Rest et al. (1999, p. 292) as measuring macromorality. On the other hand micromorality deals with the day-to-day moral struggles faced by the individual (J. Rest et al., 1999, pp. 292-293). Rest et al. (1977) created the DIT to measure participant responses and correlate outcomes with Kohlbergian stages. Whereas Kohlberg relied on qualitative analyses, such as presenting moral dilemmas and asking participants *why* they responded the way they did, Rest et al. (1999) utilized quantitative analysis based on multiple-choice questionnaires.

According to Kohlberg (1963), the preconventional stage dominates early development. As a child grows and matures, the reliance on these early stages lessens while the child learns to structure and construct information into organizations that rely less on the "me" and more on exterior constructs or the "you" and "others." People pass through and build upon earlier stages (Kohlberg, 1963). Children do not move from a lower stage to a much higher stage of development. Instead, children progress and master one stage, then move to the next stage, until the child hits a plateau. The plateau is not necessarily "good" or "bad," the process is simply what it is. Understanding the developmental process of moral development helps society understand why people act as they do, and how curricula and courses should be designed to improve moral development.

### **Rest's Expansion of Kohlberg's Theory and Development of the DIT**

Rest et al. (1999) surmised that the original Kohlbergian stages deal with the macromoral, but that applying Kohlberg's theory to current social issues provides a powerful tool for understanding fundamentalism/modernism, orthodoxy/progressivism, and conventional/postconventional (J. Rest et al., 1999, p. 293). Kohlberg's theory is often critiqued for not dealing with the micromoral levels and for not being universal (Jorgensen, 2006). Rest addressed this shortcoming and modernized Kohlberg's perspective. The weaknesses of Kohlberg's morality research and stages of morality include:

1. A focus on only one component process in the larger psychology of morality to the neglect of moral motivation, moral sensitivity, and follow through in behavior.
2. A focus on abstract, coarse-grained markers of life-span development to the neglect of intermediate-level concepts.

3. A focus on justice issues to the neglect of personal or intimate relationships and the role of religion in the formation of moral thinking.
4. The limited scope of dilemmas. (Cabot, 2005, p. 324)

Rest (1999) created the DIT with these shortcomings in mind. In response to Kohlberg's (1963) shortcomings, Rest et al. (1999) developed a four-component Neo-Kohlbergian model that included (a) moral sensitivity, (b) moral judgment, (c) moral motivation, and (d) moral character. Moral sensitivity allows one to perceive a moral dilemma when one exists. Moral judgment allows one to decide which moral action one should take, once a dilemma is perceived. Moral motivation is the degree to which one takes responsibility for one's moral actions. Moral character allows one to have courage in following the moral routine.

The DIT measures these four components, whereas Kohlberg's interview method dealt with only higher-order morality such as law-and-order. According to Cabot (2005), more than 400 studies have been conducted using the DIT; these studies confirmed the external validity of the DIT. The DIT-1 includes six ethical dilemmas, with each dilemma having 12 issues. Respondents were asked to rate the issues by importance and then rank the top four issues. The result is known as a "P" Score, a measure of principled reasoning (Cabot, 2005, p. 326).

The DIT-2 evolved from the DIT through additional years of research and refinement (Rest et al., 1999). The DIT-2 shortens the assessment, updates the dilemmas and items, and updates the performance (1999). Additionally performance is enhanced by the addition of the N2 Index which has superior reporting in various DIT data. The DIT-2 also has enhanced methods of reporting bogus data (1999).

Cabot (2005) further extended Rust's work with the DIT and DIT-2 by conducting a study of 168 undergraduate students at California State University, Long Beach representing a variety of majors, grade levels, and ethnicities. Cabot (2005) found that the P scores of younger students were not significantly different from those of upperclassmen. Unlike other studies, it appeared that college experience did not affect P scores (Cabot, 2005). He concluded that P scores of respondents were low because of self-absorption (narcissism) among students, a claim that requires considerable additional study, and recommended that ethics training be built into the curricula of programs that scored particularly low. The DIT and DIT-2 have been determined valid and reliable instruments for the measurements of moral reasoning. The ability to maintain moral reasoning is a function of moral engagement. Moral engagement has been linked to moral identity, and this connection has been explored within the context of the social-cognitive conception of moral identity.

### **The Social-Cognitive Conception of Moral Identity**

While the public might blame professionals for the economic woes of recent years, Aquino, Freeman, Reed, Lim, and Feips (2009) argued that people are not "good" or "evil," per se. There are no absolutes, only a spectrum of behaviors. The authors asserted that certain situational factors, which are "determinants of moral behavior," affect behavior (Aquino et al., 2009, p. 123). Situational factors such as being rushed or rationalizing immoral behavior in the current context, negatively affect individuals' behavior. Situational factors are not the only variables that affect moral behavior. Individual characteristics can also affect moral behavior patterns. Individual characteristics that might affect moral behavior include moral reasoning, moral maturity, moral commitment, and moral character.

A social-cognitive conception of moral identity is the theoretical framework that is the basis of the study. People learn by doing, and positive actions receive positive feedback. People balance "multiple identities" over time, and only adopt a handful of identities at any one time (Aquino et al., 2009, p. 125). Extrinsic goals include popularity and image. Intrinsic goals include affiliation and community feeling, and are diametrically opposed to extrinsic goals. Self-interest and "community feeling" are also diametric opposites. As Aquino et al. (2009) stated, "the situational activation of a self-interested facet of identity may temporarily reduce the accessibility of moral identity for people for whom the latter is highly central" (p. 127). One aspect of identity can be minimized under certain conditions, thereby leading to amoral behavior. The more ingrained the moral identity, the less likely the switch will be thrown toward amorality.

Aquino et al.'s (2009) study included 92 undergraduate business students from the University of Delaware. Two tests were administered to the group, including the internalization subscale of Aquino and

Reed's (2002) moral identity measure. This particular test asks a series of questions with a Likert Scale, and is sensitive to the activation of moral identity. The test has been analyzed in several studies, and found to be valid. The results support the authors' contention that a situational factor can activate a person's moral schema.

In an additional study conducted by Aquino et al. (2009), the researchers examined morality in a salary negotiation—in particular, behavior in a performance incentive condition. Subjects exhibited a lower level of current accessibility of moral identity when money was at stake. The control group exhibited no such issues. The researchers concluded that “the accessibility of moral identity within the working self-concept should determine the extent to which it influences moral outcomes” (Aquino et al., 2009, p. 138). This conclusion is consistent with the social-cognitive framework adopted by the authors.

Aquino et al. (2009) demonstrated a relationship between situational factors and the moral identity of the individual. In keeping with the social-cognitive theoretical framework adopted by the authors, if a moral identity factor is ingrained, situational factors may have less influence. However, if the situational factors are quite powerful, the individual may behave in a manner not normally considered moral by the individual. Future studies could be performed to enhance the prediction quality of situational factors, and thus avoid such factors as might provide temptation (Aquino, Freeman, Reed, Lim, & Feips, 2009).

The Aquino et al. (2009) study confirmed the influence of the environment on moral behavior. Derryberry and Thoma (2000) found social networks, not curriculum, to be the driving force behind their moral development. According to Derryberry and Thoma (2000), factors out of college are as important as factors in college. This is consistent with the findings of Cabot (2005, p. 331), who found college experience did not affect morality scores, but that social environments did exert a significant influence.

The social-cognitive conception of moral identity can be linked back to the earlier works of Kohlberg and Rust, in that all of these theories propose that the individual is shaped both intrinsically and extrinsically. Understanding the factors that support a strong moral identity and therefore also support strong moral and ethical decision-making can avoid the occurrence of what Bandura (2002) called moral disengagement.

### **Tactics of Moral Disengagement**

Perhaps one reason why appraisers are succumbing to client pressure and committing fraud is because of the acceptability of immoral behavior. Indeed, the promise of more appraisal work and bribes is a powerful motivator, and “other appraisers are doing it, so why not me?” As we shall see such feelings are explained as tactics of moral disengagement (Albert Bandura, 2002; Albert Bandura, Barbaranelli, Caprara, & Pastorelli, 1996). Moral disengagement is best defined as mechanisms whereby moral decision-making is short-circuited, allowing (or excusing) the individual from proper behavior (Detert et al., 2008).

Psychological theories focus on moral thought rather than moral action (Albert Bandura et al., 1996). This is due in large part because investigatory methods make it is easier to study moral thought, and because of a rationalistic bias of researchers. It is easier to study the thought patterns of people vis-à-vis the underpinnings of their actions. In Bandura's (1999) social cognitive theory, moral reasoning translates into actions by way of self-regulatory mechanisms or agents. The disabling of such agents is caused by tactics of moral disengagement. “In the face of situational inducements to behave in inhumane ways, people can choose to behave otherwise, by exerting counteracting self-influence” (Bandura et al., 1996, p. 364). These are self-regulating agents that can be selectively disengaged using various tactics. Normally social cognitive theory influences self-regulation through three subfunctions: self-monitoring; judgmental; and self-reactive.

The self-monitoring subfunction is the first step in the control of an action. The action is critiqued and analyzed through the judgments of the individual. The action is then modified and possibly altered in the self-reactive subfunction (Bandura et al., 1996, p. 364). The three subfunctions are cyclical, each providing valuable feedback in the decision-making loop. The development of self-regulatory subfunctions does not create an invariant system (p. 364). Self-regulated processes must be activated. Self-sanctions can be disengaged from inhumane conduct in a variety of ways. This disengagement allows different reactions by individuals who might have the same moral code or ethics (p. 364).

The significant issue is discerning what turns on some tactics in some but not in others. A code of ethics might exist for all in a profession; yet, individuals engage with such codes differently. Understanding the perspectives that allow for wide variations in compliance with such codes is critical to addressing moral lapses and avoiding moral disengagement.

The tactics of disengagement include moral justification; euphemistic labeling; advantageous comparison; displacement of responsibility; diffusion of responsibility; disregarding or distorting consequences; dehumanization; and attribution of blame (Bandura et al., 1996). These tactics are defined as:

1. Moral justification. The immoral act is justified by portraying it in a morally valuable light. Immoral behavior is justified in the name of protecting honor.
2. Euphemistic labeling. The immoral act is called by a different, less objectionable name that prompts a sympathetic response from peers or witnesses. The act is seen as valiant, although the victim views the act as the same atrocity.
3. Advantageous comparison. Compared to other, more vile acts, the subject act is seen as less despicable and, indeed, may be seen as advantageous.
4. Displacement of responsibility. Responsibility of actions is due to external forces, such as a boss. Because outside forces are involved people are not agents of their actions and there is no personal self-censuring involved.
5. Diffusion of responsibility. Related to displacement of responsibility above, diffusion of responsibility refers to actions that are dispersed among many individuals, each seemingly innocuous but harmful in totality. Alternatively, if a group makes a decision, then no one individual is responsible for the decision.
6. Disregarding or distorting consequences. The individual remembers beneficial effects of an action but conveniently do not recall any harmful effects. In addition to the selective inattention to harmful effects, the detrimental effects might be deliberately discredited.
7. Dehumanization. The object of scorn is divested of humanity, or is given attributes of a bestial nature. This process then disengages self-censure.
8. Attribution of blame. People are faultless because they blame their adversaries. Self-censure is avoided because fault lies elsewhere. The victims themselves are to blame. This tactic is related to displacement of responsibility.

As appraisers become accustomed to reprehensible behavior, such behavior seems to be the norm. Related to this phenomenon is the inverse relation of disgust with immoral behavior (Jones & Fitness, 2008). Moral disgust was defined by Jones and Fitness (2008) as "the experience of disgust in response to exposure to moral transgressors and offenses" (p. 613). Moral disgust can affect those who are characterized as *morally hypervigilant*. Moral hypervigilance is defined as "a syndrome consisting of behavioral tendencies, attitudes, and cognitive biases aimed at reducing the risk of exposure to transgressors" (Jones & Fitness, 2008, p. 613). Jones and Fitness (2008) purported the existence of moral disgust is evidenced by a lexicon evincing disgust, such as "revolting" and "pigs" (p. 613). The authors argued that disgust is an emotion separate from anger, and their 2008 study of moral disgust among college students found a difference between disgust and moral disgust. Additionally, they found that these emotions were distinct from hypervigilance. These distinct emotions all held consequences for moral agency and moral disengagement. The findings of Jones and Fitness (2008) correlated with Bandura et al.'s (1996) earlier findings that high moral disengagement is associated with low guilt; low prosocialness is related to moral disengagement and, in turn, to detrimental conduct; moral disengagement fosters aggression proneness and transgressive behavior (Bandura et al., 1996).

Bandura et al. (1996) found significant results of their study of children and moral disengagement. Predictably, aspects of peer popularity were positively correlated, just as popularity and rejection were negatively correlated. As expected, individuals ranking high in hostile rumination and irascibility, and low in the threshold for anger arousal, were more prone to act in a punitive manner. Guilt acted as a self-sanction which mediated transgressive behavior.

Bandura et al. (1996) concluded that a child's proneness to moral disengagement was unrelated to socioeconomic status or age. Males exhibited higher moral disengagement than females ( $F = 22.7$ ;  $p < .0001$ ). In comparison to females, males were more likely to provide moral justification for detrimental conduct ( $F = 45.81$ ,  $p < .0001$ ); to mask it in euphemistic language ( $F = 33.81$ ,  $p < .0001$ ); to minimize injurious effects ( $F = 6.14$ ,  $p < .025$ ); dehumanize victims ( $F = 26.60$ ,  $p < .0001$ ); and attribute blame to victims ( $F = 9.92$ ,  $p < .002$ ).

The overall patterns that emerged from this study or were documented within it, included the finding that individuals who are prone to morally disengage are "more irascible, ruminate about perceived grievances, and are neither much troubled by guilt nor feel the need to make amends for harmful conduct" (Bandura et al., 1996, p. 368). Such individuals also tend to engage in aggressive behavior. High moral disengagers tend to be less prosocially oriented. However, moral disengagement is not necessarily negatively correlated with peer popularity. Disengagers can be popular with peers (i.e., other disengagers). Congruent with Bandura's (1999) theory of social cognitivism, moral conduct is regulated by the ongoing exercise of self-reactive influence.

Recognizing that moral disengagement causes reprehensible behavior is an important first step, but this does not uncover the causes of moral disengagement. The neurobiological constructs that correspond with moral disengagement must be explored to gain insight into the mechanisms that permit such disengagement and, in turn, lead to crime and other immoral behavior. As Bandura et al. (1996) claimed, "There is much to be gained from understanding how the facility for moral disengagement develops and how institutional justificatory strategies are used to enlist people for exploitive and destructive purposes" (p. 372).

Appraiser immorality could be related to the disengagement of moral agents and the three sub-functions (i.e., self-monitoring, judgmental, and self-reactive). In particular, appraisers might be disengaging due to displacement of responsibility (e.g., "The client made me do it"); diffusion of responsibility (e.g., "I was but a small part of the fraud ring"); and dehumanization (e.g., "If the victim was dumb enough to be taken advantage of, they deserve it"). High moral disengagement is associated with low guilt. This combines with the low disgust associated with immorality reported by Jones and Fitness (2008).

The analysis of unethical decision-making has focused primarily on the outcomes of social disengagement in children. Studies focused on the underlying causation, especially at the neurological level, have been wanting (Detert et al., 2008, p. 374). Little has been published about the antecedents of moral disengagement. If organizations understood what predisposed individuals to moral disengagement "perhaps they could target resources toward improving these individuals' decision making processes" (Detert et al., 2008, p. 374).

Detert et al.'s (2008) study examined different antecedents of disengagement and the relationship between moral disengagement and subsequent immoral behavior. The authors suggested that moral disengagement is an extension of social cognitive theory, wherein individuals exhibit control over themselves through self-regulatory processes. People develop standards of good behavior that regulate immoral behavior, deterring bad behavior. Individuals act to censure themselves in what Bandura called an "agentic perspective" (Detert et al., 2008, p. 375).

Detert et al. (2008, p. 376) identified four individual differences associated with moral cognition and action. The authors proposed that these differences make individuals more or less predisposed to morally disengage. The four characteristic differences are (a) empathy, (b) trait cynicism, (c) locus of control, and (d) moral identity. The four characteristic differences are described below.

*Empathy* describes the degree to which an individual is concerned about another. Kohlberg would describe this as role-taking (Detert et al., 2008). Being more disposed to the feelings and well-being of others should inhibit moral disengagement. Therefore, being high in empathy should predispose someone from disengagement and immoral behavior, particularly regarding other people.

*Trait cynicism* is a general attitude characterized by feelings of disillusionment and distrust of other people. Trait cynicism is a characteristic that is difficult to change through a person's lifetime. A person higher in trait cynicism should be predisposed to moral disengagement (Detert et al., 2008).

*Locus of control* relates to how people think about their personal control over outcomes in their lives. These orientations are stable over a person's life. Specifically, individuals with strong internal locus of control see clear connections between their actions and outcomes of those actions (Detert et al., 2008). Persons who see the proposed outcomes of their actions and take responsibility for those actions are less likely to morally disengage. External locus of control lies at the opposite extreme of internal locus of control (Detert et al., 2008) and includes chance locus of control and power locus of control.

Chance external locus of control describes individuals' beliefs about how much of life experiences are attributable to luck or fate. Power external locus of control refers to the belief that, although the world is predictable, powerful others are in control. Individuals who rank high in power locus of control should be prone to moral disengagement through displacement of responsibility.

*Moral identity* refers to how individuals think about themselves. Moral identity is self-conception around specific moral traits. A highly self-important moral identity should inhibit moral disengagement and therefore diminish immorality. Moral disengagement is hypothesized to increase unethical behavior. Moral disengagement disconnects the immoral act from the guilt that would otherwise prevent it (Detert et al., 2008, p. 378). Moral disengagement could mediate between stable individual differences and unethical decision making.

Detert et al.'s (2008) study of business and education students at a major university found that male subjects tended to be more morally disengaged than females, and that business majors were less prone to disengagement than education majors. Empathy was negatively related to disengagement, explained by the fact that those who identify with others are less likely to commit immoral acts against others. Trait cynicism was positively related to disengagement. Chance locus of control was positively related to disengagement, which means those who see life as being dictated by fate are more likely to commit immoral acts. The other loci of control (power and internal) were not related to disengagement. Moral identity was negatively correlated to disengagement, meaning that people with a strong self-identity are less likely to disengage (Detert et al., 2008).

This agrees well with the role of the appraiser in the lending process: The appraiser is perceived as having little power (control) in the process, although the appraiser's role is critical for an underwriter making a "go-no-go" decision. Coming from a self-perceived position of weakness the appraiser would have a low self-identity which equates with likelihood to disengage. This puts appraisers at particular risk for poor moral decision making and lower ethical standards. This points to a vital need for ethical training and overt efforts to fortify the moral decision-making process of those in the appraisal field.

### **Casuistry in Ethics Education**

The topics of agentic theory and moral disengagement and their relationship to moral development are essential to professionals. Muscavitch (2005, p. 431) stated that the use of case studies in ethics education is assumed to be *de rigueur* for effective pedagogy. However, inclusion of case studies does not guarantee the desired results. According to Muscavitch (2005), the main issue is the type of educational material used in the ethics course, not whether the course is on or off-line. The educational goals and objectives should dictate course design, not merely time and cost (p. 431). If the goal is straightforward knowledge acquisition then true/false or multiple choice items are appropriate. However, if students are left with the impression that this is all that is required for ethics problem-solving, then educators may be doing more harm than good.

Harris, Davis, Pritchard and Rabins (1996) noted a number of important objectives for ethics instruction, including: (a) stimulate ethical imagination of students; help students recognize ethical issues; (b) help students analyze ethical concepts; (c) help students deal with ambiguity; (d) encourage students to take ethics seriously; (e) increase student sensitivity to ethical issues; (f) increase student knowledge of relevant standards; (g) improve ethical judgment of students; and (h) increase ethical will-power of students. These objectives can be further categorized as emotional engagement (affect); intellectual engagement (cognition); and particular knowledge (competence in the field at hand, and competence in ethics; Harris et al., 1996).

Keefer (2005) stated that less experienced students provide simple actions and justifications for resolutions. This exclusionary attitude where simpler solutions preclude the usage of more complex solutions can reduce the motive to explore more creative solutions. Students are "funneled" through

multiple choice questions that stifle creative solutions (p. 426). Muskavitch (2005) referred to the Hastings Center (1980) white paper which proposed five goals in teaching ethics: (a) stimulating the moral imagination, (b) recognizing the ethical issues, (c) developing analytical skills, (d) eliciting a sense of moral obligations and personal responsibilities, (e) and tolerating (and resisting) disagreement and ambiguity. The students' feelings and imaginations must be engaged. Student affect must be considered or rote memorization of simple ethics principles will be the most educators can hope for.

According to Glasser (Louis, 2009), socialization can increase affect and produce the desired outcomes in ethics instruction. Moral obligation must be elicited to move students into higher domains of ethical thought. Face-to-face discussions are not the only way to accomplish this. Online interactive discussions can also be effective in enhancing student affect. Students can develop a "justificatory mind-set," wherein students recommend the simple course of action rather than apply critical thought and be creative in their proposals. Students must move beyond simple justifications in their problem-solving.

To avoid justificatory mind-set Muskavitch (2005) recommended small-group assignments over tutorials. The latter has a "check-off" mentality that is common in universities today. The author concluded, "online tutorials alone cannot...constitute an effective educational program in professional or research ethics" (p. 433). She stated that adding facilitated exchanges would go far. Such exchanges enhance student affect and enmesh the student in a collegiate experience, which enhances academic integrity and reduces incidents of unethical academic behavior (Olt, 2007). As Cabot (2005) demonstrated, such extracurricular experiences also enhance student morality even more than collegiate experiences themselves.

Appraisal is a complex subject that has far-reaching consequences for client and homeowner, but other professions are considered more complex with potentially graver consequences. Engineering is one such profession (Jonassen et al., 2009). Jonassen et al. (2009) researched what happens to engineering students when the students are asked to solve engineering ethics problems as opposed to teaching ethics outright. Students given more meaningful ill-structured assignments were able to solve ethical dilemmas and produce coherent arguments to justify their actions (p. 246).

Haws (2001) stated that ethical behavior is grounded in different theoretical approaches considering multiple options with multiple consequences and communicating with stakeholders. Jonassen et al., 2009 designed a learning environment that engaged the principles espoused by Haws (2001). This learning environment is called Engineer Your Ethics (EYE). EYE consisted of ethics scenarios conducted serially, designed to investigate how learners reconcile perspectives when determining a solution to ethics problems.

Several issues emerged as Harris et al. (1996) and Jonassen et al. (2009) designed EYE and the case studies used in EYE. Typically, engineering ethics problems are represented as either decision-making, design, trouble-shooting, or dilemma (Jonassen et al., 2009, p. 236). According to Harris et al. (1996), decision-making case studies require a selection of one action among a variety of context-rich alternatives, while dilemmas represent an argument between two or more undesirable issues. Harris et al. (1996) assumed for the sake of their study that engineering ethics problems were decision-making issues that invoked professional competency in context-rich scenarios. Harris et al. (1996) concluded that ethics problem-solving cases should be integrated into every engineering course to enhance the argumentation and counter-argumentation process. This has implications for an appraisal ethics module that could be used as an adjunct to a USPAP course. Such an environment could be called "Appraise Your Ethics" or "AYE," based on Jonassen et al.'s (2009) EYE.

A time-honored traditional tool in education in general and ethics education in particular has been the use of case studies, or *casuistry*. As Bivens (1993, p. 4) noted, there has been a trend toward allowing professionals to learn ethics on the street, with little theoretical background. However, such background is important in the creation of a status quo, an ethical relativism that allows professionals a chance to understand what is expected of them (Bivins, 1993). A theoretical underpinning gives the newer professionals the rationale behind the written ethics rules. Once a student has been taught the basic ethical foundations the onus is on introducing those students to ethical concerns specialized to their individual professions (Bivins, 1993, p. 6). One way to bring a student from the basic introductory material to a more specialized level, or to move from the lower levels of Bloom's Taxonomy to the higher (analytical) levels is the usage of case studies.

According to a report by the Boston University Center for Excellence and Innovation in Teaching (2012), “Many students are more inductive than deductive reasoners, which means that they learn better from examples than from logical development starting with basic principles. The use of case studies can therefore be a very effective classroom technique.” Case studies can be undertaken individually or in teams to good effect. A major advantage in using case studies is that it actively engages the students in the subject matter. The guidelines for using case studies are (Boston University Center for Excellence & Innovation in Teaching, 2012):

- What is the issue?
- What is the goal of the analysis?
- What is the context of the problem?
- What key facts should be considered?
- What alternatives are available to the decision-maker?
- What would you recommend — and why?

It is this issue that encourages facilitator feedback and encouragement of student immersion in the subject matter. Instructor feedback is critical in enhancing student affect and the cognitive domain.

Bivins (1993, p. 8) has proposed the following questions for the creation of case studies:

1. What is the ethical issue/problem? (Define in one or two sentences.)
2. What facts have the most bearing on the *ethical* decision you must render in this case?
3. Are there any other external or internal factors to be considered? (Economic, political factors, etc.)
4. Who are the claimants and in what way are you obligated to each of them? (List all affected by your decision.)
5. What are the operant ideals?
  - a. For you
  - b. For the client/organization/profession
  - c. For other affected parties
6. Do any of these ideals conflict? In what order would you honor them?
7. What are your options, and which would be favored by each affected party? (List at least 3.)
8. Which options could cause harm to any claimant?
9. Would honoring any of the ideals listed above invalidate any of your options?
10. Are there any rules or principles (legal, professional, organizational, or other) that *automatically* invalidate any of your options?
11. Which ethical theories support or reject which options?
12. Determine a course of action based on your analysis.
13. Defend your decision in writing to your most adamant detractor.

Bivin's worksheet can be adapted to appraisal with relative ease. The most current version of USPAP informs Number 10, and the ethical theories that introduce the USPAP course should inform Number 11. Number 13 relies the most on instructor and student/peer feedback.

Leading students through such sequential cognitive processes, while viewing decisions through a moral and ethical lens, can help students avoid moral disengagement and maintain ethical conduct (p. 12). The hands-on nature of case study instruction requires students to consider these steps and their



consequences within a realistic and relatable context. These are the affordances of case study instruction, and this method holds promise for enhancing the pre-license and continuing education of appraisers, both in grounded and online environments.

To summarize, case studies have been in use in ethics education for several years. The use of cases, called casuistry, can be an effective tool if the cases are constructed effectively. Just as not all educators are good writers or course designers, not all educators are good writers of case studies (Schonfeld, 2005, p. 33). Therefore, it is important that good case study principles be implemented in course design. This is especially true with online education where there are even more concerns in creating a proper pedagogically-sound learning environment (Schonfeld, 2005, p. 493-494).

### **Summary of the Literature Review**

The purpose of this study is to explore the influence of an Ethics Module on the moral decision making of appraisers who will take the USPAP CE course either online or grounded. The interest in exploring the ethical decision-making of appraisers stems from the prevailing mistrust in economic professionals in general and appraisal professionals in particular, due to misconduct on the part of these professionals. The solitary nature of the appraisal business, combined with a low sense of control and constant external pressures makes appraisers vulnerable to moral disengagement.

Kohlberg (1984) asserted that individuals attain morality by progressing through various stages, and Bandura (2001) posited that the individual is in control of his or her behavior. Included within this control, according to Bandura (2001), is the choice to morally disengage. This phenomenon leads to a failure to apply moral and ethical decision-making, and can result in poor professional performance. Curbing the tendency to slide into moral disengagement is vital to preventing future ethical lapses within housing and other industries.

This study will explore the effectiveness of an Ethics Module added to the existing USPAP CE curriculum in supporting strong moral decision making, as measured by the DIT-2. The Ethics Module will be developed using a case study model; the case study model was selected based on significant evidence of their effectiveness in ethics instruction (Bivins, 1993; Boston University Center for Excellence in Teaching, 2010). Therefore, the researcher will create an Ethics Module case study that will be presented to USPAP students prior to taking USPAP. Morality levels will be measured pre-post, and the scores will be compared to the scores for the group that did not take the ethics module.

### **Research Method**

#### **Introduction**

The purpose of this study is to compare the morality level of students prior to taking the 7-Hour USPAP course with students who have already taken the course, and to explore the influence of an Ethics Module added to the existing USPAP curriculum on moral decision-making. The aim of the study is to determine if an ethics module intervention improves moral reasoning in real estate appraisers. This chapter defines the methodology used to analyze the single hypothesis and provides information about the sample, variables, instrumentation, data collection, and analysis. This research seeks to provide an increased understanding of how the 7-hour USPAP course with or without an ethics module might affect morality levels and the stages of cognitive development of appraisal students. The Defining Issues Test (DIT-2) will be used to measure moral decision-making in both the pre and posttest.

As stated above, the financial markets are in turmoil at least in part due to an increase in immoral and criminal behavior. A dearth of research concerning the efficacy of online ethics education is a concern at a time when the public is disenfranchised about professional morality. Indeed, Meine and Dunne (2010) stated that a variety of institutions, ranging from police departments to municipalities, have implemented online ethics education. Such implementation has made delivery of instruction more convenient and cost-effective. However, Meine and Dunne (2010) do not report analyses as to the efficacy of such online delivery systems vs. their grounded counterparts.

The research questions that guide this study are:

1. Is there a difference between the moral affect of continuing licensed appraisal students taking the 7-hour USPAP CE course without the ethics module versus continuing licensed students taking the 7-hour USPAP CE course with an antecedent ethics module?
2. Is there a difference between the moral affect of continuing licensed appraisal students taking the 7-hour USPAP CE course online versus continuing licensed appraisal students taking the 7-hour USPAP CE course in a grounded environment?

## Research Design and Approach

A pretest posttest causal-comparative design (Trochim & Donnelly, 2007, p. 200) will be used to test changes in moral cognitive development in appraisal students taking the USPAP 7-hour CE course. The instrument that will be used to collect self-defined morality data was the DIT-2. A quantitative causal-comparative design is the most appropriate method to analyze the questions since numerical data was collected at the interval level for each participant. Further, as stated by Campbell and Stanley (1963, p. 2),

[Comparative designs] may be the only means for settling disputes regarding educational practice, as the only way of verifying educational improvements, and as the only way of establishing a cumulative tradition in which improvements can be introduced without the danger of a faddish discard of old wisdom in favor of inferior novelties. (p. 2)

The purpose of a causal-comparative design is to test cause and effect. In the case of the present study, the impact of USPAP (with or without an ethics module, and online or grounded) on the morality of appraisal students is in question. A quantitative methodology was chosen, as it better supports answering the research questions at hand and is more efficient when dealing with electronic administration of surveys such as the DIT-2 (Rhodes, 2010, p. 56).

A qualitative methodology was considered, but was not supported due to the lack of objectivity a qualitative analysis might have when answering the research questions. Creswell (2009) noted that qualitative analyses can be intrusive, costly, and time consuming in terms of finding participants. Qualitative studies have a place when inductive ("ground up") research is conducted, and when the researcher wants to get close to the subject. The current study is deductive in nature, and objectivity must be maintained. Therefore, a quantitative analysis was chosen for this analysis.

This research project employs a pretest posttest non-randomized design (Trochim & Donnelly, 2007, p. 200). The notation for this design is:

Group A R-----O-----X-----O

Group B R-----O-----O-----O

The notational symbols are: R (randomly assigned groups); O (different waves of measurement); and X (the treatment). If the Os are vertically aligned, this indicates pretest and posttest are measured at the same time. If horizontal, the Os indicate different waves of measurement (p. 201). In this study, Group A will receive USPAP instruction with no ethics module, while Group B will receive USPAP instruction with an Ethics Module. The DIT-2 pre-post is represented by O.

## Setting and Sample

The population defined in this study is adult students in appraisal schools throughout the United States taking classes online or face-to-face. There are several thousand licensed appraisers in the United States, all of whom must take the 7-hour USPAP CE course every renewal cycle if they wish to maintain their license. A renewal cycle is typically two years. In Illinois, licensed appraisers must take the 2012 USPAP CE course in the first six months of 2012.

The sample will be derived from five appraisal schools throughout the United States. Participants were of varying ages and socio-economic backgrounds. Students taking the 7-hour USPAP course will have had their appraisal license for varying lengths of time. Given that participants cannot be forced to participate, and random assignment to a particular group (online, traditional) was not an option, a true random sample of participants from the population cannot be obtained. Specifically, students who participated will

have signed up for either an online course or a traditional course, and students will not be randomly assigned to either the non-ethics module or ethics module.

The groups of subjects will consist of USPAP (online), and USPAP (grounded); with or without an antecedent ethics module (EM). An adequate number of participants is required in each group to ensure sufficient power when conducting the analysis.

### **Power Analysis**

A priori sample determination was assessed by conducting a formal power analysis. Three factors are taken into consideration when conducting the analysis including the intended power of the study, effect size of the phenomena under study, and level of significance to be used in rejecting the null hypotheses ( $\alpha$ ). Study power is the probability of rejecting a false null hypothesis. As matter of convention, adequate power to reject a false null hypothesis is .80 (Kuehl, 2000). Effect size, is an estimate measurement of the strength of the relationship between variables in the study (Cohen, 1988). The effect size was characterized by Cohen (1988) as Cohen's  $f^2$  small, medium, and large where each level is associated with a specified effect size. Thus, a small effect = .10, medium = .25 and large = .40.

Alpha is defined as how confident one is when rejecting the null hypothesis. Social science research convention suggests that alpha should be set at .05. Thus, with power set at .80, effect size set at .25 and alpha set at .05, the sample size required is 128 participants, with a minimum of 64 per cell (Faul, Lang, & Buchner, 2007).

### **Instrumentation and Materials**

A demographic survey and the DIT-2 will be used in the study. Demographic questions include age, gender, experience, education, ethnicity, and type of course (online, traditional). Demographic questions will be used to help profile the sample wherein descriptive information in aggregate form about willing participants will be analyzed.

The DIT is a component model of moral development devised by James Rest in 1977. An initial review of the literature indicates that the DIT-2 has been a standard in measuring morality levels in a variety of students for several years (Bebeau and Thoma, 2003). For example, Venezia (2008) stated that the DIT has been used to measure morality in accounting students, and that gender had an effect on DIT scores. A review of the literature reveals that, while there have been discussions about using online resources to teach ethics, little has been done to ascertain the difference between DIT-2 scores in online vs. grounded learning environments.

The subject's task is to read a moral dilemma, and rate and rank corresponding statements in terms of their moral importance. A Likert-type scale is used in the DIT to assess level of morality on five moral dilemmas. Three schemas of moral reasoning are assessed including: (a) Personal Interests Schema (considering what will benefit me and help others to like me), (b) Maintaining Norms Schema (considering what will maintain the law and social order), and (c) Postconventional Schema (considering human rights and other moral principles).

The DIT-2 includes five hypothetical moral dilemmas, each followed by 12 issues (60 questions total) that could be involved in making a decision about the dilemma. Participants are asked what decision they would make in each dilemma and which issues they consider most important in making the decision. These responses are scored to find which aforementioned moral schema students follow in making moral decision:

An original purpose of the test was to assess transition of moral development from adolescence to adulthood. However, in 1999 the test was revised as the DIT-2 for brevity, clarity, and stronger validity. Venezia (2008) asserted that the DIT has been used in more than 800 studies over more than 25 years.

### **Variables**

Four variables will be used in the study: one dependent variable, two independent variables, and one covariate. The interval scaled dependent variable is the Defining Issues Test (DIT-2) while the two nominal scaled independent variables are Group Type (Control, Experimental) and School Type (online, traditional). The covariate is the interval scaled DIT-2 pretest, which will be used to control for natural differences in morality of participants.

## Data Collection

A letter of introduction and a link to a demographic survey and DIT-2 will be sent to prospective students. Names and emails will be provided by appraisal schools scattered across the US. Schools and students will be assured of student confidentiality in an introductory e-mail. All students in each course will be asked to participate, with varying percentages from each course actually volunteering. Invitations will be e-mailed to prospective subjects once IRB approval was obtained.

Before taking the 7-hour USPAP CE course a letter of introduction, a DIT-2 questionnaire, and a demographic survey will be distributed to all participants. Additionally, an Ethics Module will be distributed to some of the participants randomly. All material will be made available via online links. After taking the USPAP course participants will be given the second DIT-2. Again, a link will be provided so students can take the online version of the DIT-2.

A defined sample of participants will take an Ethics Module before the USPAP course, but after the DIT pretest. This EM has been based on modern design principles for case studies in ethics instruction (Bivins, 1993; M. W. Keefer, 2005; The Hastings Center, 1980). According to these authors, case studies are an important tool in the instruction of ethics. Online students will take the introductory survey, pretest DIT-2, Ethics Module, USPAP CE Course, and posttest DIT-2 entirely online. All components will be available through an online Survey Monkey survey, with the exception of the USPAP course, which is offered through the school's platform. Instructions will be provided online prior to beginning the introductory survey. Grounded students will attend the appraisal school's USPAP course in a face-to-face classroom environment, with the introductory survey, pretest DIT-2, Ethics Module, and posttest DIT-2 offered in an online format. Grounded students are those who take a class in a face-to-face environment.

## Data Analysis

A 2 x 2 analysis of covariance (ANCOVA) will be conducted to address Research Question 1. ANCOVA analysis is a statistical method used to study if the dependent variable (DIT-2 posttest score) is affected by instruction type or school type after controlling for DIT-2 pretest scores. The analysis procedure will be conducted using the Statistical Package for the Social Sciences (SPSS) software program, Student Version 20.0.

Components of ANCOVA include a pretest, posttest, and specified independent variables. The pretest can be called a *covariate* (Trochim & Donnelly, 2007, pp. 200-201). The covariate is co-varied with the outcome variable or posttest to remove variability or noise. Therefore, the ANCOVA design is considered a noise-reduction design. A covariate reduces noise by reducing the variability in the posttest, while preserving the difference between the groups; a covariate is the variable adjusted for in the study (Trochim & Donnelly, 2007).

The ANCOVA design adjusts posttest scores for variability on the covariate (pretest). The pretest is usually the likely candidate to be adjusted as a covariate, because the pretest is usually the variable that is most highly correlated with the posttest. When the pretest (covariate) is subtracted, extraneous variability is removed from the posttest (Trochim & Donnelly, 2007).

The raw DIT-2 data will be sent to the testing center in Minneapolis, the Center for the Study of Ethical Development ("Center") for processing. The results will be returned for further statistical analysis, including the ANCOVA. Of particular import are the P and N2 scores which translate into moral development levels. The report consists of:

1. A case processing summary for the first set of indices.
2. Individual participant output: Developmental Indices. This has the P and N2 scores by ID number, and whether scores were analyzed or purged due to irregularities.
3. A case processing summary for the developmental profile and phase indices.
4. Individual participant output: Developmental profile and phase indices.
5. A case processing summary for the experimental indices.

6. Individual participant output: Experimental indices. This includes more indices, such as the Humanitarian Liberalism, Number of cannot decide choices, and a Religious Orthodoxy (proxy measure) index.
7. A case processing summary for the reliability indices.
8. Individual participant output: Reliability checks and additional DIT scores. This numbered listing of respondent ID numbers is followed by New Checks total score, Meaningless item check, and Antisocial score.
9. A case processing summary for the demographic variables included with DIT-2.
10. Demographic variables.
11. Report. The last two pages of the report represent descriptive summary statistics.
12. Computer files accompanying the report (Bebeau & Thoma, 2003, pp. 17-18).

The moral judgment scores are described as follows: DIT items center around three moral theories: "Arguments that appeal to personal interests (Personal Interest), to maintaining social laws and norms (Maintaining Norms), or appeal to moral ideals and/or theoretical frameworks for resolving complex moral issues" (Postconventional-P score; Bebeau & Thoma, 2003, p. 18).

The Maintaining Norms score relates to Stage Four moral development in the Kohlbergian scheme, which pertains to maintaining Law and Order (Bebeau & Thoma, 2003, p. 18). The Postconventional Schema Score relates to the postconventional stages of Kohlberg, namely Stages Five and Six. The N2 score is a newer addition to the DIT-2 and bolsters construct validity over the old P score. "The N2 score has two parts: the degree to which Postconventional items are prioritized; and the degree to which Personal Interest items (lower stage items) receive lower ratings than the ratings given to Postconventional items (higher stage items)" (p. 19). The report submitted by the Center has the moral schema scores required for additional analysis in the afore-mentioned ANCOVA, plus a host of schema scores that can aid in further data analysis, such as the Maintaining Norms score.

### **Summary of Methodology**

The methodology used to conduct the research has been discussed. This study employed a pretest-posttest, quantitative experimental design (Trochim & Donnelly, 2007, p. 200). The purpose of this study is to provide an increased understanding of how the 7-hour USPAP course might affect the morality levels and cognitive development stages of appraisal students maintaining their appraisal licenses. The DIT-2 will be administered online prior to the USPAP courses and then again after the USPAP courses. The data gathered from the DIT-2s will be used to ascertain if there is a statistically significant difference between subjects who took the USPAP with or without an EM, and whether there is a difference between subjects who took the USPAP grounded or online. ANCOVA will be used as a basic analytic tool to determine group differences. A quantitative methodology is best suited to the DIT measurement instrument, and Rest (Rest et al, 1977) developed the DIT to be used in conjunction with quantitative methods.

In the coming months participants will be evaluated and results analyzed, at which time the interpretation of the results will be published.

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