INTRODUCTION

As set out in Chapter 2 it was evident that only a limited numbers of studies pertaining specifically to client influence and the valuation process have been published in academic journals. In order to explore the topic of client influence further, a review of the literature relating to influence within the wider context of professional services was explored. Initially literature pertaining to auditor independence is considered. This literature is seen as particularly relevant to the valuation process as a great number of similarities exist between the valuation and auditing professions, these similarities are discussed in further detail in section 3.1 of this review.

In order to understand the concept of influence and it’s relevance to the valuation profession, other non-property related literature was also examined, more specifically in the areas of the marketing literature relating to influence, decision-making within a business-to-business environment and professional services marketing. The outcome of this review of non-property-related studies resulted in a greater in-depth understanding of the role of influence and the decision-making process within professional services and potentially the valuation process. The review identified a number of factors which were then incorporated in the initial conceptual framework of client influence in the valuation process as set out in Figure 5.1. (discussed further in Chapter 5). A review of the non-property related literature is set out in this chapter under the following sections:

Section 3.1 reviews the literature pertaining to auditor independence. This identifies many parallels between the valuation and auditing industries, in particular in the areas of economic independence and ambiguity. The behavioural literature in the auditing area is more extensive than in the property area and thus provides invaluable insights into the auditing process which may be transferred to a property context.

Section 3.2 examines the concept of influence within the marketing literature (more particularly within the context of family and organisational decision-making). This literature greatly assists in clearly defining the term influence as used in this study and identifies potential influence strategies available to clients in the context of the valuation process.

Section 3.3 seeks to understand decision-making within the business-to-business context and provides useful insights into client influence within a commercial environment.

Section 3.4 further explores decision-making literature pertinent to the valuation process, more specifically within the context of professional services marketing. An analysis of this literature permits a fuller understanding of the unique features of services marketing and the importance of the role of the client in the delivery of such a service.
Section 3.5 provides a summary of the review.

3.1 AUDITOR INDEPENDENCE

Given the many parallels between the appraisal and the auditing professions, academic literature relating to auditing is a useful extension to the property literature. These similarities were acknowledged by the Carsberg Report (2002), where the working party recognised that both valuers and auditors may be instructed by the directors who are the ‘formal client’, but they also have a fiduciary duty to third parties as well as directors. They also noted that there were:

"...parallels with the concentration of auditing services for large public companies in the hands of five large firms of accountants" (RICS, 2002).

It should be noted however that, although these similarities were acknowledged, the working party also noted that;

"there are fundamental differences between the role of valuation and that of auditing" (RICS, 2002)

This review concentrates on areas of the auditing literature considered pertinent in helping to understand the valuation process, valuer independence and the role of the client. Auditing is a professional activity in which an individual assesses the commercial transactions of a company in order to express an opinion of the truth and fairness of its financial statements at a particular point in time. The valuation process is similar in that valuers also seek to arrive at a fair and true assessment of value for a property at a given point in time. Worzala et al (1998) identify two main similarities between the professions. Firstly, firms are often small, with few clients representing a sizeable proportion of the firm’s revenue. This means that as with valuation practices, losing a major client could be detrimental to a firm's financial success or even existence. Secondly, there is a high degree of judgement inherent in an audit and appraisal report. The implications of economic independence and ambiguity are both addressed further in this section.

Behavioural research in the auditing area is more extensive than in the property area. Gramling et al (2001) identified 44 papers per year related to auditing behaviour between 1994 and 1999 from seven mainstream auditing journals. They also identified a shift into research into a number of areas including auditor independence, which has a direct relationship to client influence. The concerns over auditor independence are expected to increase after such incidences as the collapse of Enron in 2001. There are many definitions of auditor independence found in the literature. DeAngelo’s definition published in 1981 is one commonly cited by authors:

"The auditor’s perceived ability to (1) discover errors or breaches in the accounting system, and (2) withstand client pressures to disclose selectively in the event a breach is discovered" (DeAngelo, 1981).
Lindburgh and Beck (2004) further argue that auditor independence can be viewed as independence "in fact" and independence "in appearance".

"An auditor who is independent in fact has the ability to make independent audit decisions even if there is a perceived lack of independence or if the auditor is placed in a potentially compromising position .... even when an auditor acts independently in fact and issues an unbiased audit opinion, investor confidence is eroded if investors and other users of the financial statement information do not perceive that the auditor was independent in appearance" (Lindburgh and Beck, 2004).

They reported on a survey sent to 1500 auditors two months before the Enron collapse and compared their results with a survey sent to 1500 auditors after Enron declared bankruptcy in December 2001. The results indicate that auditors' perceptions of the effects of non-audit services on auditor independence were more negative after the Enron collapse. They also noted that respondents perceive that non-audit services and other issues that threaten auditor independence detrimentally affect the public's perception of independence to a greater extent than they adversely influence actual independence. The concerns surrounding independence in America resulted in the Sarbanes-Oxley Act of 2002 which includes the regulation of auditors undertaking non-auditing services.

Auditor independence and bias may be affected by a number of variables (many of these will be discussed within this section). Bazerman et al (2002) identified three structural aspects of accounting that create substantial opportunities for bias. These parallel many of those in the valuation profession. The first, which the authors call "ambiguity", relates to a bias that exists when information can be interpreted in different ways. Bazerman et al (2002) suggest that auditors and their clients have considerable leeway in answering financial questions which illustrates that auditing like valuation is more akin to an art than a science. Hackenbrack and Nelson (1996) also highlight the existence of subjectivity in accounting regulations which can be 'reasonably estimated'. The previous chapter confirms similar issues within the property context.

The second structural aspect identified by Bazerman et al (2002) is defined as "attachment" and exists where:

"Auditors have strong business reasons to remain in clients' good grace and are thus highly motivated to approve their clients' accounts" (Bazerman et al 2002).

There are at least two reasons for this. Firstly, auditors are hired and fired by the companies they audit, and also audits have increasingly been treated as a way to build relationships that allow them to sell their more lucrative consulting services thus encouraging auditors to report more favourable figures to the client. Other authors have reflected on the existence of attachment and their views will
be discussed later in this section. The third structural element is that of "approval", Bazerman et al (2002) suggest an auditor is likely to accept more aggressive accounting from the client than they may consider independently. The reason given for this is that self-serving bias becomes stronger when people are endorsing others' biased judgements, provided that those align with their own biases.

In addition to these structural biases the paper also identifies three aspects of human nature that can amplify unconscious biases. These are, familiarity, discounting and escalation. "Familiarity" describes the situation where people are more willing to harm strangers than individuals they know. Therefore, when given a choice of harming their client or harming faceless investors, auditors may subconsciously lean towards reporting results more in their client's favour. Bazerman et al (2002) suggest that the longer the accounting partner has been a client the more biased the judgements tend to be. "Discounting" is another aspect of human behaviour where people tend to be more responsive to immediate consequences than delayed ones, especially when delayed outcomes are uncertain. This may explain why some auditors are reluctant to issue a critical audit report resulting in immediate damage to the relationship and the potential loss of the contract. In addition to these Bazerman et al (2002) argue that it is natural for people to conceal or explain minor indiscretions or oversights, sometimes without even realising they are doing it. This they describe as "escalation". Conscious, unethical behaviour may however result if an auditor recognises a longstanding bias and chooses to conceal the problem rather than expose mistakes. Bazerman et al (1997 and 2002), clearly identify the psychological issues that may result in auditor bias.

These themes and others relating to auditor independence and human behaviour recur in the auditing literature. One prevalent theme relates to the auditor's ability to withstand pressure within an asymmetrical power relationship. Nichols and Price (2001) examined specifically the variables affecting the auditor's ability to withstand pressure from the client. They analysed a conflict situation in which the auditor and client disagree and where the firm attempts to influence the auditor to take action which violates acceptable auditing standards. Their study is an expansion of Goldman and Barlev's (1974) study and both studies conclude that attempts to influence an auditor to take actions that do not conform to professional standards tend to be successful due to the asymmetrical power relationship in favour of the client. Nichols and Price (2001) suggest that procedures need to be put in place to increase the possible detection and costs of inappropriate behaviour.

The effect of the asymmetrical relationship to auditor independence has also been examined in terms of the client's ability to pay, select and fire their auditor. It has been argued that the control over hiring and firing is a core incentive for auditors to compromise their independence (Saul, 1996; O'Connor, 2002). Mayhew and Pike (2004) suggest that the transference of power to hire and fire from clients to investors significantly decreases the proportion of independence violations. They propose that by placing controls over the hiring and firing of auditors in the hands of a party separate from client management, auditor independence can be substantially improved.
The existence of the asymmetrical power relationship becomes evident where the client and auditor have conflicting views. Goodwin and Trotman (1995) acknowledged this when examining the auditing of revalued property assets. They argued that the views of a client relating to the appropriateness of a valuation will conflict with those of interested third parties such as lending institutions and debenture holders. Their study examined the pressures imposed by clients and third parties on auditors by manipulating the risk of breaching a debt covenant and the risk of losing a client. They used the example of an owner-occupied property and an investment property being revalued by a hypothetical client company. A total of 59 audit partners and managers from audit firms in New Zealand were asked to estimate the number of hours the audit team would spend on the audit of each asset and the likelihood that the valuations would be accepted as reasonable. Their results indicated that auditors planned to spend significantly more time on the audit when the risk of breaching a debt covenant was high and the risk of losing a client was low. They also found that gaining the approval of the client when the risk of losing that client is high appears to dominate the risk of litigation. The authors conclude that auditors appear to be influenced by issues that could compromise their independence. The results of this study are generally consistent with those of Farmer et al (1987), who demonstrate that the threat of potential litigation and the loss of a client, influence decisions made by auditors. They also conclude that the threat of litigation appears to affect an auditor's willingness to take a stand opposing a client's proposed accounting treatments. Audit partners and managers agreed less often with the client's position than did groups with less seniority and experience.

The relative weakness of the auditor's position was also the subject of a New Zealand study carried out by Gul (1991), which revealed that the size of the audit fee affected the perceptions of the auditors' ability to resist management pressure. This study, together with others clearly indicates that the auditor's economic dependence provides client management with an inherent bargaining advantage (Windsor and Ashkanasy, 1995). Economic dependence was also examined by Reynolds and Francis (2001) who found no evidence of auditing companies reporting any more favourably to their larger clients. They also noted that larger clients pose greater litigation risk which resulted in auditors reporting more conservatively in order to protect their reputation.

Lord (1992) found that a client's financial condition together with the amount of competition for the client, the provision of non-attest services and the importance of the client in terms of revenue were all potential factors in undermining auditor independence. The probability of their responses being evaluated by a superior was also significant. Competition for the client and client importance tended to encourage aggressive reporting whereas the worsening financial position of the client and the potential for responses to be evaluated by superiors tended to discourage aggressive reporting. The financial position of the client was also the topic of Knapp's (1985) study where he found auditors to be more responsive to client management power when the client is in a good financial position. He also concluded that clients are more likely to obtain their preferred resolution of a conflict when the issue is not dealt with precisely by technical standards.
The increasing trend for the provision of non-auditing services by the audit company to their audit clients has proved an area of concern for a number of researchers (Lindbergh and Beck, 2004). Ashbaugh (2004) identifies a range of academic research on this topic, beginning in 1978, when non-audit fee data became publicly available. General disagreement amongst academics has prevailed concerning the extent to which the provision of these services affects auditor independence. Beck et al (1988) found that the provision of non-audit services increases the economic bond between auditors and their clients. Other authors have also indicated that the joint provision of audit and non audit services create incentives for audit firms to compromise their objectivity (Palmrose, 1986; Simunic, 1984; Lord, 1992, Beattie et al., Lord, 1992; Davis, et al., 1993; Frankel et al, 2002). Ashbaugh et al (2003) by contrast, found no systematic evidence supporting the claim that auditors violate their independence as a result of clients purchasing relatively more non-audit services. These conclusions are further supported by Chung and Kallapur (2003). Davis et al (1993) revealed that clients who purchase non-audit services were charged higher fees which they argue reflects a proportional increase in audit effort and conclude that this may not necessarily encourage the auditor to compromise objectivity. Beattie et al (1999), however, contend that the principal threat factors to auditor independence relate to economic dependence and non-audit service provision.

Another area of study identified in the auditing literature concerns the relationship between the client and the engagement partner. Miller (1992) explains that it is the engagement partner who tends to hold information about the client not generally available to the firm. In his paper he argues that if the goals of engagement partners are not congruent with the goals of the audit firm, engagement partners may use this superior information to maximise their own self interest at the expense of the audit firm. For example, the engagement partner may see career advancement as being adversely affected by the loss of a client. Miller (1992) concludes that an engagement partner who sees the opportunity of receiving client-specific benefits will be less independent than the audit firm, and their actions may thus reflect adversely on the firm. Three dominant factors capable of threatening auditor independence were identified by Firth (1980, as quoted in Beattie et al., 1999). The first is where an audit partner has a beneficial shareholding in an audit client; second, where a partner in an accounting firm receives an interest free loan from an audit client of the firm; and finally where a member of an audit firm is the secretary of an audit client of the firm. Subsequent changes to the UK regulatory framework have since prohibited these and many other relationships.

The effectiveness of rules and regulations and accounting standards on the behaviour of auditors has been discussed by a number of authors. An Australian study carried out by Lindsay (1989), concluded that an auditor is more likely to comply with client's demands when the accounting issue in dispute is not dealt with clearly by an accounting standard. Beattie (1999) found evidence of regulatory changes introduced in the early 1990s as being effective in enhancing auditor independence. Bazerman et al (1997, 2002) suggest that audit failures rarely result from a deliberate collusion of auditors with clients but auditors finding it psychologically impossible to remain impartial and objective. Bazerman et al (1997, 2002) point to psychological research indicating that human desires powerfully influence the
way that information is interpreted even when attempting to be objective and impartial. The two papers report on a number of experiments including one described in Lowenstein et al (1993) which help to reveal how bias can distort accounting decisions. They conclude that experienced auditors are not immune from bias and that they are more likely to accede to a client's accounting numbers than to generate such numbers themselves. Their experiments show that even the suggestion of a hypothetical relationship with a client distorts an auditor's judgements and suggests that this may be exacerbated when a long standing relationship exists between client and auditor involving millions of dollars in ongoing revenues.

Auditors as with other professionals including valuers are constantly being held accountable for their judgements or actions. The importance of accountability to auditor judgement processing is supported by a study carried out by Gibbins and Emby (1984; Emby and Gibbins, 1988) who found that auditors believed that the most important factor related to professional judgement was that it could be justified. Emby and Gibbins (1988) in addition found that the need for justification was greater in unfamiliar than familiar situations. Accountability and justification were also considered by Messier and Quilliam (1992) who determined that auditors use a number of tactics for dealing with accountability. Such tactics assist the auditor in defending decisions that may lead to potentially adverse consequences. They also indicate that accountability tends to increase the auditor's level of cognitive processing. Related to these outcomes was Lord's (1992) finding that auditors who were evaluated by their superiors were discouraged from aggressive reporting.

The practice of "opinion shopping" by clients as a strategy to influence auditors has raised concerns from a number of authors. Hendrickson and Espahbodi (1991) make a distinction between opinion shopping and getting a second opinion. They contend that getting a second opinion is a reasonable approach to dealing with complex matters whereas opinion shopping is a search for the answer a shopper wants to hear rather than a search for the right answer they conclude that:

"Auditor independence, the credibility, role and status of the accounting professional and profession, and the reliability of reports, can be substantially affected by opinion shopping" (Hendrickson and Espahbodi, 1991).

Serlin (1985) also expresses concern for the practice of opinion shopping. He outlines four reasons why managers of firms should not shop around for auditors to obtain more favourable accounting treatment. Firstly, opinion shopping when practised by unscrupulous management, results in an auction with the audit engagement going to the highest "bidder" and as a result a "barely acceptable" accounting practice. Secondly the possibility that management may shop around exerts extreme pressure in an already competitive market where the fear of losing a client is a real one to an auditor. Thirdly, they argue that a firm may give management the answer it wants in exchange for a higher audit fee and the assumption of the potential business risks associated with marginally accepted accounting practices. Finally, as already stated by Hendrickson and Espahbodi (1991), the potential loss of public confidence in the integrity of the accounting profession and reliability of the financial
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The reporting process may result from financial reporting being reduced to its lowest common denominator.

The review of the auditing literature also highlights a number of technical issues capable of reducing auditor independence. For example, Church and Schneider (2001) found evidence that the auditor’s role in audit programme design was associated with a lower search time allocation for errors/irregularities in the account relating to that audit programme. They note that these findings may suggest that this lack of objectivity could lead to inefficient audits and/or ineffective audits.

The use of precedents is another relevant technical issue which was identified by Salterio, (1996). He investigated whether the content, perceived similarity and source of precedents and the client’s preferred accounting policy affects the audit partner and manager’s financial accounting judgements. Previous research has indicated that auditor-client disagreement over accounting policies can lead to auditor changes (Smith, 1986). Gibbins and Mason (1988) found that in order to assist partners in making their judgements they obtained “precedents” (prior examples of similar situations encountered by the firm’s practice) from the national office. Salterio (1996) demonstrated that the content and perceived similarity of precedents do affect audit accounting judgements. He found that the more similar the precedent is perceived to be to the case, the more likely the precedent’s accounting policy will influence the auditor’s judgement. He suggests, however, that auditors will tend to look for precedents which are in agreement with the client’s position. This can be compared with the choice of comparable evidence in the valuation context, where valuers may bias their use of comparables in favour of their clients’ requirements. The paper also suggests that a client’s advocacy of an accounting policy has no affect on an auditor’s judgement. Overall, however, the research does provide evidence that client preference is not as over-powering a force on an auditor as some commentators suggest.

Research to date suggests that a number of other variables can decrease auditor independence. Pasewark and Wilkerson (1989) looked specifically at the ways a client can affect auditor independence. He identified five types of power. The first of these he defined as “authoritative power” which may exist in a superior-subordinate relationship. The types of activities where this may become apparent include informing subordinates of their duties, motivating subordinates to perform duties, and rewarding subordinates based on performance. They suggest that this type of relationship is common between client management and the auditor. The second type of power is that of “expertise”, where the client has particular knowledge about their company’s financial statements and thus may possess a reasonable amount of power in the form of expertise. In addition to this, the client in an auditor-client relationship may be in a unique industry requiring specialised accounting procedures which may result in the client possessing an even greater amount of expertise. It is unlikely that the auditor will want to eliminate the power of client expertise. However, it is imperative that the auditor gains enough knowledge to prevent the client from being able to exercise the power of expertise in an intimidating way. A client’s “control over rewards” was identified as the third type of power. Audits are seldom performed without financial compensation from the client and thus some believe that this financial
compensation prevents "true" independence and objectivity. "Coercive power" was also acknowledged as the power to influence by threatening not to use the same auditor in subsequent audits, refusing to pay compensation and withholding information. "Personal power" is the final type of power listed by the Pasewark and Wilkerson (1989). They suggest that certain individuals may have the ability to influence an auditor to deviate from independent audit procedures. The existence of these types of power has been explored in other academic disciplines and will be examined further in the following sections.

Ethical or moral reasoning is another topic of auditing research considered relevant to client influence and the property profession and is contained in the work of such authors as Ponemon. Ponemon (1990) demonstrated a markedly negative association between the position level of an auditor within an auditing service company and the level of ethical reasoning. His study concluded:

"... that differences in ethical behaviour are likely to reflect differences in socialisation; thus different positions in a firm's hierarchy are likely to engender different ethical proclivities" (Poneman, 1990).

Ponemon (1992) extends this work by examining the influence of accounting firm socialisation upon the individual auditor's level of ethical reasoning. His findings indicate a convergence of ethical reasoning below comparable norms for college educated adults as they progress to higher positions in the firm. The results also indicate that partners and managers of the firm are motivated primarily by the need to affiliate with peers or a referent group which could include the client, office colleagues or the accounting firm, when judging and attempting to resolve an ethical conflict. They conclude that an accounting firm will tend to adhere to the rules of the profession only if they are consistent with the norms of the firm. Their findings also suggest that firm manager's promotion decisions tend to be biased in favour of individuals possessing ethical reasoning that is closer to their own capacity which may prevent an individual's development to higher levels of ethical reasoning.

The concept of moral reasoning was also examined by Windsor and Ashkanasy (1995). They explored ethical dilemmas faced by auditors forced to compromise their independence when balancing professional ethics with the economic practicalities of operating a viable business (Windsor and Ashkanasy, 1995; Mautz and Sharaf, 1961). Windsor and Ashkanasy's (1995) study supported the notion that auditor independence, as a state of mind, is part of the decision-making process. Three styles of decision makers were identified. "Autonomous" decision makers were responsive to personal beliefs. In this case those with strong just world beliefs were more likely to resist customer power. "Pragmatic" auditors were responsive to client management power irrespective of beliefs (this was apparently for reasons of personal self interest). Finally, there were "accommodating" auditors who responded both to personal beliefs and client management power, and comprised the least resistant group, especially when they believed in an unjust world. Windsor and Ashkanasy (1995) conclude by suggesting that auditor independence cannot be explained with simple prescriptive rules, or by relying
on audit standards, nor can it be adequately addressed in terms of economic considerations or psychological factors in isolation. They summarise the thoughts of Etzioni, (1988) by stating that:

"Auditors are people, and they are therefore subject to the full range and complexity of economic, cognitive, and emotional factors which influence the way that people behave" (Windsor and Ashkenasy, 1995).

From the review of the auditing literature it is clear that there are many similarities between the auditing process and the valuation process. Thus many of the insights gained from research undertaken within the auditing context may be seen as relevant to the valuation process. The main issues can be summarised as follows. The first area relates to the provision of non-audit services, where research shows that public perception may be adversely affected by an auditor's provision of non-audit services. Although the provision of non-valuation services affecting valuer independence has not been identified as a factor in the literature, the close and long-term relationship between valuer and client have been highlighted as a potential risk. Three structural aspects affecting auditor independence were also identified, each of these parallel issues highlighted in the previous chapter relating to valuer independence. The first "ambiguity" relates to a bias which exists when information can be interpreted in different ways. The second "attachment" which can result from the ability of the companies audited having the ability to hire and fire the auditor. Thirdly, "approval", where an auditor is likely to accept more aggressive accounting standards from a client than they may consider independently.

The asymmetrical power relationship between client and auditor is emphasised in the auditing literature as a major factor with the ability of affecting auditor independence. This one-sided relationship is also commonplace between the client and valuer. The effect of economic dependence on the client is also relevant to both the valuation and auditing professions with both types of professionals being dependent on a small number of major clients.

A number of more technical issues have also been raised in both the valuation and auditing literature. The first of these relates to the effectiveness of rules and regulations on improving the independence of auditors. The auditing literature remains inconclusive in this regard with some authors contending that regulatory changes can enhance auditor independence whereas others believe that it is psychologically impossible for auditors to remain impartial and objective. In terms of the valuation profession the effectiveness of rules and regulations on the behaviour of clients and valuers has not yet been established, but the outcome of the RICS monitoring of regulated purpose valuations from January 2004 will assist in determining whether such rules and regulations can increase valuer independence.

Certain other aspects which parallel both the auditing and valuation processes have also been identified by academics examining both environments. One of these is the use of precedents in the auditing process which in certain situations can affect accounting judgement. This can be compared to
the situation of a valuer including comparables which favour a client’s requirements. The practice of opinion shopping has also been a concern in both the valuation and auditing literature as having the potential to affect the independence of valuers and auditors.

The identification of a number of specific types of power available to the client in the auditing process has proved to be particularly relevant in assisting in the compilation the conceptual framework of client influence set out in Figure 5.1. Authoritative power which may exist in a superior-subordinate relationship, expertise, and information power where the client has particular knowledge about their company’s financial statements are three areas of comparison with the valuation process. The potential use of coercive power and personal power are also available to the client as part of the valuation process.

Ethical and moral reasoning is another topic of auditing research considered relevant to client influence and the property profession. It is evident that different individuals will have different levels of ethical and moral reasoning which can be affected by a number of things including education and position within the company.

As concluded by the review, it is clear that auditor independence and valuer independence constitute a complex issue made up of a number of economic, cognitive and emotional factors. The insights attained from the review of the auditing literature were used to inform the compilation of the initial framework of client influence as set out in Chapter 4. The themes identified by the review were also used to assist in guiding the discussion for the client and valuer interviews. These interviews will be considered in detail in Chapters 6 and 7.

The next section in this chapter investigates the concept of influence within the context of decision-making. Much of the literature examined has been published in the academic marketing literature and more specifically in the context of family decision-making, business to business decision-making and professional services decision-making.

3.2 INFLUENCE

In order to understand how and why a client may exert influence on a valuer it is important to define clearly the term “influence” in relation to this study. A number of influence strategies were identified in the auditing literature by Pasewark and Wilkerson (1989) and this section seeks to gain some further insights through the marketing literature.

The family decision-making literature when examining husband and wife influences is a useful starting point. Cartwright (1959) defined influence as something that:

"Is inferred when one person acts in such a way as to change the behaviour of another in some intended manner" (Cartwright, 1959).
Within an organisational setting Kohli and Zaltman (1988) define the concept of manifest influence of an individual as relating to:

"changes to purchase-decision-related opinions and behaviour of buying center members that results from the individual’s participation in a buying center" (Kohli and Zaltman, 1988).

A more specific definition of influence useful to this study is "relative influence". This is the degree of influence of one person compared with the influence of the other person(s) in the decision. The concept of relative influence has been explored in the family decision-making literature by Madrigal and Miller (1996) who define it as:

"The extent to which one spouse is able to maximize a priori individual preferences relative to her or his spouse in a joint decision-making outcome" (Madrigal and Miller, 1996).

Beatty and Talpade (1994) in their study of adolescent influence in family decision-making embrace Cartwright’s definition (1959) and add that

"...influence involves actions by family members that make a difference during the decision process" (Beatty and Talpade, 1994).

They go on to state, that influence is viewed as relative because:

"... it is relative to the influence of other family members. Thus perceived relative influence is a family member’s perceptions of the degree to which an individual has engaged in activities that contribute to the decision-making process relative to the contributions of others in the household" (Beatty and Talpade, 1994).

The family decision-making literature also distinguishes the difference between direct influence and indirect influence. Direct influence represents an:

"active role based directly on the decision maker's own needs, and indirect influence represents a passive role in which the decision maker takes another family member’s needs indirectly into account" (Rossiter, 1978).

Indirect influence occurs when the decision maker takes someone else's needs into account when making a decision, for example in the context of the family decision-making process. Although children generally do not have strong direct influence in house purchase decisions, they exert a strong passive influence, that is, their needs are indirectly considered in the family’s decision (Levy and Lee, 2004).

Another area within the family decision-making literature relevant to this study is that of influence strategies. Family conflict in most group decisions is highly probable as joint decisions involve a
combination of individual preferences of multiple family members (Sheth, 1974). Researchers have used different terminology to classify the different types of decision strategies used to influence the decision-making process (e.g. Davis, 1976; Sheth, 1974; Qualls and Jaffe, 1992). Lee and Collins (2000), based on a review of the literature summarise these strategies used to influence a family decision as follows:

**Experience** - using experience and knowledge as a source of information that will influence the outcome of a decision.

**Legitimate** - emphasising the role stereotype in order to obtain influence. For example a mother may assume or point out that she is the one who deals with the provision of food and therefore should dominate this decision. This approach might also involve a controller or specialise taking charge in a stereotypical manner.

**Coalition** - two or more members of the family decision-making unit collude in order to obtain a particular outcome.

**Emotion** - a member of the decision-making unit tries to persuade or dominate others by using emotive appeals, crying, pouting and other non-verbal techniques in order to achieve influence.

**Bargaining** – giving in on this occasion in return for getting their way on some other occasion.

Kohli (1989), within the organisational context, defines seven “individual resources” made up of various aspects of power including:

**Reward power** – an individual’s ability to provide material and non-material rewards to other individuals (usually contingent on their compliance with his or her requests).

**Coercive power** – an individual’s ability to mete out material and non-material punishment to others.

**Referent power** - the extent to which others liken and identify themselves with that person and have regard for his or her personal qualities.

**Legitimate power** - the extent to which others feel they ought to comply with the wishes of an individual; derives from both formal and informal norms.

**Expert power** – the extent to which an individual is perceived by others as being knowledgeable about relevant issues.

**Information power** – an individual’s access to and control over relevant information.

**Departmental power** – the relative importance of a Department to an organisation in general.

In summary, this section has helped to define a number of concepts including influence, relative influence and indirect and direct influence. These definitions provide a useful guide when examining influence in the context of the client-valuer relationship. The powers or strategies which can be used to influence decision outcomes are also identified in the literature and are of particular relevance to the client and valuer relationship. Such strategies as expert power, reward and coercive power, expertise and information power were all acknowledged as being particularly relevant to the client within the valuation process. For example, it is clear that the client as hirer and firer of the valuer may utilise
reward or coercive power to influence valuation outcomes. In addition to this many clients have superior specific information regarding a property and thus could use this information as an influence strategy to affect valuation outcomes. There is also evidence that many clients have extensive expertise surrounding the valuation process and experience within the property market within which they work. By using this experience and expertise the client may be able to influence a valuer to alter their valuation report and thus the valuation outcome. These forms of power have been included in the initial conceptual framework of client influence (Figure 5.1) and will be discussed in further detail in the following chapters.

This section has introduced a number of concepts relating to influence and power from the perspective of family decision-making. The next section provides a more in-depth view of the literature relating to business-to-business and organisational decision-making.

3.3 BUSINESS-TO-BUSINESS/ORGANISATIONAL DECISION-MAKING

The client-valuer relationship as discussed in this thesis relates to a valuation process whereby a valuer receives instructions from a client to carry out a valuation on their behalf. Both the valuer and client are defined in this study as working within commercial organisations. The literature relating to business-to-business joint decision-making can provide some useful insights into understanding client influence from a commercial perspective and includes an exploration of a number of variables relevant for inclusion in the initial conceptual framework of client influence as set out in Figure 5.1.

Research has indicated that business-to-business marketing requires a more complex decision-making process than consumer decision-making. It is often characterised as having a number of phases incorporating several departments within the company and includes multiple participants and multiple objectives (Johnston and Lewin, 1996). It also takes place in the context of a formal organisation influenced by budget, cost and profit considerations and usually involves many people in the decision-making process with complex interactions amongst people and organisational goals (Webster and Wind, 1972). A thorough understanding of the way organisations make decisions is essential in understanding fully where potential influence may occur between individuals and what types of influence these individuals may utilise. Although the client and the valuer do not work within the same organisation their close relationship and the valuation decision-making process can be compared to a complex decision made within an organisational setting.

In the late 1960s and early 1970s, three influential papers were published in the area of organisational decision-making each producing a conceptual model (Robinson, Faris and Wind, 1967; Webster and Wind, 1972, and Sheth, 1973). Since this time there have been numerous published articles that extend or test these models. Johnston and Lewin (1996) examined 165 of these papers including the three original works. From this review they formed an integrated model of organisational buying behaviour that combines the propositions of the original three works and several new constructs that have emerged over the past 25 years.
As well as all three models identifying organisational decision-making as a process Johnston and Lewin (1996) also found that the three original models share several important constructs which help to explain the factors that affect how decisions are made within organisations. These constructs were identified as:

i. *Environmental (or situational) influences* such as physical, political, economic, suppliers, competitors, technological, legal, cultural and global;

ii. *Organisational influences*, such as size, structure, orientation, technology, rewards, tasks and goals; and

iii. *Participants' (buyers') characteristics* that include education, motivation, perceptions, personality, risk reduction and experience.

Sheth (1973) and Robinson Faris and Wind (1967), add two other constructs:

iv. *Purchase (product) characteristics* that include variables such as buy task, product type, perceived risk, prior experience, product complexity and time pressure; and

v. *Seller characteristics* or the criteria by which potential vendors are evaluated which include price, the ability to meet specifications, product quality, delivery time and after-sale service.

Webster and Wind (1972) include a sixth construct:

vi. *Group characteristics*, which include size, structure, authority, membership, experiences, expectations, leadership, objectives and backgrounds.

Sheth's (1973) model includes two final constructs:

vii. *Informational characteristics* or the source and type of information each decision maker is exposed to and his/her participation in the active search for this information; suggested sources and types of information include salespeople, conferences and trade show, word-of-mouth, trade news, direct mail, and advertising;

viii. *Conflict negotiation characteristics*, which include problem solving and persuasion (useful and rational) and bargaining and politicking (non-rational and inefficient).

Johnston and Lewin (1996) incorporated a number of additional constructs:

ix. *Decision rules*, influenced by environmental, organisational, purchase, and seller characteristics; Johnston and Lewin expect it to vary across stages of the organisational buying process;
x. Role stress, influenced by environmental, organisational, purchase, group, and participant(s) characteristics.

xi. Buyer-seller relationship; Johnston and Lewin (1996) indicate that the variables most often used to examine this construct include power/dependence, behaviour/performance monitoring, cooperation/trust, adaptability and commitment;

xii. Communication networks; this element is unique as unlike the other constructs within the model, these are both intrafirm and interfirm.

An analysis of the literature on organisation behaviour reveals that decisions are often made by groups of people within and outside of an organisation; these participants are described as the buying centre. The buying centre has thus been considered an important unit of analysis (Silk and Kalwani, 1982). Webster and Wind (1972) define the buying centre as:

"all those individuals and groups who participate in the purchasing decision-making process who share some common goals and the risks arising from the decision" (Webster and Wind, 1972).

They also identify five roles in the purchase decision-making process of the buying centre. These are:

i. Users - those members of the organisation who use the purchased products and services;

ii. Buyers - those with formal responsibility and authority for contracting with suppliers;

iii. Influencers – those who influence the decision process directly or indirectly by providing information and criteria for evaluating alternative buying actions;

iv. Deciders – those with authority to choose among alternative buying actions;

v. Gatekeepers – those who control the flow of information (and materials) into the buying centre.

White (1998) proposes that the client in the professional service provider/client relationship could be considered as the user, influencer, and buyer, and in some cases the decider, whilst the professional service provider may be considered the influencer and decider. Webster and Wind (1972) emphasise the relevance of the buying centre. They also stress that all organisational behaviour is made up of individual behaviour, with this behaviour being motivated by a:

" ... complex combination of personal and organizational objectives, constrained by policies and information filtered through the formal organization and influenced by other members of the buying centre" Webster and Wind (1972).

Thus to formulate an accurate framework of client and valuer influence both personal factors pertaining to the client and valuer and organisational factors need to be acknowledged.

A number of personal factors were identified in Johnston and Lewin (1996) as being pertinent (Robinson et al, 1967; Webster and Wind, 1972 and Sheth, 1973). These included education,
motivations, perceptions, personality, risk preference and experience. Kohli (1989) in a study investigating factors that affect an individual's influence in a buying centre provided a conceptual framework where the manifest influence of a buying centre participant was identified as the dependent variable by Kohli (1989). The model included as an independent variable "individual resources" which were made up of the various aspects of reward power, coercive power, referent power, legitimate power, expert power, information power and departmental power (defined in the previous section).

Three moderators are also integrated into Kohli's model. These are made up of three buying centre characteristics, two situational characteristics and an individual behaviour characteristic. The buying centre characteristics include size, which are the number of people that make up the buying centre; familiarity, the extent that members of the buying centre are familiar with each other; and viscosity which refers to the extent to which buying centre members work together as a team. The two situational characteristics refer to the riskiness of the decision by buying centre members and time pressure which refers to the extent to which buying centre members feel pressured to make decisions. Finally, under individual behaviour, Kohli's model introduces influence attempts which refer to the amount of effort exerted by an individual to influence a purchase decision. By empirically testing the model Kohli's (1989) findings indicate that expert power and reinforcement power were the most influential determinants whereas buying centre size, viscosity, time pressure and the strength of influence attempts were found to moderate the relationship. More specifically he found that individuals who primarily possess expert power tend to exert greater influence in committees that are large, viscid and not under time pressure, and not making very strong attempts at influence. In contrast, he also found that individuals who primarily possess reinforcement power tend to exert greater influence in committees that are small, not very viscid and under time pressure, and making strong attempts at influence.

The characteristics of the purchase have also been perceived as being an important construct in modelling organisational decision-making. Johnston and Lewin (1996) found these characteristics being used most frequently to explain buying behaviour within a organisational context. The characteristics identified by Johnston and Lewin (1996) include product type which has been found to affect the perceived and relative influence of buying centre participants (Jackson et al., 1984; Bellizi, 1979; Bellizi and McVey, 1983; Erickson and Gross, 1980). Buy task (three types most widely used "new buy", "modified rebuy" and "straight rebuy"), purchase risk, (Choffray and Johnston, 1979; White, 1998) are defined by Sheth, (1973) as:

"... the magnitude of adverse consequences felt by the decision maker if he makes the wrong choice, and the uncertainty under which he must decide"

(Sheth 1973).

Purchase complexity, alludes to the complexity of a purchase which may ultimately lead to more people being involved in the decision-making process and thus the dynamics of group decision-making (Johnston and Lewin, 1996). This would be more apparent in cases where specific expertise is
required as in the case of decision-making pertinent to the production of a valuation report. Time pressure and purchase importance may also affect the dynamics of the buying centre’s decision-making process with pressure on time resulting in fewer people being given the time to be involved and purchase importance increasing the size of the buying centre.

Other highly ranked constructs identified by Johnston and Lewin (1996) include organisational characteristics, group characteristics, participant characteristics, process or stages, seller characteristics, informational characteristics, buyer-seller relationships, environmental characteristics and conflict/negotiation tactics.

The outcome of this review relating to business-to-business and organisational decision-making has added to the understanding of how decisions are made between and within organisations. The valuation process can be described as a decision-making process between two organisations and thus the outcome of the research in this area has provided insights useful in the creation of the framework as set out in Figure 5.1. In particular the research highlights how the characteristics of the individual participants of an organisation and external characteristics can affect the decision-making process and the potential influence of individuals. As with family decision-making a further understanding is provided as to the types and the amount of influence participants in the decision-making process are able to exert in different situations.

Although this section has been useful in defining general concepts that may be present in business to business transactions it does not identify specifically how the type of business may affect the decision-making process or the influence of individual participants. In order to understand some of these concepts further and determine their applicability for the valuation profession a review of the literature pertaining to decision-making in a professional services environment was undertaken. This review is described in the following section.

3.4 DECISION-MAKING IN PROFESSIONAL SERVICES

Before looking at decision-making in property services it is useful to understand the unique features of a service and the importance of the role of the client in the delivery of the service (White and Johnson, 1998). Services have a number of characteristics which have been identified in the literature. Three of these are identified as intangibility, inseparability and heterogeneity. These characteristics necessitate a number of strategies being undertaken by the service provider. For example, the intangible nature of services necessitates strategies for “tangibilizing the intangible” (White and Johnson, 1998; Berry, 1980; Booms and Bitner, 1981; Shostack, 1977). White and Johnson (1998) suggest that with respect to service providers this relates to their appearance, demeanour and the manner in which their responsibilities are fulfilled. Inseparability implies that consumers are usually involved in the production process (White and Johnson, 1998; Booms and Nyquist, 1981; Kelley et al 1990) which results in staff having to be trained as to their role in the process and in the management of clients.
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(White and Johnson, 1998; Berry, 1981; Gronroos, 1978, Lovelock, 1981; Kelly, Donnelly and Skinner, 1990). Heterogeneity is the third characteristic defining a service. This is the "human element" associated with the service. The quality of the service relies on the actions of both the service provider and client and their interaction (White and Johnson, 1998).

Although the literature relating to the marketing of services provides a useful background to the understanding of valuation services. The professional services marketing literature is particularly relevant to valuation. Gummesson (1978) explains that in order for a service to be identified as a professional service it should be:

"...provided by qualified personnel, be advisory, and focus on problem solving; the professional should have an identity, i.e., be known in the market for his specialities and under a specific name such as 'architect'; the service should be an assignment from the buyer to the seller; and the professional should be independent of suppliers of other services or goods" (Gummesson, 1978).

Alreck (1994) further expands on this highlighting that:

"One of the most distinct features of services marketing is that it brings customers and service providers into direct interpersonal contact with one another more often and more intensely than the relationships between the producers or sellers and the buyers of goods. Providing professional services brings the professional and the client into even closer and more prolonged contact" (Alreck, 1994).

Property valuation fulfills these criteria in that a registered valuer is a qualified person who holds a tertiary qualification and a minimum of 3 years experience. Valuers are required to estimate the market value of properties or land on instruction from a client with whom they tend to have direct interpersonal contact. Contact between the client and the service provider is typically close and in a majority of cases the valuation process requires input of both valuer and client (referred to previously as inseparability). The interaction between a service provider and the client can be seen as central to the production of the service and this interaction has the ability to impact upon service differentiation, quality control, delivery systems and customer satisfaction (Solomon et al, 1985; White, 1998).

White and Johnson (1998) describe the relationship between a service provider and client as an "interesting" one, representing a number of features. Firstly, it involves an inequality of specialist knowledge, education, socioeconomic status and perceived power and as with other buyer/seller relationships client needs and their fulfilment are paramount. The level of involvement the client may have in the service provider's decision-making process may range from extensive negotiation and involvement to no involvement at all. Finally, professional service providers regularly make decisions about, or for their clients (White and Johnson, 1998). All these features are evident in the client/valuer relationship where the valuer and the client may possess different levels of knowledge and expertise.
The clients require their needs to be fulfilled which may create an ethical dilemma for the valuer. The client may also have a varying degree of input in the production of the valuation ranging from the provision of information, expertise and assistance through to just being the recipient of the final report. Finally, the valuer’s role is deciding the worth of assets for the client.

As already discussed in relation to the client influence and auditor independence literature, the professional services literature also suggests that the market for professional services is becoming more commercial and competitive and this has resulted in service providers having to compete for clients (Keaveney, 1995). This competitiveness has resulted in clients increasing their level of expectations (Brown, 1985; Brown, 1986). This rise in expectations and competitiveness may result in valuers being placed under pressure to “please” the client and this in turn may allow client pressure to affect valuation outcomes.

There have been numerous books written on marketing strategies for professional service providers which acknowledge the importance of the client (for example, Connor and Davidson, 1990; Crane, 1993; Fantus, 1991 and Morgan, 1991), but relatively little published which specifically focuses on the client/professional service provider relationships and interactions (White 1998). White identifies three studies which present theoretical aspects of client/professional service provider relationships (Alreck, 1994; Rouse, 1991; Beltramini and Pitta, 1991) and only one empirical study which addresses the issue (Bostrom, 1995). Beltramini and Pitta (1991) discuss the underlying dimensions of the professional agency-client relationship, in the context of an advertising agency, and recommend communication strategies that agencies should adopt when dealing with various groups of clients. Bostrom (1995) found that the characteristics of clients perceived by architects to encourage successful cooperation were knowledge of architectural and building practices and general knowledge together with positive personal characteristics such as trust, honesty and confidence. Customers stressed the importance of cooperation in terms of architectural communication skills and the professional skills of the architect. Alreck (1994) describes three client interactive styles: feeling oriented, doing oriented and owning oriented and how the professional service provider can recognise and respond to each. Rouse (1991) in developing a model found a number of factors that have the potential of affecting the client/professional provider relationship. These include individual, situational, environmental and interactional factors. Each of these factors has been addressed in the initial framework outlined in Chapter 5.

White and Johnson (1998) also produced a conceptual model of relative influence in decision-making in a professional context. They utilised as a dependent variable, the influence of the client in the decision taken with independent variables being the client’s desired influence and the professional service provider’s desired influence. Two moderating factors were assumed, being the level of trust and the level of client communication effectiveness. The model postulates that the degree of the client’s desired influence is determined by client involvement, locus of control, sex role orientation and
knowledge regarding the decision topic. They also postulated that the professional service provider's desired involvement is determined by the level of his/her power and involvement.

The area of professional services marketing is particularly relevant to the client/valuer relationship and points to a number of variables that could be taken into consideration when building a framework of client and valuer influence. The most relevant of these are the locus of control, knowledge, involvement, trust and the power available to influence. The expertise, honesty and confidence of the valuer and are also factors to be explored.

The professional services literature indicates that the production of a valuation comes within the definition of providing a service. In particular the inseparability and heterogeneity of the service may result in a close relationship between client and service provider which has implications for client independence and the quality of the valuation process. The increased competitiveness of professional services also has implications for client influence in that the valuer may be encouraged to produce a valuation to 'please' the client. The review of this literature also highlights the limited amount of empirical research that has been undertaken specifically exploring the client/professional service provider relationships and interactions. This indicates that the results of the study undertaken in this thesis may be useful not only in expanding knowledge within the property literature but also relevant in enhancing knowledge within the context of professional services marketing.

3.5 SUMMARY

This chapter, in reviewing relevant academic work not published specifically in the property academic literature, has permitted a richer understanding of factors that could be responsible for affecting influence within the context of the client/valuer relationship. The auditing literature relating to independence has proved particularly useful where many issues relevant to both valuers and auditors were identified and the potential problems associated with independence and the relationship with clients. Three structural aspects affecting independence were acknowledged as "ambiguity", "attachment", and "approval". Each of these will be explored further in this study in relation to valuer independence and the valuation process. The asymmetrical power relationship between client and auditor was also investigated and compared with the one-sided relationship commonly cited as being present in the client/valuer relationship. Other more technical issues identified as having the potential to affect the independence of auditors and valuers were rules and regulations, precedents and comparables. With regards to influence itself, the auditing literature has assisted in the understanding as to the types of specific powers available to the client. These include authoritative, expertise, coercive and personal powers. Finally ethical and moral reasoning was another area of the auditing literature considered relevant to client influence and the valuation process.

An investigation into the term 'influence' as set out in section 3.2 was particularly useful in defining the concepts including influence, relative influence, indirect and direct influence. In addition to this a
number of powers or strategies were also identified and acknowledged as being capable of affecting decision-making outcomes. These included expert power, reward and coercive power and information power. How decisions are made within and between organisations was discussed in section 3.3 and offered some useful insights on how individual participants within and organisation and the external characteristics can affect the decision-making process and the potential influence of individuals. Finally the professional services literature emphasised the close relationship between the client and service provider and the potential implications for client independence and the valuation process.

This chapter expands on the findings set out in Chapter 2 by explaining the concept of influence and the powers available to influence decision-making outcomes within a business-to-business environment. The outcomes from Chapters 2 and 3 have assisted in identifying variables to be included in the conceptual framework as set out in Figure 5.1. They have also been useful in informing the interviews with valuers and clients as set out in Chapters 5 and 6. The reviews also identified a dearth of literature relating specifically to client influence and valuations. In particular there was no evidence of an attempt to construct a theoretical framework of client influence relating to the commercial valuation process. The reviews highlight the potential to understand more fully the complexity of the client-valuer relationship and develop a comprehensive understanding of the client's role in the valuation process. These observations identify certain gaps in the literature and were instrumental in guiding the research aim and methodology of this study.

The research aim therefore is to construct a theoretical framework of client influence which can assist in achieving an in-depth understanding of the commercial valuation process and the roles of the major players within this process and specifically the relative influence between valuer and client. The review also identified that most work in the literature pertaining to behavioural property research has been undertaken utilising a quantitative research approach. In order to achieve a richer more in-depth understanding of the topic a qualitative research approach was utilised. This choice of research approach, methodology and method are discussed further in the following chapter.

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CHAPTER 4 RESEARCH DESIGN

4.0 INTRODUCTION

As set out in Chapters 1 to 3 the overall goal of this research is to construct a theoretical framework of client influence to assist in building theory. The construction of such a framework seeks to allow an in-depth understanding of the commercial valuation process and the potential influence of the client in the valuation process. The review of the literature as set out in Chapters 2 and 3 indicates that to date no attempt had been made to construct such a framework. The introduction of a theoretical framework to the literature would thus be a contribution to the current knowledge relating to valuation and the decision-making process. The review also determined that most work in the literature pertaining to behavioural property research has been undertaken utilising quantitative research approaches. In order to achieve a richer and more in-depth understanding of client influence, a qualitative research approach was utilised. The appropriateness of this choice will be outlined in this chapter.

In order to achieve the goal of the research as set out above, a research question to guide the research was compiled. This research question was as follows:

How do clients influence valuation outcomes?

This research question describes the specific query to be addressed, sets the parameters of the project and suggests the methods to be used for data gathering and analysis (Strauss and Corbin, 1998). This chapter describes the research design and process as it relates to the research question.

Before undertaking any research exercise it is essential to understand the underlying assumptions as to what constitutes 'valid research' (Myers 1997) in order to justify the methodologies and methods to be employed in the research design. Crotty (1998) explains that a justification of the choice and use of methodology and methods is something that:

"reaches into the assumptions about reality that we bring to our work. To ask about these assumptions is to ask about theoretical perspective" (Crotty, 1998).

In addition to the theoretical perspective as highlighted by Crotty, the justification of the choice of the most effective methodology and methods also reaches into the understanding of what constitutes human knowledge, what kind of knowledge will be attained from the research and what characteristics this knowledge will have. These all relate to the epistemology informing the theoretical perspective and the type of methodology governing the choice of methods. The epistemology, theoretical perspective, methodology and methods thus make up the four elements of the research design as illustrated in Figure 4.1.
Crotty (1998) defines each of these research elements as follows:

*Methods:* The techniques or procedures used to gather and analyse data related to some research question or hypothesis.

*Methodology:* The strategy, plan of action, process or design lying behind the choice and use of particular methods and linking the choice and use of methods to the desired outcomes.

*Theoretical perspective:* The philosophical stance informing the methodology and thus providing a context for the process and grounding its logic and criteria.

*Epistemology:* The theory of knowledge embedded in the theoretical perspective and thereby the methodology (Crotty, 1998).

The remainder of this chapter explores these individual elements and is structured in the following way:

**Section 4.1** sets out the philosophy underpinning the research, more specifically 4.1.1 examines the positivist and interpretivist ontologies and epistemologies.

**Section 4.2** explains why a qualitative methodology was identified as most appropriate to assist with the aim of the research. Section 4.2.1 discusses qualitative research methodologies and grounded theory.

**Section 4.3** investigates the research methods considered most effective for the study and Sections 4.3.1 and 4.3.2 explain the choice of utilising in-depth one-to-one interviews and case-study research.

**Section 4.4** outlines the 4 stages of the research process. Section 4.4.1 describes Stage 1, including preliminary preparation, the review of the literature and the compilation of the initial conceptual framework of client influence. Section 4.4.2 describes Stage 2 of
the study including data collection from valuers and the interpretation process, it also
explains how the revised framework of factors was compiled. Section 4.4.3 discusses
these issues from the clients' perspective as part of Stage 3. Finally, Section 4.4.4
explains Stage 4 incorporating the feedback procedure from a number of experienced
valuers and clients.

Section 4.5 considers the trustworthiness of qualitative findings and measures taken within the
study to ensure credibility, dependability and conformability. Finally,

Section 4.6 summaries the chapter.

4.1. RESEARCH PHILOSOPHY (EPISTEMOLOGY AND THEORETICAL PERSPECTIVE)

To ensure the use of the most appropriate methods and methodology it was important to clearly
identify the underpinning research philosophy of this study. This section examines the philosophy
driving this research and specifically addresses the topics of epistemology, ontology and theoretical
perspective. Crotty (1998) quotes Maynard (1994) in explaining the relevance of epistemology to
research:

"Epistemology is concerned with providing a philosophical grounding for
deciding what kinds of knowledge are possible and how we can ensure that they
are both adequate and legitimate" (Crotty, 1998).

Crotty (1998) describes a number of epistemologies including objectivism and explains that an
objectivist holds that:

"meaning, and therefore meaningful reality, exists apart from the operation of
consciousness" (Crotty, 1998).

He demonstrates the concept of objectivism in the context of a tree in a forest, which is a tree
regardless of whether anyone is aware of its existence or not. Many early researchers took this view
and were of the opinion that if they went about their research in the correct way they could discover
the objective truth (Crotty, 1998).

An alternative epistemology Crotty (1998) labels as constructionism. Constructionism rejects the
objectivists view of human knowledge and contends that there is no objective truth waiting to be
discovered. Truth or meaning therefore exists only in and out of our engagement with the realities of
the world and meaning is constructed, not discovered. This approach is based on the premise that
different people construct meaning in different ways, even in relation to the same phenomenon.
A third epistemological stance described by Crotty (1998) is subjectivism. In subjectivism, meaning does not come from the interplay between subject and object but is imposed on the object by the subject, where the object has no input to the generation of meaning.

In order to determine the theoretical perspective underpinning the research question it is useful to understand the ontological approach taken by a research study. As explained by Crotty (1998) epistemology and ontology often emerge together in Figure 4.1 ontology would sit alongside epistemology as it also informs the theoretical perspective. Terminology relating to both concepts tends to combine, for example objectivism with the ontological concept of realism which assumes that realities exist outside the mind. Carson et al (2001) describe ontology as essentially "reality" and epistemology as the relationship between that reality and the researcher.

Ontology in a number of texts is also discussed in the context of theoretical perspective. For example Crotty (1998) considers the concepts of positivism and interpretivism as alternate types of theoretical perspective whereas Carson et al (2001) discuss them under the heading of ontologies. Crotty's (1998) approach was used to assist the current enquiry (Figure 4.1).

In any research study a number of assumptions have to be made which constitute the theoretical perspective or philosophical stance. In assessing the assumptions relevant to this study two theoretical perspectives were considered. The first of these, positivism which relates directly to the epistemology of objectivism, in that it assumes that individuals have direct access to the real world. As Carson et al (2001) explain, positivism subscribes to the theory that it is possible to obtain hard, secure objective knowledge about the external reality. The second theoretical perspective considered was interpretivism which relates more to constructionism and holds that individuals do not have access to the real world, but that their knowledge of the perceived world (or worlds) is meaningful in its own terms and can be understood through careful use of interpretivist procedures (Carson et al., 1998). Both of these approaches are considered in more detail in the next section.

4.1.1 Positivism versus interpretivism

As outlined previously, an assessment of the theoretical perspective from both a positivist and interpretivist viewpoint are examined in order to evaluate the appropriate philosophy underpinning the research problem (Perry, Reige and Brown, 1999; Carson et al 2001). According to Myers (1997) positivist researchers generally assume that

"reality is objectively given and can be described by measurable properties which are independent of the observer (researcher) and his or her own instruments" (Myers, 1997).
Positivist studies therefore tend to test theory in order to increase the predictive understanding of certain phenomena (Hirschheim, 1985; Myers, 1997). Carson et al (1998) identify a number of characteristics of positivism:

i. The positivist or natural sciences school relates to facts or causes of social phenomena and attempts to explain causal relationships by means of objective facts

ii. Positivist research concentrates on description and explanation

iii. Thought is governed by explicitly stated theories and hypotheses

iv. A research topic is identified through the discovery of an external object of research rather than by creating the actual object of study

v. Researchers remain detached by maintaining a distance between themselves and the object of research

vi. Researchers try to be emotionally neutral and make a clear distinction between reason and feeling, science and personal experience

vii. Positivists seek to maintain a clear distinction between facts and value judgements

viii. Positivists search for objectivity and strive to use a consistently rational, verbal and logical approach to their object of research

ix. Statistical and mathematical techniques for quantitative processing of data are central to the research methods adopted

x. Positivists use a set of formalized techniques for trying to discover and measure independent facts about a single reality which is assumed to exist, driven by natural laws and mechanisms (Carson et al., 2001).

With respect to property research, as with social science research, there has in the past been a reliance on a positivist approach which posits beliefs and scrutinises them through empirical testing (Hirschheim, 1985; Orlikowski and Baroudi, 1991; Levy and Henry, 2003). However, more recently researchers in a number of disciplines have been acknowledging the influence of human behaviour and the difficulties in studying these within the confines of the traditional conception of science (Hirschheim, 1985; Myers, 1997; Levy and Henry 2003; Carson et al., 2001). This study argues that in order to understand the behavioural aspects of the property market there needs to be a move away from simple empirical descriptions of reality and a move to understanding and interpreting it. This argument has been acknowledged in a number of other fields where interpretivist researchers have approached problems with the assumption that:

"...access to reality (given or socially constructed) is only through social constructions such as language, consciousness and shared meanings. Such interpretive research does not predefine dependent and independent variables, but focuses on the full capacity of human sense making as the situation emerges" (Myers, 1997).
Interpretivism (according to Carson et al., 2001) therefore:

i. Is inspired by a series of qualitative concepts and approaches
ii. In broad terms takes account of the important characteristics of the research paradigm on the opposite continuum from positivism
iii. Allows the focus of research to be on understanding what is happening in a given context
iv. Includes consideration of multiple realities, different actors' perspectives, researcher involvement, taking account of the contexts under study, and the contextual.

In the context of the current study, and guided by the research question set out above, interpretivism was considered the appropriate theoretical perspective to effectively investigate the complex nature of reality (Orlikowski and Baroudi, 1991). The study attempts to assess the nature of reality of the two major players in the valuation process. This research project therefore does not try to explain causal relationships by means of hypotheses testing and other forms of statistical analysis used extensively in traditional property research (Levy and Henry, 2003). It does, however, use a more personal process to understand and explain the different experiences of both valuers and clients in the valuation process in order to construct their understanding of reality.

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**FIGURE 4.2**  BROAD DEFINITIONS/EXPLANATIONS OF POSITIVISM, INTERPRETIVISM, ONTOLOGY, EPISTEMOLOGY AND METHODOLOGY

<table>
<thead>
<tr>
<th></th>
<th>Positivism</th>
<th>Interpretivism</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Ontology</strong></td>
<td>Nature of &quot;being&quot; nature of the world</td>
<td>Reality</td>
</tr>
<tr>
<td></td>
<td>Have direct access to the real world</td>
<td>Single external reality</td>
</tr>
<tr>
<td><strong>Epistemology</strong></td>
<td>‘Grounds of knowledge’ relationship between reality and research</td>
<td>Possible to obtain hard, secure objective knowledge</td>
</tr>
<tr>
<td></td>
<td>Research focuses on generalisation and abstraction</td>
<td>Understood through ‘perceived’ knowledge</td>
</tr>
<tr>
<td></td>
<td>Thought governed by hypotheses and stated theories</td>
<td>Research focuses on the specific and the concrete</td>
</tr>
<tr>
<td><strong>Methodology</strong></td>
<td>Focus of research</td>
<td>Methodology</td>
</tr>
<tr>
<td></td>
<td>Concentrates on description and explanation</td>
<td>Focus of research concentrates on understanding and interpretation</td>
</tr>
<tr>
<td></td>
<td>Detached, external observer</td>
<td>Role of the researcher</td>
</tr>
<tr>
<td></td>
<td>Clear distinction between reason and feeling</td>
<td>Researcher wants to experience what they are studying</td>
</tr>
<tr>
<td></td>
<td>Aim to discover external reality rather than creating the object of the study</td>
<td>Clear distinction between reason and feeling allow feelings and reason to govern actions</td>
</tr>
<tr>
<td></td>
<td>Strive to use rational, consistent, verbal, logical approach</td>
<td>Partially created what is studies, the meaning of the phenomena</td>
</tr>
<tr>
<td></td>
<td>Seek to maintain clear distinction between facts and value judgements</td>
<td>Use of pre-understanding is important</td>
</tr>
<tr>
<td></td>
<td>Distinction between science and personal experience</td>
<td>Distinction between facts and value judgements are less clear</td>
</tr>
<tr>
<td></td>
<td>Techniques used by the researcher</td>
<td>Distinction between science and personal experience</td>
</tr>
<tr>
<td></td>
<td>Formalised statistical and mathematical methods predominate</td>
<td>Accept influence from both science and personal experience</td>
</tr>
</tbody>
</table>

Source: Carson et al (2001)
The philosophy supporting this research reflects a broad interpretivist framework as opposed to a positivist approach as found in most published property research. A summary of the main characteristics and fundamental differences between positivism and interpretivism in an ontological and epistemological context is provided in Figure 4.2. As described above, positivism assumes direct access to the real world and a single external reality whereas interpretivism does not assume a direct access to the real world and thus no single external reality. In addition to this positivists believe that it is possible to obtain hard, secure and objective knowledge. Positivist research therefore is able to focus on generalisation, and abstraction to a wider context. Conversely interpretivists believe that an understanding of the world can only be achieved through knowledge as perceived by individuals. This in turn implies that any interpretivist research study seeks to understand and explore a specific context. This study specifically looks at the interpretation of the world from both an experienced valuer's and an experienced client's viewpoint. It should also be noted that the final framework of client influence within this interpretivist framework will be affected by the researcher's interpretation of the data collected from the transcripts.

The epistemology and theoretical perspective as described above affect the choice of the most appropriate methodology and methods to be utilised by the study. These will be discussed further in the next section.

4.2 METHODOLOGY

The previous section resolved the theoretical perspective for this study. The next step is to determine the most appropriate methodology. As outlined in Figures 4.2 and 4.3 not only is the interpretivist approach affected by ontological and epistemological philosophies but in turn it affects the methodological stance for a study and justifies an alternate methodological approach from that of a positivist enquiry. The focus of this research study, as guided by the research question, concentrates on understanding and interpretation and the researcher, rather than being a detached observer, is encouraged to apply personal experience and prior knowledge. This interpretivist approach as suggested by Carson et al (2001) therefore results in a lesser distinction between facts and judgement than a positivist study, and accepts influence from both science and personal experience. Finally, as set out in Figure 4.2, interpretivism recommends that a primarily non-quantitative study should be utilised. In the case of this study it was particularly evident that a qualitative methodology would be most effective in answering the research question. The next section justifies and explains this approach in further detail.

4.2.1 Qualitative research methodologies

The methodology utilised in this study has been influenced by the overall research philosophy and specifically the interpretivist approach as set out in Section 4.1. The main purpose of this study as guided by the research question is to achieve substantive meaning and understanding of how and why
valuations may be influenced by clients during the valuation process. This quest for understanding directs the study to a qualitative methodology. The literature review as set out in Chapter 2 gives evidence to support such an approach by highlighting that to date studies exploring client influence have relied on anecdotal and quantitative research methods which fail to describe fully the complexity of the client-valuer relationship. For example as discussed in Chapter 2, Wozala et al's study (1998) adopting a quantitative survey approach, failed to expose the complexity of the valuation process, they noted that respondents to their survey

"..... may have been influenced by something other than the client size or the value adjustment amount, which we were not able to capture using an anonymous mail survey approach" (Wozala et al, 1998).

This observation suggests that Wozala et al's (1998) experimental research design was too limiting and that by embracing a more qualitative approach, a richer and more in-depth understanding of the valuation process and the affects of client influence could be determined.

In addition to Wozala et al's observation, the literature review outlined in Chapter 2 reported anecdotal evidence of client influence (e.g. Rushmore, 1993). This evidence suggests a gap between empirical research and experiences within organisations as observed by Jean Lee (1992) in the context of organisational management. In order to explore these experiences, a qualitative rather than a quantitative approach was selected as the most appropriate methodology permitting the researcher to work closely with participants within an organisation and collect information pertaining to their personal thoughts and experiences (Yin, 2003; Bonoma, 1985).

Before identifying the most appropriate qualitative methods to utilise for this study an accurate definition of qualitative research was sought. Strauss and Corbin (1998) describe qualitative research as:

"any kind of research that produces findings not arrived at by means of statistical procedures or other means of quantification" (Strauss and Corbin, 1999), and

Cassell and Symon (1995) also suggest:

"the label qualitative methods has no precise meaning in any of the social sciences. It is an umbrella term covering an array of interpretive techniques which seek to describe, decode, translate and otherwise come to terms with the meaning, not the frequency, of certain more or less naturally occurring phenomena in the social world" (Cassell and Symon, 1994).

Miles and Huberman (1994) do not specifically define qualitative research but they focus their understanding of qualitative research on data in the form of words, these words being based on observations, interviews or documents. They explain that data collection activities are typically carried
4.2.2 Conceptualising the Influence of Clients on Valuations

Out in close proximity to a local setting for a sustained period of time. They also note that the data collected are not usually immediately accessible for analysis, but require some processing. For example interviews will generally need to be audio-taped, transcribed and where necessary corrected. These definitions signal a wide range of potential methods. Taking into account the philosophical considerations discussed above and the research question driving the study, an appropriate methodology was then sought. The following section discusses the choice of grounded theory.

4.2.2 Grounded theory

As emphasised previously the aim of this study is not to test theory but to ‘build’ theory and this was one of the major determinants in identifying qualitative rather than quantitative research as a more effective methodology. More specifically a grounded theory approach as presented by Strauss and Corbin (1998) was considered invaluable in informing the types of methods most applicable to the research. Carson et al (2001) suggest that three characteristics are required of a research problem in order for grounded theory to be applicable. The first of these is that the research should be interpretivist; the second is that the research should be about complex social processes between people; and finally, there should be virtually no existing theories about the phenomena or existing theories are demonstrably inadequate. It is argued that these three characteristics are true of the issue under study.

Strauss and Corbin (1998) describe developing theory as a complex activity entailing not only conceiving or intuiting ideas but also formulating them into a logical, systematic and explanatory scheme. They argue that theory that is derived from data is more likely to resemble reality than theory based on concepts drawn from experience or speculation.

Although originally it was considered that grounded theory should be based exclusively on data (Glaser and Strauss, 1967), in more recent times Strauss and Corbin (1998) acknowledge that the researcher brings to the inquiry a considerable background in professional and disciplinary knowledge. They recognise that a prior understanding of the literature can therefore be used effectively in developing theory in a number of ways, for example:

i. Concepts derived from literature may provide a source for comparing data at a dimensional level. For example if a concept from the data proved similar or opposite from the literature, comparisons can be made in terms of their properties and dimensions.

ii. Familiarity with relevant literature enables an enhanced sensitivity to subtle nuances of data and increases the awareness of the researcher as to what to look for and which questions to ask respondents.

iii. Before commencing a project, the researcher is able to turn to the literature to formulate questions which act as a starting point during initial observations and interviews.
iv. The literature can also be used to confirm findings and determine situations where the literature may be incorrect, over simplistic and only partially explaining the phenomena (Strauss and Corbin, 1998).

In the context of this study, the use of qualitative research and more specifically grounded theory were deemed to be the most effective approaches. In order to fulfil the aim of the research from a grounded theory approach a number of research methods were considered. The next section outlines the appropriateness of using a case-study approach together with in-depth one-to-one interviews.

4.3 METHODS

As outlined in the previous section the research philosophy and methodology, together with a number of logistical considerations guided the choice of the most appropriate data collection methods. More specifically they highlighted the appropriateness of using a case-study approach, one-to-one in-depth interviews and client and valuer feedback interviews in order to formulate a framework of client influence. This section outlines each of these methods.

4.3.1 One-to-one interviews

It was initially speculated that the research design for this study would comprise of a number of individual case studies designed to monitor the valuation process within specific organisations. These case studies would have required attendance at meetings and the observation of valuers and clients during the valuation process. Unfortunately, this approach was ultimately considered unfeasible for two main reasons. Firstly, the confidentiality of the valuation ‘negotiations’ meant that respondents were unwilling to permit the audio-taping of meetings as they were ‘uncomfortable’ with commercially sensitive details of these meetings being reported. Secondly, telephone conversations between valuers and clients made up a substantial part of the valuation process which made it extremely difficult to keep an accurate record of client and valuer interactions. The researcher did however attend two initial valuation meetings between valuer and client; these meetings were not audio-taped but permitted the researcher to gain a further in-depth understanding of the valuation process and client/valuer relationship which assisted in the analysis of the interview data.

Focus groups were also considered as a method for collecting data from the participants in the valuation process. However, a number of valuers and clients (not included in the sample) were wary of this method. They suggested that the use of individual interviews would provide a far more effective tool. Their main concern was that of privacy. They suggested that in one-to-one interviews with the valuer or client would be likely to speak more openly and frankly without other valuers and/or clients present to hear any possible “confessions”. These observations concur with research recommending that in-depth interviews should be utilised in situations of sensitive subject matter and complex decision-making processes (Anastas, 1988). Several other advantages of one-to-one in-depth
Conceptualising the Influence of Clients on Valuations

interviewing include the encouragement of personal thought, maintenance of the attentiveness of respondents to questions, and the interviewer's consequent ability to sense non-verbal feedback (Sokolow, 1985).

Taking cognisance of the valuers' and clients' concerns regarding focus groups and the constraints relating to the initial case-study design, an alternative form of case-based research was utilised. This consisted of recording the experiences of a sample of both valuers and clients by way of one-to-one interviews permitting both within-case and cross-case analyses which resulted in the collection of rich, in-depth and informative data.

In-depth interviews were regarded as an effective alternative to observing the valuation process (as recommended by Taylor and Bogdan, 1998) as they provided a method that permitted directly observing the people involved in the process and listening to what they have to say. In addition to this, as part of the interview valuers and clients were encouraged to identify "real life" situations and discuss and evaluate specific valuations that they had either commissioned (in the case of the client) or had been commissioned (in the case of the valuer).

It should be noted however, that there are limitations to using one-to-one interviews; Taylor and Bogdan (1998) identify two of these which were considered by the researcher. These were the assertion that people say and do different things in different situations, and therefore what a person says during an interview may not be what that person believes or will say or do in other situations. The likelihood of this happening was minimised in this study by the interviewer asking the same question in a number of different ways and then assessing the conformity of the answers. Interviewees were also encouraged to give examples of real life situations.

The second limitation suggested by Taylor and Bogdan (1998) was the concern that if researchers do not directly observe people in their everyday lives, they would be deprived of the context necessary to understand the perspectives they adopted. In order to reduce the impact of this, the researcher observed two meetings related to the valuation process between clients and valuers that gave context to the valuation process. In addition, the researcher had personal past experience as a participant in the valuation process on numerous occasions.

Despite the limitations, interviews are still regarded as the preferred tool for studying social life. However, it is essential that the interviewer gets to know people well enough to understand what they mean and create an atmosphere where they are likely to talk freely (Taylor and Bogdan, 1998). For this particular study the respondents were well known to the interviewer and the interviews were carried out in the respondents own surroundings. All respondents reported that they were comfortable with the interview and seemed to talk freely. In addition to one-to-one interviews case-study research was also used as a method to add depth and meaning to the results of the study. The next section outlines this in more detail.
4.3.2 Case-study research

Case studies can either be classified as a methodology (Berg, 2001) or as a method of data collection (Crotty, 1998). In the context of this research it has been classified as a data collection method but cognisance is also given to the fact that it can be considered as a methodological approach incorporating a number of data gathering measures (Berg, 2001).

Published literature suggests differing views as to what constitutes case-based research Berg (2001) describes the approach of case studies as wide-ranging:

"...ranging significantly from general field studies to the interview of a single individual or group. Case studies may focus on an individual, a group or an entire community and may utilise a number of data technologies such as life histories, documents, oral histories, in-depth interviews, and participant observation" (Hagan, 1993; Yin, 2003) (Berg, 2001).

Bonoma (1985) however, suggests that case studies are distinguished from other qualitative methods by the number of data sources which serve as a means of "perceptual triangulation" and provide a fuller picture of the business unit under study. To facilitate such a triangulation in this study within the limitations set out above, the outcome of the valuer interviews was triangulated with the outcome of client interviews to create a framework reflective of both sets of participants. Feedback from valuers and clients of the proposed framework was also sought and the result of such feedback assisted in gaining a fuller understanding of the valuation process.

Bonoma (1985) describes a case-study as a "description of a management situation". The valuation process involves the management of the valuation process and thus the current study fulfils this criterion. Thirdly, Bonoma (1985) suggests that case studies should

"... reflect and be sensitive to the context within which the management act occurs and to the temporal dimension through which events unfold" (Bonoma, 1985).

Due to the practical limitations of this study as previously discussed, the researcher was unable to follow an individual valuation process effectively. However, to reveal the temporal element of the process, valuers and clients were asked to relate examples of recent valuation experiences which enabled going "beyond providing a static snapshot of events". Bonoma (1985), unlike other authors (for example Carson et al., 2001) finally suggests that cases require direct observation. Although the majority of data analysed as part of this study was from one-to-one interviews, the researcher observed two valuation meetings between the client and valuer which enabled the results of the interviews to be contextualised effectively.
At the heart of building theory through case-study research is the analysis of rich data. Eisenhardt (1989) emphasises that the use of within-case and cross-case analyses contributes to case-study research's powerful analytical strength:

"Within-case analysis typically involves detailed case-study write-ups for each site" (Eisenhardt, 1989).

In order to achieve this, an in-depth summary was written for each of the valuer and client interviews (Appendices 6A and 7A). A compilation of these summaries allowed the researcher to become, as Eisenhardt explains:

"...intimately familiar with each case as a stand-alone entity. This process allows the unique patterns of each case to emerge before investigators push to generalize patterns across cases. In addition, it gives investigators a rich familiarity with each case, which, in turn, accelerates cross-case comparison" (Eisenhardt, 1989).

After completing a within-case analysis, a search for patterns and themes within the interviews was then undertaken by means of cross-case comparisons. Cross-case analyses relating to both valuers and clients can be found in Chapters 6 and 7. There are a number of tactics that can be used to search for themes and patterns in the data. This study utilised a grounded theory approach which allowed themes to emerge from the data. By utilising open coding, these themes could then be examined for similarities within-case and cross-case. Overall by utilising such cross-case searching tactics the researcher is forced to go:

"...beyond initial impressions and the tactics utilised help improve the likelihood of accurate and reliable theory, that is, theory with a close fit with the data. Also, cross-case searching tactics enhance the probability that investigators will capture the novel findings which may exist in the data" (Eisenhardt, 1989).

Evidence of this was demonstrated in the analyses of the interviews undertaken for this study. Specific findings relating to both valuer and client interviews are outlined in Chapters 6 and 7.

This section has demonstrated how, taking into consideration the epistemology, theoretical perspective and methodologies governing this study, a case-study research method utilising in-depth interviews was incorporated into the research design summarised in Figure 4.4. Each element of the research design as described above has influenced the specific research process utilised in the study. This process is discussed in the following section.
Conceptualising the Influence of Clients on Valuations

Figure 4.3  RESEARCH DESIGN RELATING TO THE CURRENT STUDY

Constructionsm

Interpretivism

Grounded Theory

One-to-one interviews/Case-study research

Source: Adapted from Crotty (1998)
4.4 RESEARCH PROCESS AND DATA COLLECTION

In this section the research process guiding the study and data collection are described. As set out in Figure 4.4 the process comprised of a number of stages. Each of these stages contributed to the gradually increased in-depth understanding of client influence, which culminated in the compilation of a revised framework of postulated factors making up client influence in the valuation process. Each stage of this study is now described in the following sections.

4.4.1 Stage 1

Stage 1 of the research process concludes with the formulation of an initial conceptual framework of client influence. As set out previously the framework was based on the review of pertinent literature (Chapters 2 and 3) and prior knowledge and experience of the researcher.

Strauss and Corbin (1998) contend that commencing a study with a review of the literature is a useful approach in the development of grounded theory. They identified four specific benefits. Firstly, the concepts derived from the literature provided a source for making comparison to data at a dimensional level. Secondly, familiarity with relevant literature enables an enhanced sensitivity to subtle nuances of data and increases the awareness of the researcher as to what to look for and the questions to ask respondents. Thirdly, before beginning the project, the researcher is able to use the literature to formulate questions which act as a stepping point during initial observations and interviews, and may be used to confirm findings and illustrate situations where the literature proved to be incorrect, over simplistic or only partially explained phenomena (Strauss and Corbin, 1998). Each of these benefits was clearly demonstrated in this study and are outlined in the remainder of this section.

The use of experience and knowledge also assisted the researcher in assessing the most pertinent themes and variables to be incorporated into the initial framework of client influence. Strauss and Corbin (1998) explain that:

"...experience and knowledge are what sensitize the researcher to significant problems and issues in the data and allows him or her to see alternative explanations and to recognize properties and dimensions of emerging concepts" (Strauss and Corbin, 1998).

It is important to note that within the theoretical perspective of interpretivism the creation of an initial framework was utilised in this study to inform the research rather than to create hypotheses for testing.

From an examination of the original theoretical framework (as described in Chapter 5) it was concluded that it was essential to obtain information from both clients and valuers and that this information would be collected in two phases: the initial phase would collect information from valuers
Conceptualising the Influence of Clients on Valuations

in order to examine their perceptions of the valuation process, followed by data collected from clients involved in the valuation process. Stage 2 therefore comprised the collection of data from a number of valuers in order to identify how they perceive the role of the valuer and client within the valuation process. A description of the Stage 2 research process follows.

4.4.2 Stage 2

As discussed in Section 4.3.1 in-depth one-to-one interviews were adopted as the most effective data collection method. In-depth one-to-one interviews permitted the researcher to obtain rich data in a comfortable and safe environment for the valuer. Five valuers were approached by the researcher and all chose to participate. They were chosen on the basis of the length and type of experience and their seniority within an organisation. Each of the participants was registered by the New Zealand Institute of Valuers (NZIV) and each held in excess of seven years’ commercial experience and a senior position within their organisation. Three of the respondents worked for large multi-disciplinary real estate companies, one for a large privately owned valuation practice and one for a large multi-national accounting organisation. All were male.

The concept of “theoretical sampling” as identified by Strauss and Corbin (1998) as:

“...sampling on the basis of concepts that have proven theoretical relevance to the evolving theory” (Strauss and Corbin, 1998),

was used both to identify valuers most appropriate for the study and also to determine the number of valuers comprising the sample. Theoretical sampling is considered to be an appropriate method of sampling within a qualitative framework when the aim of the analysis is to build theory rather than to generalise and test theory. In practice, although a number of individual valuers were identified as potential interviewees, the size of the sample was not predetermined before beginning the research but evolved during the process.

Strauss and Corbin (1998) suggest that sampling should be directed by the logic and aim of the types of coding procedures used in analysing and interpreting data. The method of analysis utilised in this study, Strauss and Corbin (1998) describe as "open coding". Its aim is to:

“... discover, name and categorise phenomena according to their properties and dimensions, it follows that the aim of data gathering at this time is to keep the collection process open to all possibilities. Sampling is open to those persons, places and situations that will provide the greatest opportunity for discovery" (Strauss and Corbin, 1998).

This description highlights that the sampling method used for this study is a relatively open one. The main sampling criterion for this study is that respondents had extensive experience in undertaking
valuations. It was anticipated that by collecting information from and drawing on the combined extensive experience of the respondents that a clear description of the valuation process and the roles of the client and valuer would emerge.

The use of theoretical sampling as suggested by Strauss and Corbin (1998) provides a general rule that when building theory, data should be collected until each category is saturated. The final number of participants in the sample is determined when the outcome of the interviews becomes repetitive and no new themes emerge from the analysis, that is, when the research becomes saturated with information (Glaser and Strauss, 1967; Carson et al., 2001; Strauss and Corbin, 1998). This means until:

"(a) no new or relevant data seem to emerge regarding a category, (b) the category is well developed in terms of its properties and dimensions demonstrating variation, and (c) the relationships among categories are well established and validated" (Strauss and Corbin 1998).

When determining the number of valuers to interview by this method, it became apparent that after five interviews that no further themes, concepts and ideas relevant to the topic were forthcoming.

After identifying each individual valuer, each of them was asked to participate. Once they agreed, a meeting was arranged at the interviewee's place of work, or if more convenient for the valuer, at the researcher's place of work. Each interview was carried out in a location where the participants were unable to be overheard and no interruptions were possible. Due to the complexity of the subject and length of the interview (on average in excess of one and a half and two hours), two interviewers interviewed each subject. The advantage of this was that each interviewer was able to identify areas they perceived required further clarification or investigation. There was no evidence that the interviewees were intimidated by being questioned by two interviewers and none voiced any concern.

The interviews commenced with a short conversation with an interviewer explaining the process and answering any questions or concerns the interviewee may have. The next part of the interview was then initiated with a 'prompt'. The same initial prompt was used in all five interviews with valuers:

"As you are well aware, there has been a considerable amount of research focusing on valuation methodology - what tools and techniques do valuers use to produce value estimates? The objective of our research is to explore more the behavioural and non-technical factors affecting reported values. The first step in this process is to identify and understand these factors and how they may affect reported values. Based on our experience and research, we are currently compiling a list of non-technical factors which we believe affect reported values."
What we would like to know is what factors you feel as a professional valuer affects the values that you report to your client."

The prompt was worded in such a way as to allow the respondents to discuss the valuation process in general terms rather than limiting the discussion to valuation techniques. In each interview the respondent identified the client's input into the valuation process as an important factor affecting valuation outcomes. This was not unexpected as the literature review indicated that the valuer as a professional service provider is dependent on the client for input into the valuation process. Once the interview was underway and the respondent seemed comfortable with the topic, the interviewer encouraged the valuer to express their thoughts, experiences and opinions relating to the area of client influence.

The main aim of the interviews with valuers was to discover their perceptions as to the role the client plays in the valuation process and the ability clients have to influence valuation outcomes. In order to do this the data from the interviews were interpreted to identify themes related to client influence. These themes were then grouped into categories that relate to client influence. Once completed each interview was transcribed and then coded by way of the "open coding" technique as recommended by Strauss and Corbin (1998). Open coding can be defined as:

"The analytic process through which concepts are identified and their properties and dimensions are discovered in the data" (Strauss and Corbin, 1998).

Therefore the primary aim of open coding is to identify concepts (or themes) within the text. The process of open coding allows the researcher to open up the text and expose the thoughts ideas and meanings contained within it. In general, during the open coding process data are broken down into discrete parts, closely examined and compared for similarities and differences. Open coding is effective in theory building as it allows the researcher to identify concepts (conceptualizing). A concept is a labelled phenomenon. By naming phenomena similar events, happenings and objects can be grouped under a common heading or classification (Strauss and Corbin, 1998).

In order to achieve an effective coding process for this study, each interview was audio taped and once completed transcribed and then coded. The coding process included the researcher, a judge and an arbiter. The researcher first analysed one selected interview and labelled the main concepts, backed up with evidence from the transcripts. Descriptions for each of these concepts were then defined. A second academic with knowledge of the valuation process was then elected a judge and examined the outcome of the analysis. Agreement was then reached between the researcher and the judge as to the accuracy and relevance of each of these definitions, concepts and ideas. This process was then repeated for the remaining four interviews. New information from each additional interview was used to add to the factors and sub factors and to explain further concepts and ideas. Themes that were repeated by following respondents were used to further clarify each description and allow additional in-
depth understanding of valuers' perceptions of the valuation process. Once the process was completed for all five interviews it was clear that additional valuer interviews would not add substantially to the understanding of the valuation process from the perspective of valuers and thus saturation had been reached. Once the process of coding all five interviews was completed a third person was selected to act as arbiter to ensure that the factors identified were a true reflection of the interviews. This process is illustrated diagrammatically in Figure 6.1.

Figure 6.2 sets out factors and sub-factors identified from the coding and their corresponding definitions, these can be found in Section 6.3. In addition to defining the concepts the researcher delved deeper into the data and identified further relationships. The outcome of this analysis can be found in Chapter 6.

As described previously a case-research approach was incorporated into the research design. Both within-case and cross-case analyses were undertaken. The within-case analysis of the valuer interviews consisted of a summary of each interview see Appendix 6A, which helped clarify the valuation from the perspective of each individual valuer and assist in the contextualisation of each of the factors identified in the cross-case analysis. Open coding as discussed in Section 4.3.2 provided the researcher with an effective way of undertaking a cross-case analysis.

From the data interpretation process outlined above a number of new themes and factors emerged. These were then incorporated into a revised framework of factors affecting client influence which can be found in Figure 6.12. In addition, certain relationships were identified relating to the type of client and the likelihood of client influence in the change of reported values. An illustration of this can be found in Figure 6.13.

After completing Stage 2 of the research process, it was evident that further interviews with clients would be able to supply information which could lead to an additional understanding of the valuation process the role clients play in influencing valuation outcomes. Collecting this information provided the ability to triangulate the data collected from valuer interviews and by determining the perceptions of both valuers and clients. Stage 3 of the research process thus included the data collection, data interpretation and updating of the conceptual framework of client influence from the perspective of the client. This stage of the process is described in the following section.

4.4.3 Stage 3

The data collection and interpretation process of the valuer interviews facilitated the construction of a revised framework as detailed in Figure 6.12. In addition, the analysis permitted an in-depth understanding of the factors affecting valuation outcomes from a valuer's viewpoint. Stage 3 of the process was then designed to collect information pertaining to clients' perceptions of the valuation process.
The strategies incorporated into this stage of the research were very similar to that employed in Stage 2. Client respondents were chosen on the basis of their potential to aid in the development of theoretical insights (Taylor and Bogdan, 1998). The interviews with valuers indicated that distinct types of clients could influence valuation outcomes in different ways. This led to the conclusion that in order to understand the valuation process within large property organisations only "Sophisticated Clients" as defined in Stage 2 of the research (see section 6.3.2) should be interviewed. A sophisticated client was described as:

".. a client that has a large amount of experience in the management and/or valuation of property assets. They tend to be larger companies, very much involved in the day to day management of large property portfolios. They typically use expert and information power in order to influence the outcome of the final valuation figure" (See section 6.3.2).

In order to fulfil this requirement all interviewees consisted of experienced property management executives or institutional property investors; all seven approached agreed to participate. Each individual had in excess of ten years commercial property experience; all held senior positions within their respective organisations and instructed valuers on a regular basis. Using a process of theoretical sampling seven clients were approached and they all agreed to be interviewed. As with the valuer interviews, the number of interviews was not predetermined but evolved. The sampling was again directed by the logic and aim of the types of coding procedures used in analysing and interpreting data. The final number of interviews therefore was identified by saturation, when the interpretation of interviews became repetitive and no new themes emerged (Carson et al., 2001, Strauss and Corbin, 1998). Although the number included in the sample was theoretically based it should be noted that in the context of the New Zealand market the companies represented did make up in excess of 50% of the total market as defined by the Property Council of New Zealand Weightings Survey (2000).

Once each of the interviewees agreed to participate, a meeting was arranged at the interviewee's place of work or if more convenient for them at the researcher's place of work (interviewee was not based in Auckland, but made regular trips up to Auckland). Each interview was carried out in a location where the participants were unable to be overheard and no interruptions were possible. Due to the complexity of the subject and length of the interview (approximately one and a half to two hours), the first six interviews were carried out jointly by two interviewers, but as the researcher and judge were persuaded that patterns and themes were well defined, the final interview was carried by the researcher alone. In the interviews carried out jointly by two interviewers, one interviewer guided the questions and the second interviewer listened and contributed if pertinent issues were not addressed or if certain issues required further clarification or investigation. There was no evidence that the interviewees were intimidated by being questioned by two interviewers and none voiced any concern. Each interview with the agreement of the interviewee was audio taped and transcribed. The
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Interviews as described in Stage 2 were transcribed and then coded to identify main themes, concepts and issues.

The interviews commenced with a short conversation with an interviewer explaining the process and answering any questions or concerns the interviewee may have had. The next part of the interview was then initiated with a 'prompt'. This prompt differed from the one given to the valuers and was carefully worded to encourage respondents to focus on issues most relevant to them in the context of the client-valuer relationship.

"As you may be aware, a great deal of public and research attention has been brought to bear in recent years on the issue of valuation accuracy, and the degree to which valuations are accurate and an unbiased estimate of a property's market value. In exploring this issue, researchers have focused in general on valuation methods, the quality and quantity of information available to valuers and the effects that the use of heuristics or rules of thumb has on value estimations.

Little attention has been paid to the effects that the client/valuer relationship may have on valuations. To address this shortcoming, we are undertaking a series of interviews with valuers and clients in an effort to improve our understanding of the client/valuer relationship. A pilot study based on interviews with valuers has now been completed, and our attention now turns to clients. To just get things kicked off and to begin our interview today, we would like to start off with the following question - How do you as a client describe the client/valuer relationship?"

Once the interview was underway and the respondent seemed comfortable, a number of topics were pursued directly with the interviewee if not already covered without prompting. These included the purpose of commissioning valuations, the person/organisation for which the valuations were required, the frequency of commissioning valuations, the selection of the valuation firm, the role the interviewer plays in the valuation process, how compensation is agreed with valuers, the accuracy of valuations, their opinion of a valuer reporting a range of values, whether the client organisation produces in-house valuations and the information provided by the client organisation to the valuer.

Each interview once completed was transcribed, and then coded by way of the "open coding" technique as recommended by Strauss and Corbin (1998). Coding followed the same process as for the valuer interviews and is illustrated diagrammatically in Figure 7.2. Once the process was completed for seven interviews it was clear that additional client interviews would not add substantially
to the understanding of the valuation process from the perspective of the client and thus saturation had been reached.

A case-research approach was also utilised in Stage 3 of this study. The within-case analysis of the client interviews can be found in Appendix 7A. Open coding and within-case analysis of interviews provided the researcher with an effective way of undertaking a cross-case analysis.

The outcome of the data interpretation of client interviews differed from the valuer interviews in that two distinct patterns of results were observed. One of these patterns can be described as relating to factual elements of the valuation process and the second relating to behavioural aspects. Clients' behaviour relating to particular incentives, powers and opportunities to influence surfaced very clearly from the data. In addition to this, the analysis illustrated clearly the strong influence the client holds over the valuation process.

From the data interpretation process outlined above a revised framework of factors affecting client influence was then derived and is summarised in Figure 7.20. This framework was able to incorporate both the perceptions of clients and valuers and build on the two previous frameworks illustrated in Figures 5.1 and 6.3. Finally, the researcher sought feedback from a number of expert valuers and clients to ensure that the final framework truly reflected their understanding of factors that influence valuation outcomes. This was carried out in Stage 4 and will be explained in the following section.

4.4.4 Stage 4

The process described above proved effective in achieving the primary aim of this research which was to generate theory by means of constructing a theoretical framework of client influence as perceived by a number of experienced clients and valuers within the Auckland area. In addition further insights into the valuation process were gained which had not previously been published in academic property literature. In order to ensure the framework and other findings were an accurate reflection of the understanding of the valuation process by experienced clients and valuers, three valuers and three clients were interviewed to determine their feedback on the accuracy of the results. The feedback respondents were shown copies of the revised framework (see Figure 7.20) together with other frameworks (Figures, 7.3, 7.4, 7.5, 7.15 and 7.16). The valuers and clients interviewed confirmed that the Figures 7.15 and 7.16 were a true and accurate reflection of the valuation process and client influence.

The previous sections have outlined the research process followed by the researcher in order to answer the research question "How do clients influence valuation outcomes?" and also achieve the primary aim of the study of building theory relating to client influence and the valuation process. In order for the researcher to be confident that these results were a true reflection of the valuation process from the valuer and client perspective a number of safeguards were incorporated into the
research design to ensure the trustworthiness of the qualitative findings. These measures are outlined in the following section.

4.5 TRUSTWORTHINESS OF QUALITATIVE FINDINGS

Trustworthiness within the context of qualitative research can be assessed by the concepts of credibility, dependability and conformability. Carson et al. (2001) suggest that these can be achieved by the following:

i. Careful use, interpretation and examination of appropriate literature

ii. Careful justification of the qualitative research methodologies employed

iii. Careful structuring of the data analysis to ensure full and descriptive evaluation and assessment, particularly in relation to data of key significance (Carson et al., 2001).

Each of these strategies have been considered within the research design of this study. Careful use, interpretation and examination of the appropriate literature was carried out in Chapters 2 and 3, where pertinent property and non-property related literature were reviewed and discussed in the context of the research question. Sections 4.1 and 4.2 attempt to justify the use of a qualitative research and grounded theory methodology based on the research question and the theoretical perspective underpinning the study. To ensure full and descriptive data evaluation and assessment the use of case studies, including within-case and cross-case analysis, open coding and feedback from valuers and clients have been incorporated into the research process.

In addition to the strategies set out above, a number of authors have attempted to produce criteria to evaluate the credibility, dependability and conformability of qualitative findings. Strauss and Corbin (1990) list seven criteria to evaluate how well a grounded theory study has been done. Miles and Huberman (1994) describe 13 tactics for testing or confirming findings. They begin with ones aimed at ensuring basic quality which includes the assessing of data quality by checking for representativeness, researcher effects and triangulating across data sources and methods. Other authors have also suggested ways to improve the quality of qualitative research results including Denzin and Lincoln (1994), Lincoln and Guba (1985), Patton (1990), Wallendorf and Belk (1989) and Zeithaml, Berry and Parasuraman (1993).

Carson et al (2001), from an analysis of this literature, formulated 13 specific techniques that can be used to ensure credibility, dependability and conformability. These are listed in Figure 4.5. Many of these techniques have been incorporated in the research design and have been discussed in the previous sections of this chapter. However in order to ensure that the research under study fulfils the
requirements of credibility, dependability and conformability each of these techniques was evaluated individually in the context of the current study. This analysis is outlined below.

**FIGURE 4.5 CITERIA FOR EVALUATING CREDIBILITY, DEPENDIBILITY AND CONFORMABILITY**

<table>
<thead>
<tr>
<th>Technique</th>
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<tbody>
<tr>
<td>1. Researching in the field, that is in the natural setting of the phenomena, for example, a respondent's own surroundings</td>
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<tr>
<td>2. Using purposive or theoretical sampling rather than statistically random sampling, for example where interviewees might be chosen more because of their relevance than because they were representative</td>
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<tr>
<td>3. Comparing results across different contexts such as different user types</td>
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<tr>
<td>4. Depth and intimacy of interviewing, like 'one-to-one' conversations/discussions'</td>
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<tr>
<td>5. Prolonged and consistent observation, like observations of how consumers behaved across numerous/similar retail outlets and many time periods</td>
</tr>
<tr>
<td>6. Negative case analysis, that is, asking questions designed to find exceptions to a rule in a theory that therefore invalidate the 'rule'</td>
</tr>
<tr>
<td>7. Debriefing by peers to help researchers search out in their minds what they have seen or heard, which helps guard against bias and produces new insights</td>
</tr>
<tr>
<td>8. Maintaining journals or memos of what was done and thought throughout the research study</td>
</tr>
<tr>
<td>9. Triangulation of data from several sources, such as different interviewees and newspaper cuttings, from different sites, and from different methods of collection and analysis, for example using observations and interview data</td>
</tr>
<tr>
<td>10. Checks by members of the group, that is, asking respondents to comment on drafts facts and their interpretations of those facts</td>
</tr>
<tr>
<td>11. Independent audits</td>
</tr>
<tr>
<td>12. Having a number of interviewers carry out interviews, followed by interviewers discussing the meaning and interpretations of the data</td>
</tr>
<tr>
<td>13. Presenting the findings of the research study to the original respondents in a focus group meeting and then inviting respondents to comment and provide feedback and discussion in relation to the findings</td>
</tr>
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</table>

Source: Carson et al 2001

1. *Researching in the field that is in the natural setting of the phenomena* – All respondents (with the exception of 1) were interviewed in their own offices; this gave them the opportunity to refer to appropriate files and other documentation. In addition to this the researcher attended two meetings between clients and valuers.
2. Using purposeful or theoretical sampling – As explained in Sections 4.5.2 and 4.5.3, the type and number of respondents were chosen on the basis of theoretical sampling methods taking into account their potential to aid the development of theoretical insights (Taylor and Bogdan, 1998). All respondents had substantial experience in the valuation process as either a client or valuer. In addition to this the size of the sample was not predetermined but evolved until saturation, when interpretation of interviews became repetitive and no new themes emerged.

3. Comparing results across different contexts such as different user types – the research design utilised in this study as illustrated in Figure 4.4 and Sections 4.5.2 and 4.5.3 incorporated interviews with both clients and valuers in order to ensure that the perceptions of the two main players within the valuation process were incorporated into the final framework of client influence.

4. Depth and intimacy of interviewing, like ‘one-to-one’ conversations/discussions – As described in sections 4.5.2 and 4.5.3, in-depth one-to-one interviews were carried out with all participants. Each interview ranged between approximately three quarters of an hour to two hours in length. The respondents were all known to the interviewers and seemed comfortable with the interview process and therefore seemed to speak freely of their experiences with the valuation process. The interviewers both probed each of the interviewees in order to gain in-depth information from them. A summary (within-case analysis) of each of these interviews can be found in Appendices 6a and 7a.

5. Prolonged and consistent observation. - As discussed in Section 4.5.2, the original research design for this study was to follow the complete valuation process with valuer and client. However, this was found to be unfeasible. It was concluded that the most feasible alternative was to undertake one-to-one in-depth interviews with both valuers and clients with extensive experience of the process. As part of the process respondents were encouraged to discuss specific valuation processes and experiences which happened over long periods of time.

6. Negative case analysis, that is, asking questions designed to find exceptions to a rule in a theory that therefore invalidate the ‘rule.’ – Within the interviewing process in-depth probing was common. As the number of interviews progressed, the interviewers were thus able to compare results of preceding interviews to determine whether respondents perceived certain factors in the same way.

7. Debriefing by peers to help researchers search out in their minds what they have seen or heard, which helps guard against bias and produces new insights. – This process was undertaken as part of the data interpretation process, as explained previously, two interviewers who also acted as judges were incorporated into the research process and in addition to this an arbiter was also utilised to ensure the data was a true reflection of the client framework and other findings.

8. Maintaining journals or memos. - It was not felt necessary to maintain journals and memos due to the research design. All interviews were audio taped and transcribed and therefore the
researcher had access to this information at all times. When the researcher initially attended meetings where audio recording was not permitted then notes were taken. Memos were also written during the Stage 4 feedback sessions with respondents.

9. **Triangulation of data from several sources.** – The triangulation of data was achieved as previously explained from interviews both with valuers and clients. Both these groups of respondents played a different role in the valuation process and by combining their experiences a broader understanding could be achieved. In addition to this, as set out in criteria 13, feedback was sought from a number of experienced clients and valuers on their views as to the accuracy of the final conceptual framework.

10. **Checks by members of the group, that is, asking respondents to comment on drafts facts and their interpretations of those facts** – This criterion was incorporated into the final feedback session (see number 13), valuers and clients providing feedback as to how they perceived the accuracy of the final framework and conclusions. This feedback group comprised both of valuers who were interviewed as part of the research process and those that were not.

11. **Independent audits** – Themes from the interviews were initially agreed upon by two judges. To ensure independence a third person who was not present at the interviews acted as an independent arbiter. (This is explained in more detail in section 4.5.2).

12. **Having a number of interviewers carry out interviews, followed by interviewers discussing the meaning and interpretations of the data** – All but one of the interviews was carried out by two interviewers. This proved extremely useful as each interviewer was able to identify areas that they perceived required further clarification or investigation. After each interview the interviewers would discuss the interview and both interviewers were involved in interpreting the data.

13. **Presenting the findings and inviting feedback and discussion in relation to the findings.** Feedback on the conceptual frameworks compiled from both valuer and client interviews was then sought from 3 senior valuers and 3 senior property executives to assess whether they perceived this to be a true reflection of client influence and the valuation process. All respondents confirmed that they agreed that the final conceptual framework reflected their perceptions of the valuation process and the client’s role.

This section has set out clearly the steps that were taken by the researcher to ensure trustworthiness of the research findings. More specifically the 13 criteria as set out by Carson et al (2001) were all considered and discussed. It should be noted that unlike a quantitative enquiry underpinned by a positivist research philosophy this study does not attempt to justify itself through statistical generalisations, it is not concerned with testing the theory across a population. The research process
utilised, however, aims to establish meaning and an in-depth understanding of the valuation process as perceived by a group of valuers and clients with extensive relevant experience.

4.6 SUMMARY

This chapter outlined the research design used for this study. The relationship between the four elements of the design together with a justification regarding the choice of each of these elements was discussed. Finally evidence as to the trustworthiness of the findings was reviewed.

The choice of research design for this study was guided by two main elements. Firstly, the overall goal of this study was to construct a theoretical framework of client influence to assist in the building of theory; and secondly, to answer the research question "How do valuers influence valuation outcomes?". A justification for the research design was analysed and is summarised in the following paragraphs.

The epistemology set out the underlying assumption about reality and was identified as constructionism. Constructionism is based on the premise that different people construct meaning in different ways even in relation to the same phenomena. The theoretical perspective as guided by the research question was determined to be interpretivism guided by the study's goal of assessing the nature of reality for both valuers and clients regarding the valuation process. This theoretical perspective differs from that of the majority of published property academic literature which tends to embrace a positivist approach. Both constructionism and interpretivism emphasise that the outcome of the study is not to test but to build theory. Both the decision regarding epistemology and theoretical perspective affected the choice of methodology. The research's focus to achieve substantive meaning and an in-depth understanding as to how and why valuations may be influenced by clients during the valuation process justified a qualitative methodology. This methodological approach was also highlighted by previous limitations of extant literature in the area of client influence. More specifically, an examination of the characteristics of the research study highlighted grounded theory as specified by Strauss and Corbin (1998) as an appropriate methodology. This approach recognises the importance of prior knowledge of the literature in developing theory.

Taking cognisance of the epistemology, theoretical perspective and appropriate methodology for the study, together with the limitations placed on the study by respondents, in-depth one-to-one interviews were regarded as the most effective research method. One-to-one interviews permitted observation of the respondents and listening to what they had to say. Case-research was also utilised to assist in the systematic interpretation of the transcripts. Within-case analysis together with cross-case analysis provided a rich source of data which enabled the construction of the framework of client influence.

The research process followed by the study was also outlined in this chapter, four stages were outlined and explained. The first of these stages consisted of a literature review and the construction
of a preliminary framework of client influence. The second stage incorporated the one-to-one interviews with valuers and an updated framework, Stage 3 consisted of one-to-one interviews with clients and the compilation of a revised framework and finally Stage 4 collected feedback from a number of experienced valuers and clients in order to ensure the trustworthiness of the findings. The outcome of this research process resulted in an in-depth understanding of the valuation process and the client’s potential role in influencing valuation outcomes. In summary it has resulted in the contribution to general theory development in the areas of client influence, accuracy, variation and smoothing.

Chapters 5, 6 and 7 now set out in more detail the construction of the preliminary framework of client influence together with an analysis of valuer and client interviews and the construction of the final framework.

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