

Ethics for Surveyors: What are the problems?

**Ashley DABSON, Frances PLIMMER, Sarah KENNEY and Mike WATERS,
United Kingdom**

Key words: Professionalism; Ethics; Risk; Governance; Rules of Conduct; Culture; Education.

SUMMARY

This paper reviews evidence of ethical concerns within the surveying profession. It is based on both the available literature and on the evidence of an on-line debate from practitioners who are studying for professional qualifications with a distance learning Masters programme. The range and focus of their ethical concerns based on their practical experience is presented, together with their clear unease about some professional practices.

In the light of this, the paper discusses ethical behaviour and in particular codes of ethics. It uses the RICS's nine core values as illustration. It opines that only rule-based codes can be regulated; and that aspirational codes, which rely upon the judgement of individuals either fail to reflect the prevailing professional culture or are interpreted subjectively. In both cases, there is a risk of inconsistency.

The paper speculates about the “professional culture” of surveyors. It discusses how that professional culture is informed by the inherent ethical experiences of the individual, the influence of corporate governance on individual and corporate behaviour, the market value that can be placed upon the public evidence of good behaviour and the crucial role of professional associations in developing and being seen to ensure only the highest professional standards.

We conclude by discussing the vital importance of professional education in both initiating and developing professional ethical behaviour. We then recommend that students should be exposed to such behaviour explicitly and not just implicitly. Further we suggest that such explicit exposure is necessary if the behavioural standards of professional practice are to be, and be seen to be, appropriate for a global surveying profession.

Ethics for Surveyors: What are the problems?

**Ashley DABSON, Frances PLIMMER, Sarah KENNEY and Mike WATERS,
United Kingdom**

1. INTRODUCTION

There is anecdotal evidence and some public evidence of unethical conduct within surveying. Largely these cases have involved individuals and been concentrated in the areas of residential real estate agency, development and construction. However, an on-line debate undertaken by a group of Masters' level students taking the Graduate Development Programme (GDP) at The College of Estate Management (CEM) has revealed a range of issues identified by the students which they perceive as unethical. Many also indicated that they had personally seen such unethical behaviour.

This paper outlines the debate undertaken by the students on-line. It discusses the available literature on ethical practices within surveying and examines the nature and the role of The Royal Institution of Chartered Surveyors' (RICS's) Rules of Conduct. These rules establish the 'nine core values' that underpin the ethical standards to be adopted by all RICS members.

The nine core values identified by RICS can be defined as 'a set of moral principles extending beyond a formal code of conduct.' Thus, working in accordance with these principles should help members resolve professional ethical issues that can arise between the professional, the client and the 'wider community'. The evidence from both the literature and from the on-line debate demonstrates the fact that such a code is not achieving an appropriate ethical standard in some areas. Indeed, there is literature available which opines that such an ethical code cannot on its own achieve its stated purposes. Knight & Morledge (2005) state that, "*From experience, there is often a stark contrast between what the elite rulers of a profession say and do, and the ordinary members undertaking their everyday practice.*" Nevertheless, it is vital for the reputation and future of the surveying profession that we are seen to incorporate the highest working standards in our profession. This paper discusses how best to achieve that end, given the evidence from practice.

2. THE EVIDENCE

2.1 The Literature

Following a questionnaire survey, Pearl, et al., (2005) investigated unethical practices among architects, quantity surveyors, consulting engineers and contractors in South Africa. Specifically, they investigated the experiences of the respondents of collusive tendering, bribery, professional negligence, fraudulent behaviour, unfair conduct and a breach of "professional responsibilities", which they defined as "*non-adherence to confidentiality, unauthorised dissemination of property information, contributing to environmental damage, conflict of interest etc.*" Their findings showed that 88% of quantity surveyors have observed

or experienced collusive tendering; 50% of the respondents, spread evenly among the four professional groups, had witnessed or experienced bribery, and 40% said that such incidences are on the increase; 94% of the quantity surveyors had observed or experienced negligent behaviour; 41% of the quantity surveyors had experience or observed instances of fraudulent behaviour (the most common form involving 'misinformation'); some of the instances of unfair conduct reported involved professionals being pressurised by clients; and reports of evidence of conflicts of interest and breaches of confidentiality. The authors opine that one of the problems demonstrated is that certain aspects of ethical behaviour involve "*a personal interpretation of whether or not certain behaviour is commonly acceptable, rather than if it is illegal.*" They concluded that "*the various construction professionals exercise different ethical standards in their normal working lives.*"

Poon (2004) presents the results of a survey of ethical behaviours of surveyors, based on questionnaires sent to UK Chartered Surveyors and focusing on self-interest, company/organisational interest, fairness and public interest. The responses showed that the surveyors ranked "fairness" as the most important ethical behaviour, implying surveyors agree with the fundamental principle of ethics i.e. that of "just" and "right" standards of behaviour. Next in importance were the issues, which have a positive influence on 'the company and organisation', demonstrating similar traits. 'Public interest' was ranked of medium importance with 'self-interest' being the least important. However, 38% of the respondents reported a decrease in ethical standards, resulting from social factors (identified as commercialism, fee competition, increasing workloads and increasing cost conscious attitudes), a changing working environment (where the higher pressures on time and quality imposed ultimately affect fairness), and the changing beliefs of surveyors, which reflect the need to survive in an increasingly competitive environment.

Levy and Shuck (1999) confirm anecdotal evidence that, under certain circumstances, valuers have been influenced by their clients by both explicit and implicit means. The nature of the influence includes reward/coercive power and information power and reflects the dual role of clients in the valuation process, both as a source of instruction and of relevant market information, which can be biased through omission (either intentional or otherwise). The outcome of the influence is a change in reporting values and, while it may be acceptable to change a reported value within an original value range, the authors opine that, in the absence of any new relevant market evidence and in the face of reward/coercive pressure, it is unethical to change a reported value beyond the original value range. The pressure used tends to reflect the type of client (with sophisticated clients using expert and information power, while unsophisticated clients tend to use reward/coercive power as well as information), the characteristics of the valuer and the valuation firm, the purpose of the valuation and "the information endowments" of clients and valuer.

2.2 The On-Line Debate

During July and August, 2006, students studying for Part one of the Graduate Development Programme (GDP) offered by The College of Estate Management (CEM) took part in an on-line debate about professional ethics. This debate had been informed by earlier teaching about ethics within the course material and specifically the students were encouraged to raise

TS 3E – Role of Public and Private Sectors

3/15

Ashley Dabson, Sarah Kenney, Mike Waters and Frances Plimmer

Ethics for Surveyors – what are the problems?

questions, contradictions and problems about ethics which they had experienced in their professional practice. Students were arranged into tutor groups for the purposes of this debate so that the volume of messages on the discussion board could be managed and accessed by all students. In total, 172 students took part in the debate, 64% from one group and 53% from the second group. There were over 1,600 postings to the debate site, demonstrating the interest of the students.

The GDP course is aimed at non-cognate practitioners i.e. individuals who have achieved an undergraduate degree but not within a surveying discipline and who are working within the property profession, but who have not yet attained RICS professional qualifications. The average age of the students was 29, with an age range of 21 – 63. Some 65% were male and 35% female, with the vast majority (94.26%) being based in the UK. However, 1% were from Hong Kong, 4.39% were from the rest of the world and some 0.34% were of unknown origin. The students who took part in the debate were not only responding in the light of the course material they had covered, but also reflecting on their experiences in the workplace. The analysis, therefore, presents the range of views of ethics both in theory and practice within the profession from new entrants.

The students were asked to discuss the topic of “ethics” but were not given any guidance or direction on what aspects of the topic they should debate. The resulting on-line discussion raised a number of relevant issues. These highlight the concerns of potential professionals in terms of what they experience in the workplace, the difficulties of defining “ethics” as well as the breadth of the topic as they saw it. Table 1 shows the topics discussed, the number of postings for that topic and a brief description of the points raised.

Table 1: Topics discussed in the on-line ethics debate

Topic	Number of contributions
Difference between public and private sectors	140
It was said that the extensive bureaucratic mechanisms in the public sector protected against unethical behaviour and gave the employees a level of protection as they just had to follow procedure and not make their own decisions or choices. It is perceived that the public sector is more tightly regulated and that there are big differences in public / private sectors	
Work pressures / role of employers	121
There was a discussion on professionalism verses corporate culture and how this could lead to a conflict in ethical behaviour if the firm’s way of dealing with a situation was different to the RICS’s rules. Comments were also made about the role employers can play in influencing someone’s behaviour and decisions.	
Client entertaining	116
There where a wide range of views was on the issue of corporate hospitality, entertaining and gifts. There were conflicting opinions, with some saying that corporate events were needed for socialising and getting to know clients, whilst the counter was that this could be seen as a bribe rather than hospitality.	
Influence of clients on ethical behaviour	113

The question was asked, when is seeking the best deal for a client unethical? – for example playing 'hard' in negotiations to acquire land where the owner is not represented and does not understand the land value or the implications of issues, such as leasing, without thinking about contacting out of the 1954 Act. There was also cases where there had been pressure from clients to act unethically, for example, avoiding regulations and cutting corners.

Definition of ethics	110
Students asked what makes something unethical and many different definitions were given. There were views that ethics and ethical behaviors are a subjective issue and it is a personal view. The question was posed, where does our understanding of ethics come from? Are those who are risk takers more likely to be unethical? The view was put that everyone is unethical in some way, but it is a question of the effect of that actions which makes it a problem.	
Importance of society in judging ethical behaviour	105
Society's opinions and values being important in judging ethical behaviour were discussed. The question was asked about whether shareholders should put ethical decisions and investments before profit.	
Influence of fees	98
There was a discussion about fees and commissions and whether these could influence ethical decisions or could be seen as an incentive to act in a certain way.	
Bids	103
There were many examples of personal experiences of late bids being accepted or where the agent has told the lower bidder that their bid was not good enough, giving them a chance to up their bid. Questions were asked whether it was ethical to accept late bids and which offers should be reported to clients.	
Universal ethics code	98
There was a discussion on the cultural perspective on ethics with questions over whether it is right to impose a "western" ethical code on other countries. The question was asked whether ignorance of different ethical positions, could mean you may act unethically in someone's eyes without realising it.	
Estate agency	76
There were experiences of working for estate agents, especially of gazzumping and gazundering: also discussions on the differences between unqualified estate agents and RICS qualified estate agents.	
Need for regulation and penalties	74
The view was expressed that part of the purpose of the RICS regulations is to give the public assurance that they can expect a certain level of quality. Also, that having penalties can raise awareness.	
Job specific issues - stories of experiences	74
Internal promotions, is advertising internally ethical? Students discussed experiences at work where events were questionable.	
Acting within the limitations of your competence	62
The dilemma of trying to learn whilst ensuring you do not act outside your competency, was discussed. There were questions over what constitutes the right way to measure whether you have enough experience to act in a situation and how far you can push your competence.	
Construction tendering	54
There were examples of scenarios where there was dishonesty in construction tendering.	
Being aware of ethical behaviour	54
There were questions over unethical behaviour being committed unintentionally, if you were unaware of the rules. However, the counter view was put that ignorance is no defence in law.	
RICS professional ethics definitions	51
There were many examples of other professional codes of conduct, with a debate over the difference between ethics and professionalism within the surveying profession. Differing views on what professional ethics offer and whether the code is simply for the comfort of the consumer.	
Being objective with comparables / measurement and evidence	37
There were questions over the ethical behavior of some in selecting valuation comparables, with examples of individuals being selective about the comparables used.	

Topic	Number of contributions
Whistle blowing	36
The debate focused on the difficulties of junior employees reporting on senior staff and the limited assistance that the RICS can offer to those whistle blowing. Also the view was put of the personal conflict of whistle blowing, where by not reporting other unethical behaviour, you are acting unethically, according to RICS core principles.	
Importance of personal decision making	31
The question was asked, can you be professionally ethical if you have no personal ethics?	
Corporate Governance	21
It was felt that having strict controls within a firm was good as they give everyone rules to follow, therefore ensuring more ethical behaviour.	
Legal but unethical	15
The question was posed whether it was ethical to act for a client whose business is legal but whose business interests are viewed as immoral.	
Chinese walls	11
There were questions over whether they worked.	
Loyalty and bias	8
It was discussed whether too much loyalty can lead to unflavored bias and ultimately unethical decisions and actions, for example where a firm was given another contract based on past performance, representing loyalty, which contradicts open tendering.	
Confidentiality	5
The point was made that this was a key element of working ethically.	
Legislation used as threat	4
There were discussions of conflicts within the industry where the threat of court fees were used against poorer parties.	

From the above, the range of issues discussed is clear, as is the range of opinions and level of concern expressed by the students in some areas. These differing views are important for the profession because it shows both the divergence of ethical opinions with which new-comers to the profession are being faced and their concern that different views will result in different behaviour where there are 'grey areas' in the interpretation of rules and guidance. The results can, perhaps, be summed up by the quote from one student: "*Ethics are very subjective and what each of us considers being wrong and right may be very different.*"

3. CODE OF ETHICS

Yet this perception of subjectivity will not produce a coherent and demonstrable standard of ethical behaviour which the profession can regulate, although it may well reflect elements of pragmatism and reality. There are inherent problems in imposing a code of ethics on a group of individuals. Deinhart (1995) argues that codes do not and cannot alter behaviour. Codes do nothing to change the behaviour of those whose actions and standards are inappropriate and those whose behaviour is entirely appropriate do not need a code anyway. It is argued that codes are written for the benefit of the organisations which impose them on others (their members or employees); that they are devices "*to enhance the image of the organization as a*

means of promoting the marketability of its members' services" and, as such, the code is immoral. (Wolverton & Wolverton, 1999; 95)

3.1 Rule Ethics

A Code of Ethics stems from 'rule ethics' i.e. the principle that basic rules can be used to establish the right or wrong of actions. Implicit in this is that they are concerned with procedures and that the fairness (or otherwise) of the outcome is judged entirely by the fairness (or otherwise) of the process. (Wolverton & Wolverton, 1999; 90-91) Yet it is possible to distinguish rule-based ethics from judgement-based or social contract ethics. Thus, the RICS has developed both a set of regulations (rule-based) dealing, for example, with how to account appropriately for client moneys, and a set of nine core or central values (judgement-based), which it expects its members to apply in their work (RICS, 2000a). The Regulations are relatively easy for practitioners. They are generally, rule-based and adherence (and therefore regulation) is a clear matter of fact. Thus, they are both rational and universal, meaning that "*there is no room for judgement or opinion as to the correct solution; there is simply a correct answer and anyone, anywhere, who follows the appropriate procedures correctly, will arrive at this answer.*" (Brown, 1990: 6)

3.2 Social Contract Ethics

In contrast to 'rule ethics', discussed above, 'social contract ethics' require that the rules which govern the lives of any group of individuals are those to which those people would agree, based on reason and knowledge. Thus, the legitimacy of a code of ethics stems from its voluntary acceptance by a group of individuals and not from the imposition of a code by, say an employer, regulating authority or professional association. The problem arises with a judgement-based set of values, because there are potentially different interpretations from different individuals in different circumstances, ensuring inconsistency in outcome. While there are inherent problems with such a code (discussed below), the fact that the rules are value-based ensures that they cannot achieve consistency of professional standards, and particularly not within a global profession.

The RICS's nine core values are:

- Act with Integrity – Never put your own gain above the welfare of your client or others to whom you have a professional responsibility. Respect their confidentiality at all times and always consider the wider interests of society in your judgements;
- Always be honest – Be trustworthy in all that you do – never deliberately mislead, whether by withholding or distorting information;
- Be open and transparent – Share the full facts with your clients, making things as plain and intelligible as possible;
- Be accountable – Take full responsibility for your actions, and don't blame others if things go wrong;
- Act within your limitations – Be aware of the limits of your competence and don't be tempted to work beyond these. Never commit to more than you can deliver;

- Be objective at all times – Give clear and appropriate advice. Never let sentiment or your own interests cloud your judgement;
- Always treat others with respect – Never discriminate against others;
- Set a good example – Remember both your public and private behaviour could affect your own, RICS' and other members' reputation;
- Have the courage to make a stand – Be prepared to act if you suspect a risk to safety or malpractice of any sort.

The RICS (2000a) states that “*Following this set of values is one of the key features that define the professionalism of all chartered and technical surveyors. You must base all your actions and judgements on these core values:*” Such ‘values’ are laudable, but, given the evidence already presented about the reality of practice, aspirational: but they are not rule-based they rely on the judgement of individual professionals and the interpretation of their peers.

3.3 Norms and ‘Core Values’

Individuals do not qualify into the profession entirely without ethical values, which are derived in part from their personal background and their national culture. For a professional organisation with an international membership, this added dimension of cultural influences creates a new set of issues, some of which were identified by the students in their debate. The RICS does recognise subjectivity within the core values. In its guidance notes to accompany the core values (RICS, 2000b), the RICS acknowledges that the individual must follow “*his or her conviction and professional judgement. The acid test however is whether the chosen option reflects the principles set out in the RICS Guidance Notes on Professional Ethics . . .*” This makes regulating professional behaviour uncertain, the outcome inconsistent and therefore has the potential to undermine both public and professional confidence.

Interestingly, Trompenaars (2003: 196) distinguishes norms from ‘core values’ thus: a norm is “*a common orientation toward that which one would like to do.*”; while “*. . . core values of an organisation are values that have not yet become norms.*” Core values are inherently aspirational rather than actual practice, and are thus virtually impossible for the majority of the group to demonstrate in their day-to-day activities. Thus, while aspirational goals are valuable, they must be recognised as desirable goals which individuals should seek to achieve, but not a realistic reflection of the behaviour of the majority in day-to-day life. It can be argued that the only appropriate and effective code of ethics is not one which requires adherence to a set of aspirations, because, by definition, the majority of individuals would fail to meet such a standard on a day-to-day basis; but one which reflects what in fact goes on in practice i.e. the innate sense of right and wrong. Thus, the ‘ethical code’ which should direct and underpin the actions of surveyors is the absolute conviction of the individuals involved that a certain course of action is morally (ethically) correct. And one of the pre-requisites for surveyors to develop such an ethical code is not by having a set of rules imposed on them externally, but by acknowledging that, as a group of professionals, they have a common culture, a common set of norms or professional culture, that recognizes such ethical standards.

3.4 Professional Culture

Professional ethics are important for establishing the standard of behaviour expected of individual professionals. They are normally expected to be in excess of any legally required standard and may be regarded as reflecting the culture of the group of individuals to whom they are applied. The highest levels of ethical behaviour must be both apparent and real within surveying practice. The general public's perception of the surveying profession is influenced by the press and personal experience. The press has portrayed residential agency as having low ethical standards. The personal experiences of residential buyers and sellers seem to reinforce this perception. For instance, 21% of sellers and 23% buyers believed in recent transactions that they experienced serious problems including a failure to pass on offers (Office of Fair Trading, 2004). This has resulted in the profession as a whole being 'tarnished with the same brush'. The construction sector too is seen to involve unethical practices (e.g. Pearl et al., 2005; Poon, 2004). It is therefore not surprising that a discussion of professional misconduct formed part of the on-line debate.

It is therefore critical for the entire profession that professional standards are raised and are seen to be raised, particularly in sectors which interface with the public, by adhering to the highest standards of professional behaviour, because it is largely from these groups that the public perception of the surveying profession is formed. This means ensuring that our professional culture has the highest ethical principles at its core. Culture is defined as "*the collective programming of the mind which distinguishes the member of one group or category of people from another*" (Hofstede, 1991, 5). At the core of culture are the values which underpin our behaviour. Hofstede (2001: xix) opines that the mental programming (and therefore the values) of individuals is developed in the family, in early childhood and reinforced in schools and organisations. Thus, our culture is a combination of individual (personal/family), educational and environmental influences, and organisational experiences, and this includes those of professional education, training and practice.

As a profession, it should be possible to identify a unifying professional culture, based on shared norms which can then be documented and presented to aspiring professionals as part of their technical/professional education and training. In the literature, it is the culture of international organisations which have received the most attention (e.g. Hofstede, 1991, 2001; Trompenaars and Hampden-Turner, 1997). The investigation of group culture is a relatively new subject of study. Nevertheless, both Hofstede (1991) and Trompenaars & Hampden-Turner (1999) recognises organisational culture, thus: *. . . organizational 'cultures' are a phenomenon per se, different in many respects from national cultures. An organisation is a social system of a different nature than a nation; if only because the organization's members usually had a certain influence in their decision to join it, are only involved in it during working hours, and may one day leave it again.* (Hofstede, 1991: 18)

Thus, it seems that professionals too can have a shared professional culture (common norms and values which unite them) based on which each profession has developed and survived and by which its membership can be defined. (Trompenaars & Hampden-Turner, 1999: 7). *People within certain functions will tend to share certain professional and ethical orientations. Similarly, employing organisations can have a culture in which ethical standards of behaviour*

are promoted. When both the employing organisation and the professional share a similar culture and a similar ethic, then conflicts of interest are not likely to arise. According to Matzdorf *et al.*, “*. . . there is a collective professional ‘pattern’, tradition or paradigm; in effect a professional memome which underlies the unwritten assumptions and codes of the [organisation].*” (Matzdorf, *et al.*, 1999: 15)

In the light of this, the challenge is to identify what the real (not aspirational) “*collective professional ‘pattern’*” is for property professionals and to articulate it in such a way that reflects the underlying “*assumptions and codes*” of the profession of surveyors. If aspects of professional practice are unethical, or if the external (market or client) pressures which are exerted on professionals results in unethical behaviour, then the solution must be directed towards reforming the standards of the industry, of which the professionals play a part, by ensuring that individuals recognise and are encouraged to adhere to the professional culture. Such regulation can be imposed by government, regulatory agencies, professional associations and by individual professionals themselves, recognising that there are economic advantages to be achieved by acting and by being seen to act ethically. (Harris, 1998)

Ethics can however only be applied within the context of professional practice and therefore the role of an employing organisation is crucial; thus individuals can be expected to demonstrate and respect the ethical principles and standards required of both an employer and a professional organisation to which they belong. Professionalism should be seen as part of an organisation’s good governance and through this its competitive advantage, because offering a high quality service to the public will raise the profile of the employing organisation and thus the entire surveying profession.

4. CORPORATE ETHICS - GOVERNANCE

Governance is the action or manner of governing. Corporate governance may be defined as the interaction of a company’s or firm’s management; its board of directors or partners and its shareholders to direct and control the firm to ensure that all financial stakeholders (shareholders and creditors) receive their fair share of the company’s earnings and assets. It also extends to the openness with which decisions are made, the opinions reflected in those decisions, and the principles underlying the firm’s ethos or culture. Governance is, therefore, about the process of exercising authority or control. The principles which underpin the process are, therefore, fundamental to its success or failure, both in the eyes of those who are involved with the organisation, either as shareholders, employees or other stakeholders including the wider public and public administration. However, it is not the rhetoric which matters, it is the practice which must be investigated in order to establish whether ‘good governance’ takes place or where there is room to improve practice.

Inevitably, ‘good governance’ can only be judged within a context and this context is influenced by the cultural environment within which either the organisation or its stakeholders operate, or by an externally imposed set of standards, such as might be required by a professional body seeking to use a code of ethics to regulate its membership. Four guiding governance principles have been identified: (Dallas 2004):

- Fairness – the equality of treatment of all financial stakeholders
- Transparency – Clear and equal access of material company information on a regular basis allowing monitoring of company activities
- Accountability – legitimate systems of control
- Responsibility – adherence to prevailing laws and management of relationships to promote long term sustainability

The success of an organisation in governance terms is determined to a great extent by how it responds to these principles. Failure to respond (and to be seen to respond) appropriately exposes an organisation to either internal or external criticisms and potentially damaging sanctions. Governance is, therefore, about the control of risk. It is important because it contributes to a firm's financial stability; growth; investor/stakeholder need for information; long-term value; and need for compliance. Managing risk by trying to control everything leads to a superficial approach to governance. It leads to protectionist and risk-adverse behaviour and a 'tick box' culture. Good governance is about none of these. It is about identifying and calculating the risks, and then eliminating them by avoidance or substitution, combating them by process re-engineering, minimising them by instituting appropriate controls and protocols and managing them by focusing upon and dealing with those risks that are 'material' to the organisation.

'Material' means important, essential and relevant to the firm: something that is significant or influential to the extent of affecting a judgement, determining the cause of a decision, or altering the reasoning for an action. Further, information is 'material' if its omission or misstatement could influence the decisions of its users. This is particularly true for those decisions that are taken on the basis of the financial statements made by the firm. Materiality is a qualitative judgement as to what is relevant or significant. It is an 'on balance' decision. Deciding what is and what is not 'material' is, in the first instance, a matter for the board. However, such decisions are open to challenge from the auditors, shareholders and, in the area of Corporate Responsibility (CR), the firm's stakeholders.

Failures in defining what is 'material' to the firm results in control failures. Such failures will probably also result in excess documentation and unnecessary detail, wasted time and confusion. All result in heavy compliance costs. If what is 'material' is understood and clearly communicated throughout the organisation then this focus on materiality will allow more to be achieved with less effort. This reinforces the need for a strong and precise corporate culture in which employees at all levels are clear and confident about the ethos of the organisation, and the principles which underpin its administration. In terms of compliance, it will also allow assessments to be made concerning the frequency, magnitude and tolerability of the risks being taken. Decisions may then be made as to whether to 'comply' or 'not comply and explain.' Importantly, this knowledge allows decisions to be made as to whether to exceed compliance in certain areas. The reasons for this mainly relate to risk adversity or the enhancement of the firm's reputation, which can become an important marketing or branding tool. Harris (1998) opines that ethics can be a tangible source of competitive advantage, because '*honesty and trust reduce transaction costs because fewer protective*

devices are needed' and reports that 'US companies where ethical standards prevail "have consistency outperformed the Wall Street norm."

What does material focus mean in this context? It means focusing on what is important to the stakeholders of an organisation. It means, within compliance restraints, trusting and occasionally spot checking those responsible for the 80% of essential but non-material work, while focusing the tight controls on those responsible for the 20% which is the material work and forensically drilling into areas having a high risk of governance failure. Governance must also be seen in the wider context of managing not only the organisation itself but also the organisation's supply chain (suppliers and their suppliers); the organisation's clients and customers (and their clients and customers). This is because of the risk to an organisation's reputation which can occur when associated companies are shown to have standards which are significantly lower than those of the organisation or a culture which is incompatible with that of the organisation. There may be a public or stakeholder perception that the organisation has condoned poor standards or inappropriate behaviour and its credibility can be damaged by association. This, of course, affects profitability and the long-term future of the organisation. All of this is underpinned by a corporate culture which requires, reinforces and demonstrates a professional ethic which both reflects and responds positively to the ethics espoused by its employees, which in turn reflects the ethics of their profession. If these are in conflict, then neither party will be comfortable with the other and profits will suffer as a result.

5. CONCLUSIONS

Based on the content of the on-line debate from students at The College of Estate Management, this paper reviews the role of the individual, the professional association and the employer organisation in developing an ethical behaviour for surveyors. There is clear evidence from both the literature reviewed and the on-line debate of unethical practices as well as confusion regarding what is required of the individual. Neither is acceptable for surveyors. Professional ethics must be viewed from the point of view of the individual professional, who is required to make ethical decisions; from the professional association which expects an ethical stance from its membership, and seeks to regulate and benefit from their ethical behaviour; and of the employer organisation which both influences and is influenced by the ethical principles of its professional employees. In all of this, 'good' ethics has a potential commercial value within the growing awareness of corporate social responsibility. Yet experience from the on-line debate indicates that the market does not appear to fully recognise the value of having a higher standard of individual, corporate or professional ethics.

Based on the literature, it is hypothesised that there already exists a culture for surveyors, but that it has not yet been identified and articulated. Thus, it can be argued that the norms cannot be yet be taught specifically. Currently, the best that can be said is that the norms are disseminated and absorbed implicitly, through exposure to the group culture or ethic, and this starts at the earliest possible moment, whether that is in the classroom or on the first day in employment; and there is a need to ensure that such education is based on the genuine norms, beliefs and practices which define the professional group. There is a huge responsibility therefore on those who provide the initial environment for aspiring surveyors to ensure that

they are explicitly exposed to (and therefore absorb) the norms and practices which underlie appropriate professional behaviour.

Such an ethos is developed over time and, it is reasonable to infer, is influenced both by the practice of the employing organisations and the professional (pre-employment education and training) experience of the individual. By implication, this ethos is also developed by the profession, as represented by professional education, the RICS, professional colleagues and other employers. It is suggested that such a culture is influenced by the demands made, pressures imposed and tactics employed by clients in their relationships with professionals. Good governance, informed by the commercial value of corporate social responsibility needs to encourage a commercial ethic which supports and encourages the professional ethic. We conclude that ethical principles have a commercial value, or more importantly, the absence of ethical values has a commercial cost – sometimes that cost can be devastating. Given the intrinsic value of the assets for which surveyors are responsible, the cost is both personal, commercial, professional and global. We cannot afford to be seen to be anything other than an ethically responsible profession. The achievement of this goal begins with professional education.

REFERENCES

- Brown, Harold I., (1990) *Rationality*. Routledge. London.
- Dallas, George. (2004) Governance and Risk, McGraw Hill Chapter 2, pages 23 & 24
- Deinhart, J. (1995). Rationality, Ethical Codes, and an Egalitarian Justification of Ethical Expertise. *Business Ethics Quarterly*. 5(3): 419 – 450.
- Harris, Howard. (1998) Making professional values and ethics a competitive resource. *Paper presented at the 26th Australasian Chemical Engineering Conference*. Pt Douglas, Queensland, 28 – 30 September.
- Hofstede, Geert, (1991) *Culture and Organizations*. HarperCollins Business.
- Hofstede, Gert. (2001) *Culture's Consequences. Comparing Values, Behaviors, Institutions, and Organisations across Nations*. Sage Publications.
- Knight, Andrew, Morledge, Roy (2005) Professionalism and Ethical Decision Making. Paper published in the conference proceedings of the QUT Research Week, Brisbane. 4 – 5 July.
- Levy, Deborah, Schuck, Edward (1999) The influence of clients on valuation. *Journal of Property Investment Finance*. Vol. 17 No. 4 p. 380 – 400.
- Levy, Deborah, Schuck, Edward. (1999) The influence of clients on valuation. *Journal of Property Finance*. Vol. 17 No. 4 pp. 380 – 400.
- Matzdorf, Fides, Price, If, Green, Mike (2000) Barriers to Organisational Learning in the Chartered Surveying Profession. Paper presented at the 4th International Conference of the European Consortium for the Learning Organisation. Sofia Antipolis, France, May.
- Pearl, Robert, Bowen, Paul, Makanjee, Akintoye, Evans, Kathleen, (2005) Professional Ethics in the South African Construction Industry – a pilot study. Paper published in the conference proceedings of the QUT Research Week, Brisbane, Australia. 4 – 5 July.
- Office of Fair Trading (2004) Estate Agency Market in England and Wales. *Office of Fair Trading*. OFT 693. www.oft.gov.uk Accessed 08 February, 2007.

- Poon, Joanna. (2004) The Study of Ethical Behaviour of Surveyors. Paper presented to COBRA, 2004 7 – 8 September, Leeds.
- RICS, (2000a). Professional Ethics Guidance Notes. Part 1 Introduction. *The Royal Institution of Chartered Surveyors*.
- RICS, (2000b). Professional Ethics Guidance Notes. Part 2 Case Studies. *The Royal Institution of Chartered Surveyors*.
- Trompenaars, Fons and Hampden-Turner, Charles (1997) *Riding the waves of culture*. (2nd Ed.) Nicholas Brealey Publishing.
- Wolverton, Marvin L., Wolverton Mimi, (1999) Toward a Common Perception of Ethical Behaviour in Real Estate. in Roulac, Stephen E., *Ethics in Real Estate*. Howard Hughes Company and American Real Estate Society. pp. 89 - 106.

BIOGRAPHICAL NOTES

Ashley Dabson, Dip (Est Man), MSc, PhD, FRICS, FRTP, MCMI is a Chartered Surveyor and Chartered Town Planner. He has extensive experience of asset, facility and change management in Corporate Real Estate in the UK and International markets. He has specific knowledge and experience of restructuring corporate property portfolios and their management teams in the IT and Telecommunications industries. Following an initial career in development surveying and town planning, he has spent the last 20 years working at a senior level in the commercial sector. He has directed both an intelligent building consultancy and the property and facility functions in several companies. He pioneered the development of flexible working and the intelligent client model. Prior to setting up his own company he was the Director of International Property and Facilities at MCI. Ashley holds a number of academic appointments including Visiting Professor of Facility Management, UCL; Course Director of the MSc in Facility Management at the College of Estate Management and external lecturer of the MSc in Corporate Real Estate and Facilities Management at the University of Reading. He set up Ashley J Dabson Ltd with a colleague in April 2004, specialising in consultancy, training, coaching and research for both the public and private sectors in the fields of communication, governance and corporate property and facility services. He is Acting Research Director at The College Of Estate Management.

Frances Plimmer, Dip Est Man, MPhil, PhD, FRICS, IRRV, FICPD is Senior Research Officer at The College of Estate Management in England. She is a Chartered Valuation Surveyor who has been involved in professional education for over 20 years. She has researched into (amongst other things) valuation methodology, land taxation, professional ethics and the mutual recognition of professional qualifications and has published widely on these subjects. She is the editor of *Property Management*, an international refereed journal, and has been active within the RICS on matters of education, research and international qualifications. She is the UK delegate to FIG's Commission 2 (Professional Education) and headed the FIG Task Force on Mutual Recognition. In addition, she is employed half-time as Research Professor at Kingston University, also in England.

Sarah Kenney, BSc (Hons), MSc, MRICS is a Research Officer at The College of Estate Management in the UK. She graduated in Geography from The University of Leicester in 2000, before going on to complete her Masters in Rural Estate Management at the Royal

TS 3E – Role of Public and Private Sectors

14/15

Ashley Dabson, Sarah Kenney, Mike Waters and Frances Plimmer
Ethics for Surveyors – what are the problems?

Agricultural College. She is a Chartered Surveyor and spent three years working as an acquisition surveyor for GVA Grimley in their Telecoms department dealing with planning applications, negotiations along with lease and rent reviews. She is currently involved in a number of the College's research areas including the use of ICT for travel substitution, the impact of increasing flood risk on commercial and residential stakeholders strategies, the use of Wi-fi in shopping centres, sustainable development and urban regeneration, property governance and distance education.

Mike Waters, PGDipSurv, BSc (Hons) (Research Assistant) is a geography graduate from The University of Sheffield (2003). He was formerly assistant negotiator and surveyor at Robert Williams, Exeter. At CEM, Mike is involved in a number of the College's research areas including projects related to sustainable housebuilding, IT and the built environment, urban regeneration, property governance and shopping centre management. He is a member of the Society of Property Researchers and is currently training towards RICS membership. To add to his current works and research interests, Mike was selected as this year's winner of the RICS Environmental Research Awards 2006. This paper can be found at www.cem.ac.uk/research/hips.

CONTACTS

Dr. Ashley Dabson,
The College of Estate Management,
Whiteknights,
Reading,
UNITED KINGDOM
Tel. + 44 118 921 4687
Fax + 44 118 921 4620
Email: f.a.s.plimmer@cem.ac.uk
Web site: www.cem.ac.uk

Professor Dr. Frances Plimmer,
The College of Estate Management,
Whiteknights,
Reading,
UNITED KINGDOM
Tel. + 44 118 921 4687
Fax + 44 118 921 4620
Email: f.a.s.plimmer@cem.ac.uk
Web site: www.cem.ac.u

Sarah Kenney
The College of Estate Management,
Whiteknights,
Reading,
UNITED KINGDOM
Tel. + 44 118 921 4688
Fax + 44 118 921 4620
Email: s.kenney@cem.ac.uk
Web site: www.cem.ac.uk

Mike Waters,
The College of Estate Management,
Whiteknights,
Reading,
UNITED KINGDOM
Tel. + 44 118 921 4688
Fax + 44 118 921 4620
Email: m.waters@cem.ac.uk
Web site: www.cem.ac.uk