

RESEARCH REPORT

MAY 2009

# RICS RESEARCH

## ETHICS FOR SURVEYORS: AN EDUCATIONAL DIMENSION. COMMERCIAL REAL ESTATE PRACTICE AND PROFESSIONAL ETHICS.

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ISBN: 978-1-84219-466-9

Published by: RICS,  
12 Great George Street,  
London SW1P 3AD,  
United Kingdom

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# Contents

<b>GLOSSARY OF TERMS</b>	<b>05</b>		
<b>EXECUTIVE SUMMARY</b>	<b>06</b>		
How was the research done?	07	3.3.2 The profession's ethical standards	31
What are surveying ethics?	08	3.3.3 Regulating ethical behaviour	32
Who is affected by surveying ethics?	09	3.3.4 The role of RICS	33
How much do ethics matter?	10	3.3.5 Policing ethical behaviour	35
Is there evidence of unethical practices?	11	3.3.6 Personal, business and professional ethics	36
How are ethical standards managed?	12	3.3.7 Examples of ethical dilemmas in the workplace	36
How are ethics learned?	13	3.4 Summary	38
What role should education play?	14		
Further research	15	<b>04 ETHICS IN COMMERCIAL REAL ESTATE PRACTICE</b>	<b>40</b>
<b>01 INTRODUCTION</b>	<b>16</b>	4.1 Introduction	40
1.1 The research commission	16	4.2 Ethics statement	41
1.2 Background	16	4.3 Management of ethical issues on recruitment	41
1.3 Research aim, objectives and methodology	17	4.4 Support for staff in resolving ethical issues	42
1.3.1 Aim	17	4.5 Role of RICS in setting professional ethical standards	44
1.3.2 Objectives	17	4.6 Pressures within commercial real estate	44
1.3.3 Methodology	17	4.6.1 Agency	45
1.4 Research ethics statement	17	4.6.2 Clients	45
1.5 Report format	17	4.6.3 Valuation	46
<b>02 SURVEYING ETHICS, NORMS, VALUES AND CULTURE</b>	<b>18</b>	4.6.4 Construction-related areas	46
2.1 Introduction	18	4.7 Ethical diversity	46
2.2 Agency	18	4.8 Ranking ethical considerations	48
2.3 Unethical practices in construction	18	4.9 Standards expected from surveyors	50
2.4 Client influence	20	4.10 Current ethical standards in surveying practices	51
2.5 Ethics and 'fairness'	20	4.11 Do ethical standards need changing?	53
2.6 Rule ethics	20	4.12 Should ethics be part of surveying education?	53
2.7 Social contract ethics	21	4.13 Summary	54
2.8 Culture, norms and 'core values'	22	<b>05 CONCLUSIONS</b>	<b>56</b>
2.9 Professional culture	23	5.1 Introduction	56
2.10 Ethics within professional education	24	5.2 Main conclusions	56
2.11 Summary	25	5.3 Ethics are subjective	56
<b>03 SURVEYING ETHICS IN EDUCATION</b>	<b>26</b>	5.4 The importance of ethical standards	56
3.1 Introduction	26	5.5 Major ethical issues	57
3.2 Student participation in the 2007 online debate	26	5.6 Individual, corporate and professional culture	58
3.3 Analysis of the 2007 online debate	29	5.7 Ethical education and training for pre-qualified surveyors	60
3.3.1 Defining ethics	30	5.8 Further research	61
		<b>REFERENCES</b>	<b>62</b>

# Acknowledgements

**This research report has been produced independently by the authors, and the views expressed are those of the authors.**

**The research team would like to thank the following for their help and support:**

- The Guy Bigwood Trust for their sponsorship of the research;
- Dr Ashley Dabson, Acting Director of Research for the early period of the research, and Paul Batho, Acting Director for the latter period of the research, for their expert guidance, direction and support;
- those survey respondents who, for reasons of confidentiality, must remain anonymous;
- Bill McNeill and other CEM colleagues involved with the GDP course, for access to the students' online debate; and
- former colleagues, Sarah Kenney and Mike Waters, for their helpful comments and support during the early period of the research.

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**The College of Estate Management** (CEM) is a leading, independent, higher education institution specialising in real estate and construction. CEM provides a range of courses via web-supported distance learning, and offers flexible learning tools and techniques which allow busy professionals to continue studying without interrupting their careers. The College also publishes CPD material, undertakes independent research on behalf of clients, and provides tailor-made corporate training for organisations in both the public and private sectors.

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## Glossary of terms

APC	Assessment of Professional Competence
CEM	The College of Estate Management
CPD	Continuing Professional Development
CSR	Corporate Social Responsibility
GDP	Graduate Development Programme
LC	Limited Company
LLP	Limited Liability Partnership
P	Partnership
PLC	Public Liability Company
RICS	Royal Institution of Chartered Surveyors





# Executive summary

Resolving ethical dilemmas is about making the right choices where alternative courses of action could lead to different rewards for different people. In the surveying profession the stakes can be high, because property is a high value business and, like other professions, success relies heavily on individuals and firms maintaining their reputation. Since 2000 The Royal Institution of Chartered Surveyors (RICS) has imposed a code of conduct on its members to ensure that high ethical standards are achieved.

This research by the College of Estate Management (CEM), sponsored by the Guy Bigwood Trust, sets out to investigate professional ethics within multidisciplinary commercial real estate practices. In particular, it examines the potential for conflict between agency and professional services and how large firms deal with ethical dilemmas. The perceptions of professional ethics amongst new surveyors who are just entering the profession are presented together with the expectations of large commercial real estate firms.

The aim is to understand the ethical issues, dilemmas and methods of establishing corporate ethical standards facing surveyors in a global profession, and to assess the appropriateness of incorporating education on professional ethics and ethical dilemmas within taught pre-qualification education.

The research found:

- High ethical standards are essential to maintaining the reputation of individual surveyors, firms and the wider profession.
- There is evidence of significant ethical issues in surveying practice and variation in standards between firms and areas of business driven by competitive and commercial pressures.
- Large real estate firms expect all their professional staff to exhibit the same high level of ethical standards, regardless of age and experience.
- The corporate culture of large real estate firms is more important than professional culture in determining ethical behaviour.
- Firms that operate in other countries expect the same ethical practices to be applied as in the UK, in order to maintain their reputation with clients and the public at home.
- A perception exists amongst new graduate entrants to the profession and real estate firms that RICS needs to do more to enforce ethical standards in the surveying profession.
- Education is ideally placed to raise awareness of ethical issues and to structure and manage the ethics debate.



## How was the research done?

The research involved a literature review, an analysis of an online ethics debate and interviews with major real estate firms. The literature review concentrated on agency, corporate and professional culture, and ethical concerns in surveying generally.

The online debate in July 2007 was open to 547 students enrolled on the CEM Graduate Development Programme, a route for non-cognate graduates in relevant employment to qualify as chartered surveyors in real estate and construction disciplines. Student participation was analysed using NVivo ethnographic software and SPSS statistical software. Students' ages ranged from 21 to 52, with an average of 28; 30% were female and 9% were based outside the UK.

The views of employers were explored through structured interviews with individuals responsible for graduate recruitment, training and/or compliance. Ten individuals from nine firms participated, drawn from the top 25 UK property services firms as ranked by Property Week in 2007 (Anon. 2007).





# What are surveying ethics?

The literature indicates that UK surveyors equate ethical behaviour with 'fairness', and with the principle of 'just' and 'right' standards. Two approaches to setting ethical standards are discussed in the literature. 'Rule ethics' operate on the principle that basic rules can be used to establish the 'right' or 'wrong' of actions. Adherence is a clear matter of fact and there is no room for judgement or opinion. The RICS' regulations dealing with accounting for client money are rule based.

'Social contract ethics' are value-based and judgement-based and rely on principles on which most people agree based on reason and knowledge. They are open to different interpretations by different individuals and according to circumstances. The RICS' personal and professional standards, revised in June 2007, incorporates 12 ethical principles and are judgement-based. There is concern that this approach cannot guarantee consistency of professional standards, particularly within a global profession. However, given that codes cannot change inherent behaviour, this pragmatic approach has the advantage of reflecting reality.

Ethical issues identified by the student debate considered the nature of ethics and ethical behaviour, conflicts of interest, the potential conflict of personal and corporate ethics, the experience of working for small firms compared to large private companies, public versus private sectors, as well as environmental awareness, equal opportunities and respect in the workplace. The respondents from multi-disciplinary commercial real estate firms identified conflicts of interest, confidentiality, the different pressures on small firms compared to large firms, undue influence by clients and the need to ensure that new recruits to their organisations reflect their corporate culture. Firms tend to associate the issues of environmental awareness and equal opportunities with wider corporate social responsibility rather than professional ethics, which are more directly concerned with individual client relationships.

Issues of fraud, bribery and corruption are covered in legislation. Although they are not the subject of this research they featured in the student debate, particularly regarding the boundary between a 'bribe' and a 'gift', which was distinguished on the basis of value and intended influence.



## Who is affected by surveying ethics?

The RICS has circa 140,000 members operating out of 146 countries and regulates some 12,000 surveying firms across the UK. The RICS has accredited 505 education courses worldwide and there are in the order of 25,000 student members (22,000 in Europe). Between August 2006 and July 2007 nearly 3,000 candidates were enrolled for the Assessment of Professional Competence (APC) with the aim of qualifying as chartered surveyors. All qualified RICS members and APC candidates are bound by the Institution's Rules of Conduct for Members and Rules of Conduct for Firms, updated in 2007.

Given the economic, social and environmental value of the built environment, potentially everyone in society is affected by surveying ethics – governments and the general public, as well as corporate and private clients, the profession and professional individuals and practices.

## How much do ethics matter?

All the firms involved in the study recognise that high ethical standards are essential to maintaining the professionalism and reputation of their staff, the reputation of the firm and that of the wider profession. It is well recognised that individual professional reputation, as well as corporate reputation, has an economic value which is enhanced by high ethical standards. Ethical principles therefore have a commercial value. Perhaps more significantly, the absence of ethical values has a commercial cost, and sometimes that cost can be devastating where the outcome is loss of business and/or serious adverse claims.

Although the research found evidence of variation in ethical standards between different firms and areas of practice, firms and students believe that common ethical standards are important. The students argue that firms should adopt common standards worldwide, because to do otherwise would risk the firm's integrity and public confidence in their home market.

*'We have core values which we hold as absolutely essential to the way that we conduct business. ... These values not only help us recruit the right minded people, but also to attract clients that we can have a long and profitable relationship with' (student).*





## Is there evidence of unethical practices?

The students, firms and the literature all provided evidence of significant unethical practices in certain areas of surveying practice. Although the pressures which the market places on surveyors are not always evident to the public, three areas of practice are identified which threaten the reputation of the wider profession, either because standards are not seen to be high or because of the evidence of unethical behaviour. These are: agency, valuation and construction-related practice. Because this study did not focus on construction practice, this conclusion is simply noted.

Unethical practices in agency are frequently exposed by the popular media. They are seen to stem from the deal-driven nature of the work, a lack of external regulation and a perceived low level of education and training, attracting a particular 'character' to this area of business. Given that agents who are chartered surveyors are bound by RICS' codes and in larger firms by corporate standards, there is a need to distinguish agents who adhere to professional codes from those who do not.

The issue of client influence on valuations reflects difficulties when relying on a relatively small number of large clients, who are both a source of instruction and of market information. Larger real estate practices believe they are better placed than smaller firms to take a robust attitude to clients who put undue pressure on valuers and to maintain professional standards at the risk of losing a client's instruction. Nevertheless, ethical standards can come under greater strain where firms are faced with surviving in an increasingly competitive environment, characterised by growing workloads, fee competition and cost conscious attitudes, where pressure on time and quality threatens 'doing the right thing'.

*'I would normally expect professionals and consultancy types to probably pay more adherence to ethical issues than perhaps agency and brokerage people would, because they are so deal orientated' (Chartered surveyor).*

# How are ethical standards managed?

Individual professionals, employing firms and RICS all have a role to play in achieving and maintaining high professional ethical standards. First, students naturally look to RICS to both set and enforce professional ethics. They are no doubt influenced by the fact that when they apply for membership of the Institution they will be tested on their understanding of professional ethics as part of the APC. However, there is also a perception from the student debate that RICS' regulation is not working appropriately and that the penalties for non-compliance are not severe enough. Without strong policing there is a danger that unethical practices will not only been seen to be tolerated, but also reinforced and the students argue that this must be avoided.

Second, firms participating in the study all have some form of ethical statement, available either internally, externally or both, reviewed as and when necessary. Indeed, there is evidence that ethical standards set by corporate firms are at least as high if not higher than those imposed by the Institution. Certainly, whilst RICS' code had been an influence on firms' corporate statements and they accept the importance of reflecting professional standards, none had found it necessary to modify their ethical statement in the light of RICS' revised code of conduct of 2007. These large firms are driven to maintain high standards by the need to comply with increasingly complex legislation and to maintain brand image in order to attract and retain sophisticated major clients. The employers' culture is therefore a unifying device to ensure corporate identity, market advantage and appropriate ethical standards.

The student debate suggests that ethical processes differ between the public and private sectors, partly it seems because the public sector is more regulated and lacks a profit motive. Several of the interviewees also opined that smaller firms have a different approach and lower ethical standards than larger firms. Indeed, when recruiting qualified surveyors, large firms tend to prefer candidates from large employers which they know adopt similar standards to their own.

*'... anybody that joins us from a small outfit won't have the same standards as us because they've had to live by their wits and they will have pushed the envelope as far as they can in a small firm to earn money ... If they come from another big firm, then we're much more relaxed because we speak the same language' (Chartered surveyor).*

Third, the personal commitment of the individual surveyor to appropriate ethical standards is fundamental. Without this the efforts of the employer and RICS have little effect. Individual surveyors are expected to adhere to the ethical principles imposed both by their employer and the professional association to which they belong, and it is recognised by the students that these could conflict with personal ethics.



## How are ethics learned?

Norms and core values that underpin ethical behaviour derive from a combination of individual and organisational experiences, including family, education, environment and work. 'Norms' reflect a strong degree of common acceptance, whereas 'core values' are inherently aspirational and have not yet become norms.

The quote from the chartered surveyor on page 12 indicates that the culture of firms that surveyors work for early in their careers influences the ethical standards they acquire and their future career prospects. Both students and real estate firms are of the opinion that new recruits learn through open discussion and observing how more senior and experienced staff deal with ethical dilemmas. Corporate culture, including documented ethical statements, underpins and facilitates this process.

There was also a consensus amongst students, reflected in some of the interviews with employers, that ethics are an inherent part of personal behaviour and the outcome of a range of influences on individuals throughout their lives. As such, ethics could not simply be taught.

*'Whatever you are taught, if you are, by nature, someone who will break the rules, you will break them anyway. Whatever you are taught, if you're naughty, you're naughty – that's human nature – it's being able to spot it'*  
(Head of risk management).

It can be anticipated that like-minded people will seek to belong to a profession that reflects their aspirational and ethical standards, and that they will, in turn, influence the culture of the profession and the firms that they work for. There should therefore be something of a virtuous circle, reinforcing appropriate standards. However, if standards in the surveying profession are seen to be unethical or lower than other industries, as suggested by the student debate, then there is a risk of attracting the 'wrong' people and steps are urgently needed to raise what are seen to be the norms of the profession. Certainly, the firms surveyed recognise that the modern trend to recruit more non-cognate graduates means greater on-the-job training is needed to ensure these recruits understand and maintain high professional ethical standards.



## What role should education play?

All the employing firms interviewed believe that ethics should be part of surveying education and included in surveying degrees. Most also said it should continue throughout surveyors' professional careers as part of life long learning.

The research shows that such education needs to be based on the genuine, realistic and appropriate norms, beliefs and practices which define the professional group. Ethical training for new entrants to the profession should build on the principles they have acquired from their previous family, school and work experiences, as well as reflecting cultural diversity. It must not only reinforce 'right' behaviour, but provide a clear recognition of what is unacceptable.

Given that academia teaches a range of professional skills and knowledge, it is well placed to teach appropriate ethical principles and practices at a point in advance of professional qualification. Ethical instruction should be reflective, supportive, encourage debate and allow for dissention. In this way, students can reflect on resolving dilemmas, rather than defending a position, and test the suitability of the profession against their own personal ethics and aspirations. The aim should be to prepare future practitioners to identify 'right' actions, to have the confidence to follow through and deal with the outcomes.

There is clearly a role for RICS in regulating members, examining APC candidates, accrediting courses as well as ensuring that unethical practices are not tolerated. A failure to deal appropriately with regulation could raise the prospect of national governments imposing statutory regulations, threatening the creation of international standards and removing the professional independence of the Institution.



## Further research

The report identifies the following as potential areas for further research:

- Agency versus professional practice (consultancy and valuation): investigating drivers and pressures underpinning cultural differences in these professional activities that attract different personal characteristics and skills in practitioners.
- Ethical practices in different built environment disciplines: investigating ethical practices in different branches of built environment disciplines.
- Private versus public sector practice: investigating how differences in culture influence ethical standards, processes and methods of communication and regulation.
- Small versus large firms: focusing on methods of communicating ethical standards, resolving dilemmas, the relative importance of RICS' codes in establishing standards and the effect of different organisational structures.
- UK versus other national cultures: a cross-border study examining the relationship of RICS' standards, based on the professional culture compared to other business cultures, and client influence on local and international practices.
- UK versus other national cultures: focusing on ethical relativism, the importance of RICS' (global vs. local) standards, the perception of RICS' standards as reflecting Western culture, and the application of RICS' standards globally.
- International clients: focusing on the importance of ethical standards to international clients, the effect of standards on their choice of consultant, and how client expectations influence the ethical standards that are applied by consultants.
- Programme for ethical education: the development and testing of a programme for pre-qualification surveyors to raise awareness and discuss potential outcomes of practice-based dilemmas, and to seek to identify and explore the norms and core values of the profession.



### 1.1 The research commission

The College of Estate Management (CEM) carried out this independent research during 2007 and 2008. The project was designed to investigate ethical issues which affect multi-disciplinary commercial real estate practices, and is based on the perceptions of non-cognate graduates who are relatively new to the profession, and that of major commercial practices in London. This research was jointly funded by CEM and the Guy Bigwood Trust.

### 1.2 Background

This research focuses on ethical issues within multi-disciplinary commercial real estate practice, specifically focusing on agency and professional consultancy practice. There is evidence that estate agency does not have a high reputation with members of the British public, yet many agents are chartered surveyors and many large commercial practices have agency departments. As such, they are regulated by The Royal Institution of Chartered Surveyors (RICS) and can be expected to maintain the ethical standards which are imposed on all chartered surveyors. However, it is recognised that agency as an activity is, substantially, deal-driven, while other departments in large commercial practices, particularly those which offer what is often termed 'professional' advice, are not motivated or rewarded in the same way. There is also a potential for such multi-disciplinary practices to experience conflicts of interest as a result of the different nature of the work undertaken in different departments.

Professional ethics are important for RICS which has, since 2000, imposed a code of conduct on its members (RICS 2000a; 2000b). In June 2007 RICS revised its code of conduct, which included additions to the previous nine core values to produce 12 ethical principles currently imposed by RICS on its members (RICS 2007a; 2007b; 2007c). The revision occurred during the period of this research, and the extent to which surveys for this study capture a response to this change is covered in Sections 3 and 4 of this report.

This increased regulation of the membership has been introduced in order to demonstrate both a commitment to higher ethical standards and to ensure that such standards are achieved by its members. Professional ethics are important for RICS, which has about 100,000 members operating out of 146 countries and regulates some 12,000

surveying firms across the UK. The RICS has accredited 505 education courses worldwide and there are in the order of 25,000 student members. Between August 2006 and July 2007 nearly 3,000 candidates were enrolled for the Assessment of Professional Competence (APC) with the aim of qualifying as chartered surveyors. All qualified RICS members and APC candidates are bound by the Institution's Rules of Conduct for Members and Rules of Conduct for Firms.

Given the economic value of the built environment (British homes alone are said to be worth £4 trillion (Anon. 2008a)), as well as its social and environmental impact, everyone in society is potentially affected by surveying ethics – governments and the general public, as well as corporate and private clients, the profession and professional individuals and practices.

This research investigates the perceived ethical standards which are applied in commercial real estate practices which have both agency and professional practice departments and whether different standards exist. It considers the different pressures on and drivers which motivate practitioners in the two sectors and, from interviews with representatives of large employer firms, highlights the ways in which staff are encouraged to deal with ethical dilemmas. Standards of behaviour are considered in the light of both the corporate and the professional codes of conduct and cultural norms.

The research is also informed by an online student debate on ethics. This debate is significant because all the students that took part in the debate were mature, non-cognate graduates employed in surveying practices. Such individuals can be expected to recognise ethical issues and unethical practices based on their previous work experience.

It should be made clear that issues of fraud, bribery and corruption are already covered in legislation, and are not the subject of this research, although they do feature within the online student debate. Also, although there is evidence from the construction sector, this is not the focus of the research.



## 1.3 Research aim, objectives and methodology

### 1.3.1 Aim

The aim of the research is to investigate professional ethics within multi-disciplinary commercial real estate practices.

### 1.3.2 Objectives

Specifically, the research objectives are to:

1. investigate the conflicts (if any) between agency and professional practice within multi-disciplinary firms;
2. establish how large firms deal with ethical dilemmas;
3. undertake an analysis of an online student debate on ethics undertaken by non-cognate graduates studying on CEM's Graduate Development Programme (GDP) in 2007;
4. identify opinions of the role that RICS plays and should be playing in establishing and regulating ethical conduct for its membership; and
5. investigate whether and to what extent pre-qualification academic education could and should teach appropriate ethical conduct to surveying students.

### 1.3.3 Methodology

The research aim and objectives were achieved through a literature review, ethnographic analysis of the 2007 online student debate and structured interviews:

- Literature review: The research supplemented the literature reviewed for an earlier study (Dabson et al. 2007), particularly to cover issues of agency, corporate and professional culture, as well as any further work published on ethical issues within surveying generally.
- Online student debate: In 2007, the students on Part 1 of the GDP undertook an online debate which had been informed by ethical study material and which was guided by online tutors. The students were split into tutorial groups for administrative purposes and to improve the management of the debate. None of the authors were involved in this process, nor made any input or suggestions as to how this debate should be directed. The outcome of the 2007 debate was analysed using NVivo ethnographic software.
- Interviews: Structured interviews were carried out with ten individuals from nine of the top 25 UK-based commercial surveying firms, as ranked by Property Week (Anon. 2007), to establish their approach to ethical standards and regulation, the level of ethical awareness they expect of newly qualified practitioners, as well as to investigate the way their staff deal with ethical dilemmas. Perceptions of the role of RICS and the potential for pre-qualification taught ethical education for surveyors were also sought.

## 1.4 Research ethics statement

CEM has an ethics statement and all College research is conducted in accordance with this. There are two major ethical issues affecting this research. The first was one of confidentiality to those respondents from the firms who were interviewed. Although the sampling frame is identified, the individuals are referred to only by a profession or job description and therefore the comments cannot be ascribed to any particular individual or to any particular organisation.

The second was the fact that students were not told in advance that their debates would be used for the purposes of this research. To have done so would have run the risk of students' postings deliberately reflecting the issues which underpin this research as well as what they thought we might want to hear, rather than what they truly thought in response to the tutors' lead, their own experiences, and the threads followed. In situations like this, it is important to ensure that access to the data is approved through a gatekeeper, in this case, the GDP programme leader, and that students are briefed after the event as to the nature and outcome of the research. This has been done, and the students will be notified as to how they can locate the report once it has been published.

## 1.5 Report format

The report comprises the following sections:

- Section 1: Introduction
- Section 2: Surveying ethics, norms, values and culture
- Section 3: Surveying ethics in education
- Section 4: Ethics in commercial real estate practice
- Section 5: Conclusions
- References

## 2.1 Introduction

This section discusses a range of literature which deals with the ethical behaviour of surveyors, focusing on the three main areas of practice (agency, construction and valuation), before discussing how surveyors perceive 'fairness', different forms of codes of ethics, norms and values, and professional culture. Included is a discussion on RICS' codes and the nature of codes of conduct in general, as well as the proposition that there is a culture for surveying professionals which reflects and reinforces the prevailing attitude of the vast majority. The importance of culture re-emerges later within the online student debate (refer Section 3) and the interviews with professional firms (refer Section 04).

There is a vast array of literature on ethics in general and professional ethics in particular. Specialist areas cover both legal and medical ethics and demonstrate a long and detailed review of both the underlying philosophy and the evolution of practice. However, within surveying, this is not the case, perhaps because, as a profession, it has a shorter history and perhaps also because of the more market-oriented focus of the profession, at least within its origins.

## 2.2 Agency

Media and popular entertainment all illustrate the poor reputation of agency and estate agents in the UK. By way of contrast to what might be described as the 'professional' work of surveyors, agency is seen to be unregulated, unethical and involving little or no specialist education and training. However, there is a legislative framework within which agency is practised, laid down in the law of agency which defines the contractual relationship between principal and agent, and (within the UK) there are statutory requirements imposed by the Estate Agency Act 1979 and the Property Misdescriptions Act 1991, as well as the 'watchdog' role of the Office of Fair Trading.

Any failure of estate agents to match the standards which these require of them, either in terms of breaches in their legal obligations or any form of unethical behaviour, therefore, is likely to lead to a legal remedy, or complaints to the Office of Fair Trading, which may result in adverse publicity (see, for example, Rossiter and Herman 2007; Adams 2006; Bar-Hillel 2004). It may be speculated that this poor reputation results, at least in part, from the

pressures of the market, as well as the lack of any form of compulsory professional education and standards required of the sector as a whole. Such problems are raised further in both the online student debate (Section 3) and the interviews with professional firms (Section 4).

However, many estate agents are chartered surveyors, with the same level of professional education and training as other members of RICS and bound (as are all RICS members) by RICS' codes of conduct. Indeed, some firms of chartered surveyors include an agency as part of their range of professional services<sup>1</sup>.

In investigating the literature, there was little research to be found specifically on agency, other than the media-based exposés (see, for example, Adams 2006). Research has, however, been conducted on ethical issues facing construction professionals and valuers resulting from client pressures and these are reported here.

## 2.3 Unethical practices in construction

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 (ibid.: 12) 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 evidence of conflicts of interest and breaches of confidentiality.

<sup>1</sup>The National Association of Estate Agents does also exist to uphold high professional standards in estate agency in the UK, and its members agree to abide by its Rules of Conduct (see NAEA 1998).





# Surveying ethics, norms, values and culture

The authors opine (ibid.: 8) 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 (ibid.: 13) that 'the various construction professionals exercise different ethical standards in their normal working lives'.

More recently, evidence has emerged in the media of the rigging of bids for contracts within the UK construction industry involving 112 construction companies (Anon. 2008b).

## 2.4 Client influence

Levy and Schuck (1999) confirm anecdotal evidence (see, for example, Anon. 2006), that, under certain circumstances, valuers have been influenced by their clients who have used both explicit and implicit pressure. The nature of such 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 reported 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 valuers are relevant factors here.

## 2.5 Ethics and 'fairness'

Poon (2004) presents the results of a survey of the 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 reflects the need to survive in an increasingly competitive environment.

## 2.6 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 the concern with procedures and that the fairness (or otherwise) of the outcome is judged entirely by the fairness (or otherwise) of the process (Wolverton and Wolverton 1999: 90–91). Thus, RICS (2007d) has developed a set of regulations (rule-based) dealing, for example, with how to account appropriately for client moneys. These regulations are relatively easy for practitioners, because adherence is a clear matter of fact. 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).



## 2.7 Social contract ethics

Distinguished from rule-based ethics are judgement-based or 'social contract ethics', under which the rules governing people's lives are those to which people would freely agree, based on reason and knowledge (Wolverton and Wolverton 1999: 90–91). 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.

There is a concern that 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) presents the argument 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 and Wolverton 1999: 95).

RICS's professional and ethical standards are clearly judgment-based. Such 'standards' are laudable but, given the evidence already presented about the reality of practice, aspirational. They are not rule-based, instead they rely on the judgement of individual professionals and the interpretation of their peers and society in general, which is likely to lead to inconsistency of outcome.

***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.***



# Surveying ethics, norms, values and culture

## 2.8 Culture, norms and 'core values'

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 within the family in early childhood and reinforced in schools and other organisations. Our culture is, therefore, a combination of individual (personal/family), educational and environmental influences, and organisational experiences, and this includes those of professional education, training and practice.

Thus, individuals who qualify into a profession are equipped in advance with a set of ethical values of their own, which are derived in part from their personal background, their national culture and their pre-qualification education and training. For a professional organisation with an international membership, this added dimension of national cultural influences creates a new set of issues, some of which were identified by the students in the ethics online debate (refer Section 3). While RICS does recognise subjectivity within the core values, this makes regulating the professional behaviour of a global membership 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 ... 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 'norms' of a profession which are based on the innate sense of 'right' and 'wrong' of its membership. Thus, the 'ethical code' which should direct and underpin the actions of surveyors should be based on the 'norms' of the profession.

One of the prerequisites 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 based on their existing and evolving professional culture, and which achieves widespread appropriate ethical standards.



## 2.9 Professional culture

Wolverton and Wolverton (1999: 92) recognise ‘an organizational commons’, being ‘... the rights and benefits derived from membership in a professional organization. These include enhanced credibility, reputation sharing, national exposure through organization-level advertising and promotion, quality education, information sharing, lobbying efforts and sharing knowledge.’ They opine (ibid.) that there is a moral obligation to preserve the ‘organizational commons’ and that a code of ethics should ‘... [encourage] members to give back to the group and [discourage] behaviors by individuals that soil the reputation of the organization and thereby devalue the benefit of membership for all.’

Professional ethics are therefore important for establishing and maintaining the standard of behaviour expected of individual professionals so that the ‘benefit of membership’ to the group is preserved. Such ethical standards 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 should be both apparent and real within surveying practice.

The general public’s perception of the surveying profession is influenced by the media and first- or second-hand experience. The media has portrayed residential agency as having low ethical standards. The personal experiences of residential buyers and sellers seem to reinforce this perception. For instance, in recent transactions 21% of sellers and 23% of buyers believed that they experienced serious problems, including a failure of agents to pass on offers (Office of Fair Trading

2004). This has resulted in the surveying profession as a whole being tarnished by the public failure of a few specialist practitioners. The construction sector too is seen to involve unethical practices (for example, Anon. 2008b; Pearl et al. 2005; Poon 2004). It is therefore not surprising that a discussion of professional misconduct formed part of the student online debate (Section 3) as well as being referred to in the interviews with representatives from commercial real estate firms (Section 4).

It is therefore critical for the entire profession that professional standards are raised and are seen to be raised, particularly in those sectors which interface directly with the public, because it is largely from these groups that the public perception of the surveying profession is formed. This means ensuring that the professional culture of all of the surveying disciplines has the highest ethical standards at its core.

In the literature, it is the culture of international organisations which has received the most attention (for example, Hofstede 1991; 2001; Trompenaars and Hampden-Turner 1999). The investigation of group culture is a relatively new area of study. Nevertheless, both Hofstede (1991) and Trompenaars and Hampden-Turner (1999) recognise organisational culture, thus: ‘... organizational “cultures” are a phenomenon per se, different in many respects from national cultures. An organization 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; see also Wolverton and Wolverton 1999).



# Surveying ethics, norms, values and culture

Such a description could also be applied to professions, in which case professionals too can have a shared professional culture (common norms and values which unite them). Thus: 'people within certain functions will tend to share certain professional and ethical orientations' (Trompenaars and Hampden-Turner 1999: 7), based on which each profession has developed and survived and by which its membership can be defined. Similarly, employing organisations can have a culture in which ethical standards of behaviour are promoted, and this is evident in the interviews reported in Section 4. According to Matzdorf et al. (2000: 15), '... there is a collective professional "pattern", tradition or paradigm; in effect a professional memome which underlies the unwritten assumptions and codes of the [organisation]'. When the professional association, the employing organisation and the professional individual share a similar culture and a similar ethic, then conflicts of interest are not likely to arise and there will be the added advantage of each reinforcing the common ethic.

In the light of this, the challenge is to identify what the real (not aspirational) 'collective professional "pattern"' is for chartered surveyors and to articulate it in such a way that it reflects the underlying 'assumptions and codes' of the profession. If certain activities or processes within 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. Professional associations play a part by ensuring that individual members recognise and are encouraged to adhere to an appropriate ethical professional culture. They are also best placed to educate clients, the market and society that pressures which drive unethical behaviour are damaging both to the professional service and to the wider society and will not be tolerated. Such standards can be imposed by government, regulatory agencies, professional associations, employers 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; refer also Section 4).

Ethics can, however, only be applied within the context of professional practice and therefore the role of an employing organisation is crucial, both in requiring and

supporting appropriate ethical standards in its employees and in contributing to and reinforcing standards imposed by a professional association. 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, and these should be mutually compatible. High ethical standards should be seen as part of an employer 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 (which is likely to be reflected in its balance sheet) and thus enhance the reputation of the entire surveying profession as well as that of its employees.

As a group of like-minded specialists, it should be possible to identify a unifying professional culture, based on shared norms which can then be documented, discussed and presented to aspiring professionals as part of their technical/professional education and training.

## 2.10 Ethics within professional education

It is not usual to include within traditional academic education in the UK professional ethics as explicit and specific subject matter within academic pre-qualification courses, although Knight and Morledge (2005) recognise that 'One of the main changes in the curriculum over the ten year period [1995–2005] has been the increased teaching in the theory and practice of professional ethics in various subject areas'.

CEM has included such material (CEM 2005) within its Fundamentals of Real Estate Practice syllabus since 2001. In addition, CEM has produced a study pack on ethics (CEM 1997) as part of its Continuing Professional Development (CPD) series, but this is aimed mainly at qualified professionals who need to demonstrate their post-qualificational commitment to the CPD requirements of RICS.

Yet there are commentators (for example, Small 1999: 86) who advocate that 'Professional education, university business programs, and real estate training opportunities must strive to instill [sic] in students and members the ability to define values (individually and collectively) and learn habits that foster integrity and moral behaviour' (Wolverton and Wolverton 1999: 102).

### 2.11 Summary

This section reviews available literature on the ethical dilemmas facing chartered surveyors. These seem to fall into three main groups – unethical practices in agency, client pressures on valuation reports, and unethical practices within the construction and related industry. The literature reveals the pressures which the market places on professional surveyors, but which is not always evident to the public.

By way of contrast, the unethical activities of estate agents and their outcomes are frequently exposed by the popular media. As a result, the reputation of estate agents, as a group, whether or not such individuals have professional qualifications and whether or not their activities are regulated by RICS, are not generally seen to be ‘professional’.

For those practices of chartered surveyors which include an agency department, as well as for chartered surveyors as a whole, there is a danger that the poor reputation of agency will damage the reputation of the entire profession. It is therefore of great relevance to investigate the process used by and the extent to which multi-disciplined surveying practices ensure ethical standards throughout their activities.

There is also a clear impression from the research-based literature that professionals want to act professionally, but that they feel weak in the face of external commercial pressures. The literature also demonstrates that the role of RICS is one of regulating surveying professionals, but not one of supporting individual professionals against the commercial pressures posed by powerful clients, even when these are blatantly threatening. Intolerance of such pressure is something which needs to be developed throughout the profession so that it becomes an inherent part of the surveying professional culture.

**“Professionals want to act professionally, but that they feel weak in the face of external commercial pressures.”**



### 3.1 Introduction

In 2006, CEM undertook an analysis of an online debate undertaken by students studying for Part 1 of the GDP<sup>2</sup> offered by the College. The intention was to identify ethical issues which practitioner students were experiencing in their workplace and also to gauge their opinions of and reflection on the ethical standards within the surveying profession. The analysis, therefore, presented a range of views covering both ethical theory and practice within the profession from new entrants who had a level of previous work experience. In other words, analysing the students' comments on ethics provides an insight into how relatively mature new entrants to the profession view the practices of the profession. The outcome of this 2006 research was presented to the Working Week organised by the International Federation of Geometers in Hong Kong in May 2007 (Dabson et al. 2007).

In July 2007, a second cohort of GDP students undertook a similar debate (2007 debate), which is the focus of this research. The 2007 debate had a number of features that are of relevance to this analysis:

- Students were arranged into tutor groups so that the volume of messages on the discussion board could be managed and accessed by all students;
- Students were responding to earlier teaching about ethics within the course material<sup>3</sup>, as well as reflecting on their experiences in the workplace.
- Students were awarded up to 10 marks towards their module grade based on the frequency and quality of their participation.
- Students following the real estate route were also subsequently required to answer a question relating to ethics as part of an assignment.
- 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, although they were encouraged to raise questions, contradictions and problems about ethics which they had experienced in their professional practice.
- Students were guided by online tutors, all of whom were selected because they had a good knowledge of professional ethics.

- The authors of this report took no part in the administration and management of either of the debates and thus no questions relating to this research were specifically posed (see Section 1.4 for a statement on the ethical issues involved in using the online debate for research purposes).
- RICS revised its code of conduct and ethical guidance in June 2007 and some students referred to this new regulation during the course of the debate.

The debate was analysed using NVivo ethnographic software, which is specifically designed for analysing qualitative data. The online discussion raised a number of relevant issues, which are discussed in the rest of this section.

### 3.2 Student participation in the 2007 online debate

The participation of 547 students in the 2007 online debate was analysed using SPSS statistical software. Student participation is profiled by gender, age, route and location, as shown in Table 1. The analysis shows that 43% of students took part in the debate. Participation was slightly higher amongst women. Whereas women on the course comprised 27% of the student cohort, 30% of participants in the debate were women. Ages of students ranged from 21 to 52, with an average age of 28. Age was not a factor influencing participation in the debate, since 69% of all students were in their 20s and a similar proportion of this age group also took part in the debate.

The most important determinant of participation was whether students were following the construction or real estate routes within the course. Whereas 44% of students on the course took the real estate route and 56% the construction route, 59% of debate participants were real estate students and 41% construction students. A test for statistical significance (the Pearson Chi-Square test) showed that the route being followed was highly significant in relation to whether or not students took part. Although more UK students participated, as against students from Hong Kong and the rest of the world, more non-UK students were taking the construction route (74%).

<sup>2</sup>The GDP course is aimed at non-cognate practitioners: in other words, 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.

<sup>3</sup>The students were instructed to read a paper (CEM 2005) entitled *Professional ethics*, which included sections on 'What is ethics?', 'Ethical dilemmas', 'Business ethics', 'Professional ethics', 'Codes of conduct' and 'Ethics and the internationalisation of property-based professions', and incorporated a copy of RICS Code of Conduct 2000. (RICS 2000a; 2000b)



Table 1 Profile of student participation in the online debate

	Total	Participation in debate
<b>All student</b>		
• Number of students	547	236
• Percent of students	100%	43%
<b>Gender</b>		
• Female	27%	30%
• Male	73%	70%
<b>Age</b>		
• Up to 29	69%	69%
• 30 and over	31%	31%
<b>Route</b>		
• Construction	56%	41%
• Real estate	44%	59%
<b>Location of registration</b>		
• United Kingdom	86%	91%
• Hong Kong	4%	2%
• Rest of the world	10%	7%

# Surveying ethics in education

Three student groups taking part in the debate were identified for analysis using the ethnographic software. These groups were selected to provide a sufficient number of debate participants (93) to make the analysis significant, while providing the closest possible balance between those following the construction route (55) compared to the real estate route (38). Of the 93 students, 63 were male and 61 were aged under 30.

The profile of the groups analysed and the student participation in the debate is summarised in Table 2. This shows that, compared with the total number of students on the course, as profiled in Table 1 above, the proportions by gender, age and location are broadly the same. Slightly fewer students in the three groups analysed took part in the debate (38%) compared with all students on the course (43%) and a higher proportion were following the construction route (74%). However, in terms of absolute student numbers analysed, the group selection provided the closest available balance between construction and real estate participation.

**Table 2 Profile of students subject to debate analysis**

	Total	Participation in debate
<b>Student responses analysed</b>		
• Number of students	249	93
• Percent of students	100%	37%
<b>Gender</b>		
• Female	25%	31%
• Male	75%	69%
<b>Age</b>		
• Up to 29	68%	68%
• 30 and over	32%	32%
<b>Route</b>		
• Construction	74%	59%
• Real estate	26%	41%
<b>Location of registration</b>		
• United Kingdom	83%	91%
• Hong Kong and the rest of the world	17%	9%

### 3.3 Analysis of the 2007 online debate

The three student groups were analysed using NVivo ethnographic software. Having coded the data into themes, the software was used to identify which students contributed to each theme debated. Table 3 below provides a summary of the themes debated, detailing the number of contributions to each thread, and the number and characteristics of the students that participated in each.

**Table 3 Summary of the themes discussed in the 2007 online ethics debate**

	Total no of postings	Total no of students	Male students (%)	Students aged <30 (%)	Student following the real estate course (%)
Gifts and bribery	99	61	70	69	43
Regulation and enforcement	79	38	63	68	71
The role of RICS	65	37	59	57	46
Defining ethics	54	42	69	71	33
Respect	47	26	73	62	0
Green agenda	44	30	87	60	20
Unscrupulous agents	42	25	68	68	100
Equality	40	28	75	61	4
Personal, business and professional ethics	38	30	63	63	30
Inaccurate claims and payment disputes	35	21	81	67	0
Why ethics is important	33	23	57	65	61
The profession's ethical standards	15	11	64	82	82
Ethics and the public sector	15	10	70	50	70
Globalisation	15	11	91	73	36
Conflicts of interest	14	14	64	43	50
Client selection	9	7	71	57	100
Company loyalty	9	9	78	56	100
Turning a blind eye	9	7	86	57	0
The role of governments	8	8	50	75	63
Working for an unethical company	6	6	50	50	17
Third party adjudication	5	5	80	60	0
Profit before ethics	5	5	80	60	100
Loyalty and bias	4	4	75	75	75
Acting in the client's interest	2	2	100	50	0

The remainder of this section discusses the themes set out in Table 3 above in greater detail.



# Surveying ethics in education

## 3.3.1 Defining ethics

In each of the groups, the tutor started the debate by asking the students to define ethics. As a result, a relatively large number of participants contributed to this particular thread. The majority of the responses resonated with the suggestion from one student that *'Ethics are sets of morals, relating to right and wrong of an individual's behaviour in a particular society'*. As another student argued, *'Ethical behaviour goes beyond obeying laws, rules and regulations. It is a commitment to do what is right, as well as merely what is allowable'*.

A strong emphasis was placed, in particular, on the role of culture, religion and family and, subsequently, the workplace, in shaping personal ethics, and as such there was a consensus that what is considered 'right' and 'wrong', or 'acceptable' and 'unacceptable' behaviour varies over space and time. In other words, *'one person's ethics is not necessarily another's'*. Certainly, to one contributor, *'... ethics are a process and do not stay fixed. Over time, ethics will develop and what was acceptable behaviour in the 1920s may not be acceptable in the 2020s'*. To this end, it was argued that *'Ethics are definitely a process'*.

A significant number of students also discussed why it is so important for the profession to maintain high ethical standards. Although three contributors noted the importance of protecting clients, the large majority emphasised the linkage between ethics and profit. As one student explained:

*'The public are increasingly aware of ethical issues in business and [the] construction industry is highly regulated. Therefore, a sound ethical stance and publicised statement of ethical policies can be a source of competitive advantage for a business. It could be a deciding factor in a tender, for example, all other things being equal.'*

These sentiments were echoed by a number of students. As one argued, *'As we are a service providing industry, a long lasting profitable business needs full trust from the clients, which can partially be achieved by operating a good ethics procedure'*. Similarly, another student suggested that *'... if a company or person is known for being reputable, in the future companies will prefer to do business with them'*. A further student argued *'the popularity of ethics is down to the fact that it's good business to portray that image'*. Indeed, one student indicated that:

*'We have core values which we hold as absolutely essential to the way that we conduct business. It is these core values that have enabled us to grow our turnover by 67% to £90m in a single year; because these values not only help us to recruit the right minded people, but also to attract clients that we can have a long and profitable relationship with.'*

### 3.3.2 The profession's ethical standards

In light of this, a number of individuals discussed the profession's ethical standards. Whilst the large majority that contributed to this thread agreed that ethical standards within the profession as a whole are improving, some were more sceptical. As one student argued, *'... it doesn't matter how many RICS accredited courses there are out there trying to produce supposedly well rounded, ethical, highly moral surveyors, there are going to be as equally as many if not more dodgy surveyors that don't care'*.

Indeed, whilst only a limited number of students suggested that individuals or firms within the profession would abstain from acting in an ethical way in order to make a profit, it was suggested that employees can often come under pressure to act unethically in order to meet targets and generate profits by firms who do still bend the rules to suit them, particularly, as one participant commented, during periods when the market is weak. One student thus concluded that *'There is still a huge amount of work to do to bring the industry in line with other industries, if this can even be done'*.

There was also a suggestion that certain factions within the profession are inclined to adopt a more ethical approach than others. For example, it was suggested that public sector organisations are very closely regulated. As one student explained: *'... coming from the private sector to a local authority where I work now, was certainly a culture change. The need for transparency and auditable records is paramount and guidelines for this cover every aspect of our work'*. Further, a second student working in the public sector argued that the sector was under less pressure to act unethically because profit is not a strong motivation. A few did, however, highlight examples of unethical behaviour even within this sector.

# Surveying ethics in education

It was argued that estate agents, for example, are seen to have a reputation for being unscrupulous. Although some reported positive experiences of dealing with agents and argued that many agents are simply acting according to the client's instructions, a number of students here considered the agency side of the property industry to be under-regulated and in need of change.

### 3.3.3 Regulating ethical behaviour

Certainly, a number of participants argued that improving standards of ethical behaviour within the profession as a whole is down to stronger levels of regulation and, in particular, the issuing of guidelines and best practice procedures. To this end, there was a general consensus that such regulation was to be welcomed. As one student explained, *'I think that a strong regulatory framework is necessary, if only to encourage consumer confidence'*. Another argued that *'... it allows a group of people to share the same values, beliefs and norms of behaviour to establish a culture within the organisation'*.

There was also a view that to be effective, codes of practice should continually be updated: *'We do have to keep modernising and revising the codes as over time the market changes and to progress and to keep up with the changing times higher standards need to be met'*.

Indeed, some students were of the opinion that the guidelines currently in place are not strong enough. For example, to one: *'Effective policing can only occur when standards are unambiguous and beyond stating a value, actually guide behaviour. Standards for ethics adopted by most organisations leave too much to interpretation which casts doubt as to their purpose'*.

Not all of the students agreed that this was practical, however, with one arguing that *'... we will all have slightly varying opinions and outlooks on many issues and it is unlikely that a code of ethics could ever be unambiguous'*.

Most of the students here indicated that their firm did have guidelines and core values. Certainly, those working for firms owned by an American parent company have to abide by strict guidelines and codes of conduct. Some students further indicated that they are compelled to attend training provided by their firms, which led to a number of contributions discussing the merits of such

training. To a number of students, individuals cannot be trained to act ethically, with one arguing that *'... ethics are a gut feeling. It's like a conscience. People either have it or they don't'*. Similarly, another argued that *'I always feel with ethics that you can take a horse to water but you can't make it drink. It's completely down to the individual at the end of the day, no matter how much they are influenced'*. Further, it was suggested that no amount of regulation could ever prevent some individuals acting in an unethical manner. As one student commented, *'If a person is predisposed to break the rules they will continue to do so irrespective of codes and ethics'*.

It was clear that not all firms have a statement on ethics. As one participant explained, *'As I work for an extremely small firm, with a fairly small client base, we don't have a "set of rules"'*. Indeed, the students recognised that ethical standards do vary from company to company. As one student remarked, *'There are numerous differences between organisations over what should be covered under ethics, reflecting fundamental different approaches to doing business'*.

In the light of this, one student argued, *'After listening to the varying thoughts on this subject I now feel that one moral code should exist in professional practice because of people's varying ethical beliefs and morals. A singular moral code will ensure there is a base line for professionals to adhere to and make sure there is uniformity and fairness in the way business is conducted'*.



### 3.3.4 The role of RICS

To this end, a large number of students suggested that RICS is right to issue a set of ethical guidelines by which its members should adhere to. Certainly, to one:

*'... ethics can be very personal and what is right or wrong to one person may not be to another. This provides the necessity for codes of practice for different groups such as professional groupings i.e. RICS. These codes therefore provide consistency'.*

In other words, as another student put it, membership of RICS *'... works to reassure people that a generic code of conduct is adhered to and removes the individuals differing ethical stance from the equation'.*

A number of participants were certainly of the opinion that RICS' guidelines are having a positive effect. As one stated:

*'From what I've experienced so far in working for a couple of different companies within the property industry, individual employers' approach to professional ethics varies greatly. But I have to say that the ones with the stricter approach to professional ethics have been those that have been RICS regulated.'*

This was echoed by another, who argued that:

*'Customer protection has definitely been strengthened across the board and there are many Acts in place to set and safeguard our standards. Furthermore, the new regulatory board of RICS strengthens this position by regulating the profession and regulating firms. This will help to ensure that surveyors meet high standards and provide a professional service.'*

As another student explained, *'... this attracts potential clients and customers and they will be reassured by the ethical guidelines set out'.* In other words, *'Membership of a professional body gives some confidence to a potential client that we will act in an appropriate way'.*

At the same time, however, to one participant, individual firms need to work with professional organisations to ensure ethical behaviour: *'... it should not all rest on the professional bodies (e.g. RICS) to which companies subscribe but the onus should be on the companies in partnership with the professional bodies'.*



## Surveying ethics in education

Not all students, however, aligned themselves to RICS. One asked:

*'... why would you want to join such a stuffy protective and protectionist set-up? Look in the pages of Estates Gazette and the profession is middle class, white, male, conservative (big and small 'c') and the code of conduct of RICS reflects this. Ethics and values in society change but I wonder how RICS reflects this.'*

This was echoed by a second student who said, *'I think some of the RICS rules and attitude is old fashioned and outdated'*. Indeed, another questioned the logic of having one ethical statement for the whole profession, particularly given RICS members are not confined to one country.

The issue of cultural diversity was also raised:

*'In regards to how ethics come about, it seems a general consensus, and one that I agree, is that they are formed from our upbringing, culture and society. This makes me wonder how RICS as an international body can have one code of practice when surely people's ethics vary immensely from culture to culture? Surveying covers*

*the world and has to adapt and adhere to the different countries legalities in which it operates so why does RICS have such a paper that shows no sign of adaptation to varying cultures ethics?'*

It was also argued that statements in RICS' guidance such as 'set a good example' or 'be objective' are a bit feeble and leave too much to individual interpretation. Indeed, there was a view that RICS' guidance *'should be strengthened ... so there should be no possibility of a grey area'*.

A small number of participants also argued that governments too have a role to play in this regard. As one said, *'On the question of who should take the lead, I believe that this responsibility rests heavily on the shoulders of governments as they set the philosophy that the general population will follow'*. A second student similarly argued that *'If the government or RICS are seen to be morally negligent then surely this will seep down into all successive realms of the construction industry'*.



### 3.3.5 Policing ethical behaviour

Although there was a general consensus that the industry is highly regulated in relation to ethical behaviour, many of the students believed professional bodies such as RICS need to do more to ensure that members adhere to them. As one commented, *'I see statements of ethics as a mild form of law – they're generally based on the same principles as law – but with less severe consequences if they are not adhered to'*. Similarly, a second student suggested that *'Although there are standards set out and defined by various professional bodies, a lot of how they are applied to everyday work etc. is down to the individual'*. Indeed, another student stated, *'I am still amazed by how often organisations can get away with dubious actions and there are not sufficient regulatory overseers to slap their wrists'*.

It was thus argued that *'It should not only be about surveyors being aware of the code of conduct or being RICS qualified, but disciplinary measures should also be highlighted to discourage such practices'*. In other words, *'What is really needed is a more hands-on approach, whereby firms are stopped from operating and it is made public that they acted in the way that they did and therefore should be punished. I think that could be a good deterrent'*.

However, a number of participants believed that enforcing these codes should not merely be the responsibility of RICS. As one argued:

*'The code should provide a starting point and there should be more of an onus on companies to ensure their staff uphold the standards. I think companies often see that RICS "governs" our standards and simply leaves it to them but ethical behaviour must be embodied into a company through the implementation and monitoring of the standards from within.'*

Similarly, it was argued that *'... RICS has laid down the "benchmark" for ethical behaviour but employers and individuals also have to critically "take a look" at their own practices and aim to uphold the values of ethical behaviour'*.

However, to one student, policing ethical behaviour would be very difficult:

*'I believe ethical values are not rules as such but principles or guidelines used when making decisions. They are open to interpretation and the meaning to one person can be different in reflection to the situation they find themselves. ... If this is the case it is very difficult to police people's interpretation.'*

Indeed, a number of students argued that professional bodies and individual firms should not force the guidelines upon members. As one stated:

*'I would conclude that we are fairly well regulated in terms of ethical behaviour. It is very much for the individual to follow and set out his own moral and ethical standards. Although many companies have their own core values and standards all they can do is set them out – it is up to the individual to follow them.'*

Further, it was argued that guidelines should be adapted according to circumstance: *'Such rules act as an instruction which should be adapted by individuals to specific circumstances'*.

Thus, it was proposed that codes of practice should merely act as guidance notes and as something to aspire to:

*'I agree that it is unrealistic to decree that such idealistic values must be achieved as a surveyor/agent etc. in their daily practice at work. Yet on a more practical scale I guess as unrealistic as they might be, they set a good target for all property professionals to aim towards. I don't think the focus should so much be on achieving and maintaining those values but in showing you have made an effort to practice as far as is practicable in the ethical framework they provide.'*

Without this flexibility it was argued that regulation could be taken a step too far: *'Just as political correctness has reached a level of ridiculousness it is quite possible that we will start to tie ourselves in knots trying to uphold every standard going'*.



# Surveying ethics in education

## 3.3.6 Personal, business and professional ethics

A number of students discussed whether one could act according to company guidance (business ethics) and/or RICS' guidance (professional ethics) if it conflicted with their own personal ethics. As one explained, *'... each individual in the company may face dilemmas between personal ethics and business ethics'*. To some, professional and business ethics should always take precedence over personal ethics:

*'I think personal ethics will influence a person's behaviour in the workplace but must be over road [sic] by the business ethics as you have entered a contract with your employer which means you have entered to adhere to their policies which are underwritten by their ethics. Similarly if you enter the organisation of RICS you are obliged to follow their policies and ethics regardless of your own standards.'*

This was echoed by a number of other students, with one arguing that *'... being a member of RICS you should really agree with the values they uphold'*, and another that *'It would be pointless for RICS to have an ethical code if each member could choose to ignore it if it contradicted their personal view'*.

Others, however, saw it more as a balancing act: *'I guess you have to balance your own ethics with those performance guidelines set down by your employer or those laid out in the corporate culture'*. Some believe that personal ethics would ultimately guide behaviour: *'There are those that are suggested to us such as the RICS code of practice that are there to guide us, although it is inevitable that there will be instances where our own values will dictate our behaviour in the workplace'*.

Alternatively, a couple of students believe that an individual's personal ethics will, to some extent at least, adapt to the business or professional climate. As one student argued:

*'... a person's ethics can change in a business setting to that of a personal setting to imitate the ethics of those around them .... Whilst a person will learn or develop their sense of ethics from parents, they will develop a new set of ethics for circumstances that differ from their personal world, in a work setting instilled by their superiors or the company ethics.'*

Similarly, it was also suggested that a firm's ethics can change in line with RICS' guidance:

*'In order to be affiliated to RICS, they have set its own benchmarks or minimum standards for what it expects its members to comply with. These standards are pretty much generic in terms most business adopt them in some form or other (not always consciously) and become part of the culture in turn controlling our behaviour.'*

In identifying how bad practices can become the norm and reinforce unethical behaviour, one student said:

*'I think we are always asked to do things we may feel uneasy about. Certainly in the earlier part of your career. However I believe once you have seen people doing such things on a daily basis or have them done to you, you become de-sensitised to them and start to do them yourself without thinking twice. Because your ethics are instilled by what you see on a daily basis through your developmental phase of your life, the same will apply in your career development. In the same way that you pick up what normal behaviour in life is and what is acceptable as a child, you pick up normal working behaviour and how people behave in a work setting by what you see others doing in that setting in the early part of your careers.'*

## 3.3.7 Examples of ethical dilemmas in the workplace

Guided to a large extent by the tutors, the students also discussed a number of examples where ethics play an important part in their decision making.

There was particular interest in when it is appropriate to receive gifts and how to differentiate between a genuine gift and a bribe. One contribution summed up this discussion very well: *'Acceptance of gifts is a thorny issue in terms of construction business ethics, but it all depends on the nature of the giving and receiving, when the gift was offered, the value of the gift, and the influence the gift has on a business transaction'*.

A number of students indicated that their firms provide guidelines on when to accept gifts and hospitality, although these guidelines are often obscure; for example, one stated that it is fine to accept a gift of a 'nominal' value. A consensus of students argued that it is important to consider the motivation behind a gift when deciding whether to accept it or not. As one argued:

*'I don't really think that the value of gifts is relevant. What's more important is the reason for the gift being given or received. If a gift is given in an attempt to achieve personal gain then this is possibly immoral in business terms. If the gift is given in reaction to a good service then I don't think that there's any problem with this.'*

In order to do this, it was commonly suggested that the timing and the value of the gift is important. For example, it was argued that a bottle of wine at Christmas or after a contract had been signed was acceptable whereas a more expensive gift, particularly when offered at tender stage, would not be tolerable. Alternatively, some argued that a gift only becomes a bribe when it influences a decision. There was a general consensus that no professional should be swayed by a gift when making decisions.

A consensus of students argued that it was down to the individual, having sought advice from colleagues, to decide whether or not a gift was in fact an intended bribe. In doing so, it was argued that consideration should be given to how the public would perceive it. As one opined:

*'It seems that there is a distinction between an actual bribe and the perception of a bribe. The potential of a gift appearing to be a bribe is associated with the risk of appearing to be immoral. As such it will usually come down to individual judgement as to whether to give or accept a gift, intended to be merely a gift. This gift will inevitably be perceived to be a bribe by competitors or the media if large enough or if it is discovered.'*

As another student said, 'Try to think how it looks from the outside'. Only a small number of students argued that all gifts should be declined, and the majority of these were students following the real estate, rather than the construction, route.

Many of the participants were also aware of at least one occasion when their firm had been faced with a conflict of interest. It was widely agreed that a conflict of interest should always be declared at the outset. Whilst a small number said the appropriate thing to do would be to decline one of the parties involved, the majority agreed that as long as all parties were happy to proceed then there would be no problem. Only two of the students discussed the notion of 'Chinese walls'.

A number of the students also debated whether it was appropriate for multinational firms to adapt their behaviour according to local ethical standards. As one discussed:

*'What can be considered acceptable in one country, can be considered unacceptable in another. If business is carried out in a particular way, in a particular country, then the ethics/morals of that country and that economy are not broken. However there is no doubt that if the same actions were carried out in the UK, it would be deemed unethical and even fraudulent. So the question becomes, do you maintain the ethics of your own culture, or adopt those of your new market?'*

The large majority argued in favour of maintaining a common standard of ethics across the world. As one suggested, 'Whether or not it is ethically acceptable in the new market will make no difference to how they are perceived by the home market'. In turn, another argued that 'A loss of respect in the home market could be devastating, especially if the foreign market turns out to not be as healthy in the future'.

Those students following the construction path, in particular, also discussed a number of issues that would seemingly have more to do with corporate social responsibility (CSR) policy rather than ethics, including the need to protect the environment, equal opportunities, and respect in the workplace. As one asked, '... we seem to assume ethics is about how people behave towards each other – but what about our wider responsibilities to the environment?'.

# Surveying ethics in education

Most of the discussion centred on examples of the students' firms' green policies, which largely consisted of recycling and using materials from sustainable sources. However, a number of students noted that the financial cost was restricting the scale of such measures. As one student suggested, *'I totally agree that if it was totally committed, the industry could make a huge difference, but due to the nature of business it doesn't seem to be happening on a large enough scale'*. Indeed, another student suggested that *'... organisations are going at lengths to demonstrate that they are acting with the environment in mind, when really they couldn't give a hoot about the environment, and are more concerned with the bottom line'*. Interestingly, one student was surprised to see a statement in RICS' guidelines on *'protection of the environment'* and the need to limit environmental degradation.

Equality was also a popular topic of conversation, with the students largely focusing on gender. There was a general consensus that there has been a shift towards equality in recent years. As one student reported, *'Companies are actively promoting equal opportunities'*. However, some students questioned whether this was mirrored in reality. For example, to one student, *'We have the ethical framework but practice often lets us down'*. Indeed, many of the students that contributed to this thread could give examples of discrimination in the workplace.

With regard to respect, the discussion centred on whether RICS is right to specify that respect should have to be earned, with the majority agreeing with this view. The discussion also centred around the notion of *'professional arrogance'*, with many of the students' contributions suggesting that they were often treated with less respect than senior colleagues or those with better qualifications, including RICS membership. As trainees, many of them felt they had to earn respect by proving themselves to colleagues and clients.

The other themes discussed were the duty to act in the client's best interest; whether who you work for and are instructed by matters, with some students providing examples of instances when their firm has declined work because of the client's background, and others arguing that everyone has the right to be represented, and that it is thus unethical and unprofessional to decline; whether it is unethical to talk to other firms about potential employment without informing your current employers; episodes

where loyalty or bias played a significant part in offering contracts; instances of payment disputes and the extent to which inaccurate claims and invoices are issued within the construction industry; third party adjudication, with the students arguing that all disputes between parties should be mediated by a third party; if and when it is appropriate to turn a blind eye to some practices; and the extent to which a firm's ethical standards influences individuals' choice of employer.

## 3.4 Summary

The analysis of the student debate into professional ethics has served to highlight the significance and breadth of the topic. It is clear that the students constantly have to grapple with a range of ethical issues in the workplace. A number of the contributions discussed, for example, issues relating to bribery and corruption, conflict of interest, loyalty and bias, and inaccurate claims and payment disputes. Some students even went so far as to indicate that they would choose not to work for a particular firm if their ethical standards did not match with their own.

The debate shows an awareness of the development of ethical principles, from early childhood, through to professional experience. There is also a clear consensus that ethics are subjective and vary over space and time, making consistency of outcome uncertain.

It was also recognised that in order to deal appropriately with ethical dilemmas, it is necessary to both discuss with and learn from professional colleagues. This underlines the absolute necessity to achieve the highest possible standards within the workplace because of the way that new recruits learn by following existing practices. If new members of the profession observe unethical conduct as part of their day-to-day activities, they are likely to replicate it as being part of the professional norm, which both reinforces and perpetuates unethical practices.

Students recognised the importance of ethics in the workplace. It has a commercial and an individual value but there is a perception that standards vary across firms (large and small, public and private) and specialisms (for example, agency and construction).



Consequently, many felt that stronger regulation and policing of ethical standards is needed, and that RICS and also governments have a key role to play. It was argued that together these organisations, in collaboration with individual firms, should lead by example in order to maintain and enhance the integrity of the profession. The students were of the opinion that some professional disciplines, for example agency and construction, are in need of stronger regulation than others.

There was a general consensus, however, that ethics cannot be taught; instead, there was recognition that it was the outcome of a range of influences which affect individuals throughout their lives. Thus, ethics are an inherent part of our behaviour (as one student said: '*... ethics are a gut feeling*') and, as a group, the ethics of surveyors should reflect the norms of our profession. In addition, there was a suggestion that no amount of regulation and policing would ever prevent some individuals acting in an unethical manner.

It was also argued that firms should adopt a common ethical standard wherever they operate in the world. It was suggested that to do otherwise would risk the firm's integrity and public confidence in their home market. This is particularly interesting given the high percentage of UK-based respondents because it implies that UK-based ethical standards and practices should be employed internationally.

Further, an analysis of the debate indicates an increasing synergy between ethics and CSR policy, with many of the students discussing the environment, equality within the workplace and respect to fellow colleagues. This was, to a large degree, led by the tutors, although recognition of the need to protect the environment also stemmed from RICS's guidance. Significantly, issues relating to sustainability were of greater concern to those students following the real estate route than those following the construction route.



#### 4.1 Introduction

This research focuses on ethics within multi-disciplinary commercial real estate practice with a view to investigating whether and to what extent pre-qualification academic education could and should teach appropriate ethical conduct to surveying students in order to support real estate practitioners better to manage the ethical issues they face. The views of employers were explored through structured interviews with those responsible for graduate recruitment, training and/or compliance. Nine firms and 10 individuals participated in the interviews, drawn from amongst the top 25 property services firms, as ranked by *Property Week* (Anon. 2007) as listed in Table 4. Participating firms and respondents are not identified individually for reasons of confidentiality.

**Table 4 Top 25 property services firms ranked by UK turnover 2007**

Rank 2007	Company	Turnover £m	Business structure
1	Savills	335	PLC
2	CB Richard Ellis	245.4	PLC
3	Knight Frank	201	LLP
4	Jones Lang LaSalle	188	PLC
5	DTZ	173.1	PLC
6	King Sturge	161	LLP
7	GVA Grimley	129	LLP
8	Erinaceous Group	92	PLC
9	Colliers CRE	92	PLC
10	Cushman & Wakefield	90.2	P
11	Atisreal	86	PLC
12	Drivers Jonas	81.1	P
13	Strutt & Parker	81	P
14	Lambert Smith Hampton	77	LLP
15	Donaldsons	53.2	LLP
16	Cluttons	45.6	LLP
17	Allsop	39.3	LLP
18	Nelson Bakewell	39.1	LLP
19	Gerald Eve	37.8	P
20	Bidwells	33.6	P
21	Montagu Evans	31.9	LLP
22	Carter Jonas	21	LLP
23	Sanderson Weatherall	18.2	LC
24	Churston Heard	17.6	LC
25	GL Hearn	16	LLP

Source: Anon. 2007

The interviews covered the following issues:

- the firm's policy on ethical standards and governance;
- how ethical standards are managed for new entrants and existing staff;
- RICS's ethical codes;
- pressures on ethical standards and challenges to effective management;
- standards exhibited by new recruits and expectations of entry-level professional surveyors; and,
- views on whether and how professional ethics should be incorporated in surveying education.

Within surveying practices, the responsibility for compliance, graduate recruitment and training tends to be divided between different people, whereas the interviews involved one or two people in each firm from various backgrounds. Amongst the interviewees, four had responsibilities for compliance and, in that capacity, dealt with ethical issues, such as professional conduct, conflicts of interest, and the training of graduates for their APC. Four companies undertook recruitment as a centralised HR function across the firm. Five interviewees were chartered surveyors who had involvement in graduate recruitment/training. In the light of these roles, it was not always possible for all respondents to answer all questions.

#### 4.2 Ethics statement

All of the respondent firms recognised the importance of ethics, both from an individual and an organisational perspective. The concern regarding ethics in professional practice was summed up by one chartered surveyor who opined:

*'... we are only as good as our reputation and it takes years to win a reputation and you can lose it in two lousy deals, can't you? ... the reason we are worried about ethics is simply because our reputation is what keeps us at the forefront of the marketplace.'*

All of the firms had an ethics statement, either as a stand-alone document or within a staff handbook or mission statement, which was internally available (either within an office intranet or in a printed form). Two firms made the statement available on the company's public website.

The typical content of such a document included how to deal with conflicts of interest, gifts, entertaining, whistle-blowing policy and, in one case, environmental sustainability policy. In all cases, this document was reviewed regularly or as and when necessary in the light of experience.

Of particular significance, those international and multinational companies made no distinction between the codes of conduct required in their offices in different parts of the world.

There was also evidence that RICS' code of conduct had influenced many of the statements. As one chartered surveyor said: *'... the code of business conduct is a straight lift of the RICS ... it says everything you need to say to make people think, doesn't it?'*

However, there was evidence that simply having an ethical statement alone was not enough:

*'Ethics is not something you can write down very easily. I think it's embedded in the firm's culture ... it comes out through behaviour and listening to how the partners behave, how they run the business ... new staff know what's expected by watching how the owners of the business run the business ...'* (Head of risk management).

#### 4.3 Management of ethical issues on recruitment

Almost all respondents who discussed the process of recruitment said they discussed ethics with potential employees at interview stage. They also said they checked the validity of university degrees, although in some cases, only as part of the APC registration process. However, very few said they took up any previous employment references:

*'... it is very, very difficult [to check employment references] because most companies like ourselves do not give very detailed references ... very often there is a grapevine ... that's not the right way, perhaps, but ....'* (Human resources adviser).



# Ethics in commercial real estate practice

Some considered references irrelevant, with one respondent preferring to rely on a personal judgement of an applicant's character.

All respondents said they required new employees to sign up to the employer firm's code of ethics and that ethics is also covered as part of the induction process. There seems to be a perception that the interview process seeks evidence that an applicant would fit into the corporate culture of the organisation, and should therefore reflect the ethical culture of the employer organisation, rather than that the individual applicant should have absorbed the professional ethics expected of a chartered surveyor.

*'... we are very careful of what graduates we take in ... we try very much to get people that fit into the whole ethos of the company. ... it's more difficult at senior level ... where sometimes you take what you can get. ... we are not a terribly diverse company ...'* (Human resources officer).

*'We're very clear, I think, about our culture and our identity in the recruitment process ... I think we have a brand and a reputation that does stand for high professional and ethical standards so that will naturally attract candidates of the same kind of outlook'* (Compliance officer).

However, there was a recognition that for university graduates, particularly non-cognates, there is a need to deal with professional ethics at a very early stage. As one chartered surveyor said:

*'... in the old days, everyone went through RICS – took seven years to qualify and by the time you got there, you knew exactly what you were doing because you'd be trained by a fellow surveyor ... Nowadays you're getting non-cognate graduates coming in ... and they've had patchy training and we find they don't understand about conflicts of interest, ethics, personal interests and they haven't even done things like the Estate Agents Act ... because they come from the universities, they have no link with RICS. They've probably never even been inside the RICS and therefore they don't necessarily have that link into professional ethics.'*

## 4.4 Support for staff in resolving ethical issues

All but one of the respondents was able to describe the support available for staff when dealing with ethical issues. Either an individual's line manager or a designated officer within the firm is available for guidance, although one firm had a formal process for reporting *'if you think someone is misbehaving'*.

There is a reliance on corporate culture, both to educate and to support new members of staff in ethical standards. In addition, supervisors and line managers are available to help with any specific problems and concerns.

*'[New graduate entrants] ... have to rely to a certain extent on the culture that's already within the company and obviously the director ... or manager who is supervising that individual has a responsibility there as well to promote the standards and to ensure that that individual is aware of them. So there has to be an element of the culture being inbred within the firm as well ...'* (Compliance officer).

**“ The interview process seeks evidence that an applicant would fit into the corporate culture of the organisation. ”**

One firm used its intranet website to support APC training, which includes a range of questions on ethics and how to deal with them.

For the majority, however, openness within the firm and reliance on individuals disclosing issues of concern were the main ways that ethical issues were raised and resolved. Thus, it was by raising awareness and by setting an example of how to deal with ethical issues that the ethical standards of the firm are communicated to new staff.

*'... it's a difficult topic to train people on, isn't it, because really it's down to people's value systems ... I think that the most important thing for people to realise is that they shouldn't be making these decisions in isolation. ... probably the best thing that people can understand is they will always have dilemmas but they can find their way through those dilemmas, even the greyest of dilemmas, through discussing with others and*

*that's probably the most important thing for people to understand. They shouldn't be taking the burden of a dilemma on their shoulders singly. They should have this instinct of wanting to discuss these issues and open up and seek out others with a view to kind of finding their way through the dilemma, because a decision made by several people is likely to be a lot more sensible than one made by an individual alone ...'* (Compliance officer).

One firm has an external hotline either for an inquiry or complaint, for confidentiality, as well as an open door policy to an ethics officer, human resource officer or line manager.



# Ethics in commercial real estate practice

What was clear from the interviews was that firms are confident that their staff can and do deal with ethical issues appropriately. As one interviewee explained, *‘... we tend to find [for] most people, it’s not an issue. They are very aware of what’s fair, what’s right ...’* (Graduate recruitment officer) and, as one chartered surveyor said: *‘It’s all about openness and discussion’*.

## 4.5 Role of RICS in setting professional ethical standards

Only one respondent (Graduate recruitment officer) was not able to discuss the role of RICS in setting professional ethical standards. Of the other respondents, all seem to agree that RICS has a very important role in setting ethical standards for the profession, *‘maintaining the brand’* and also as an external regulator within firms.

*‘I think it is key because they’ve got to put the shape on to what otherwise would be quite a woolly statement. I think “to act in an ethical manner full stop” probably doesn’t mean much to, well, it may mean different things to different people ... one man’s standard may not be another man’s standard and therefore there has to be some kind of absolute rule to it and I think that is the role of ... RICS’* (Chartered surveyor).

It was also clear that RICS is now doing more than before to develop and police ethical standards within the profession. Despite this support for the Institution, there was evidence that RICS should go further than it does at present:

*‘... if these ethical standards are really to work, then probably RICS needs to either have more teeth or use their teeth more effectively ... I think RICS should have teeth that are seen to be a proper deterrent to people breaching those ethical standards’* (Human resources officer).

One Compliance Officer thought that the role of RICS was of limited value:

*‘I think our brand is a lot more important than the RICS brand ... It’s obviously good to know that RICS is aligned but what really counts is the value of the system that we have as a firm and how that is projected outside. It’s a lot more important than what RICS may or may not do. ... I think for smaller firms, the practitioners which are the majority of RICS members, then obviously the RICS brand is important, but ... [it] really doesn’t matter to us.’*

Because the interviews were conducted after RICS had introduced its new regulatory system in June 2007, we were able to ask respondents the extent to which they had found it necessary to alter their company’s ethical statement as a result of RICS’ changes. Although three of the 10 respondents were unsure as to whether their firm’s code of ethics had been revised in the light of the introduction in 2007 of RICS’ revised code of ethics, the other six were clear that they had not needed to do so. They were satisfied that their own corporate statements reflected RICS’ standards or exceeded them. One chartered surveyor respondent said that *‘... in a sense, they were only restating what was there before, but in a different format ...’*.

## 4.6 Pressures within commercial real estate

The responses from those interviewed focused on agency (specifically residential agency) as being an area of professional practice which had particular pressures on chartered surveyors to reduce professional standards, although comments were also made on the role of clients, valuations and construction-related practices. As one chartered surveyor said: *‘Well, there’s always pressure to do well and make money, but I suppose that’s inevitably the main one ... to keep going up or to increase billing and how do you achieve that bit whilst still acting ethically?’*



### 4.6.1 Agency

Of those who gave specific examples, agency (particularly residential agency) and client pressure featured most in comments made by respondents.

*'I think estate agency doesn't have a great reputation, you know, with the wider public, and I think, in some cases, rightly so. Now obviously we are [name of firm] [and] are in a different marketplace . ... than the areas that get the most criticisms, but it doesn't do the industry good'* (Human resources officer).

There was a perception that different areas of practice attract different personal characteristics in practitioners and that this has an effect on their priorities and how they deal with issues:

*'Agency is the risk area because you tend to get people, commissioned-based people, who are out for the main chance and you get a fair amount of car salesman-types ... they will do anything to achieve a sale. Valuation people are pretty thorough, dyed in the wool, very traditional, no problems at all in valuation, although we do strictly monitor ... the quality control is much tighter in valuation'* (Chartered surveyor).

### 4.6.2 Clients

There were comments about the role of clients, which reflects some of the literature discussed earlier. Pressure from clients on valuation was recognised *'... where people think they can buy property cheaply by cosying up to the selling agent ...'* (Chartered surveyor).

*'It's choosing your client carefully; having the balls to sack a client; not having a client that is so important to the firm that you can't sack them; appropriate blend of clients and none that make up more than say 5 or 10% of your income. ... there is a risk that you will bend the rules because without that client, you haven't got a business. But how you control that, I guess, is ensuring ... that no client becomes that important'* (Head of risk management).

According to one chartered surveyor, clients are realising that they have to do things properly because *'... these things cannot just be brushed under the carpet ... because they've seen that when you brush them under the carpet, three years ago on some particular issue, it only comes back round and bites you later in a much more ferocious way. So you are better to deal with them as they come and I think as more and more they do that, then more and more it becomes the norm ...'*



# Ethics in commercial real estate practice

## 4.6.3 Valuation

Although, in general, valuation was seen to be a specialism where there is less of an ethical issue for practitioners, according to one chartered surveyor: *'I think particularly on the investment side, [as] it gets more sophisticated, you need to have more and more sophisticated and more and more ethical people ...'*

As a device to deal with potential conflicts of interest, so-called Chinese walls were seen as being an effective way to deal with some issues:

*'... we can create Chinese Walls and different partners and there are really strong rules about it. It's not just verbiage, you know. It really is separating the IT systems, people can't look in files, files are locked and all this sort of thing. So it's real, genuine Chinese walls ...'* (Chartered surveyor).

## 4.6.4 Construction-related areas

Again, reflecting the earlier literature, comments were made relating to the ethical practices undertaken within construction-related areas. One chartered surveyor pointed out that: *'Project management is a huge growth area, a lot of ethical risks there. You're dealing with a lot of contractors, kickbacks, people wanting to get on the short tender lists – they'll do anything to do that ...'*

Three respondents (one graduate recruitment officer and two compliance officers) were unable to answer this question.

## 4.7 Ethical diversity

There was some confusion in the responses to the question about their experiences of ethical diversity, with some respondents discussing discrimination issues and fair employment opportunities. There was a recognition that *'RICS has codified what I will call ... the "western ethic" approach to life, business, and therefore, I don't think it's a great surprise that it matches up [with] what individuals think is right'* (Chartered surveyor).

However, it is clear that the interviewees were very comfortable with a single set of ethical principles which apply across geographical areas and throughout a multidisciplinary workforce.

*'I don't believe in the relativity of ethical values. I think if you go round the world ... most people will converge around a core set of values and agree on those. ... being honest, essentially – honest with yourself, your suppliers, your clients' (Compliance officer).*

Regarding any potential conflict between a national or local ethical standard and an international or global standard, one compliance officer said:

*'... I think you have to be aware of your local standards in terms of firstly ... your regulator within your local area, so for in our case, it's obviously RICS in terms of the standards that they maintain, and obviously we have our own code of ethics, which is international ... it's a global policy, not just for the UK ... the code of ethics within our firm isn't meant to be a substitute for local standards. ... We have to look at what RICS is saying in relation to this and at what our code is and ensuring that we're maintaining both those standards, but I don't think there is anything that we have in our code which conflicts with what RICS is saying ...'.*

In so far as ethical standards of applicants to join employer firms, age, or rather the experience which comes with age, was considered to be significant:

*'There's quite a lot of difference, and that is not as simple as age but it's a reflection of age ... people we get coming straight from a first degree, might be twenty one ... has fewer life experiences than someone coming to us after a postgraduate masters ... [who] will have a more developed sense of ethics and morals perhaps within a business context. ... I think by nature some people are more moralistic than others. ... It's our job to make sure that, whatever their starting point, they understand that there's a ... not a basic requirement, but an absolute requirement to act ethically and honourably, in their professional lives' (Chartered surveyor).*

Similarly, there was a perception that the nature of previous employment also affects ethical standards:

*'... anybody that joins us from a small outfit won't have the same standards as us because they've had to live by their wits and they will have pushed the envelope as far as they can in a small firm to earn money ... if they come from another big firm, then we're much more relaxed because we all speak the same language. You know, property is a small profession, isn't it, really' (Chartered surveyor).*



# Ethics in commercial real estate practice

## 4.8 Ranking ethical considerations

As part of the interview, interviewees were asked to consider the statements shown in Table 5 according to what surveyors in the firm should prioritise when faced with an ethical dilemma, and rank them in order of importance on a scale of 1–5, where 1 is most important.

One interviewee asked younger surveyors in the firm to undertake this exercise, providing 38 responses. Table 5 shows the analysis of these 38 responses by mean scores and according to respondents' number of years in post. Overall, the weight of opinion amongst these respondents

favoured doing 'what is right for the surveying profession', followed by 'what they think is right' and 'what is right for their client'. However, the analysis by number of years in post suggests differences in attitude between the newest recruits that had been with the firm 1–2 years and those that had 3–6 years' experience. The younger surveyors appear to place more emphasis on observing professional standards, and were more likely to favour doing 'what is right for their firm' over the client, whereas the group with 3–6 years' experience leant towards doing 'what is right for their client' as the first priority, followed by the profession.

**Table 5 Ranking ethical considerations**

	Mean score		
	1-2 years in post (22)	3-6 years in post (16)	All respondents (38)
What is right for their client	2.91	2.25	2.63
What is right for their firm (employer)	2.73	2.94	2.82
What is the right for the firm's stakeholders	4.45	4.62	4.53
What is right for the surveying profession	2.27	2.37	2.32
What they think is right	2.64	2.56	2.61

Of the ten interviewees, all found the ranking difficult, although two (involved in recruitment and compliance) agreed that every situation would be different and that it would depend entirely on the circumstances.

*'That's a tricky one, because I think they're all very important ... it's really hard'* (Compliance officer).

*'I think it's a balancing act and I think you need to consider all of these things whenever you're making a decision, and I wouldn't think about things in terms of ranking them unless you were really torn by something. ... First and foremost I would hope that people would do what they thought was right. .... Your clients are a crucial part of the business and something you really need to focus on, but ... equally you need to look at the bigger picture, the firm and the profession'* (Graduate recruitment officer).

A compliance officer and two chartered surveyors took the view that if surveyors know the professional standards, they should know what is right for themselves and make the right decision for the client, whose interests should be placed above those of the firm and its stakeholders:

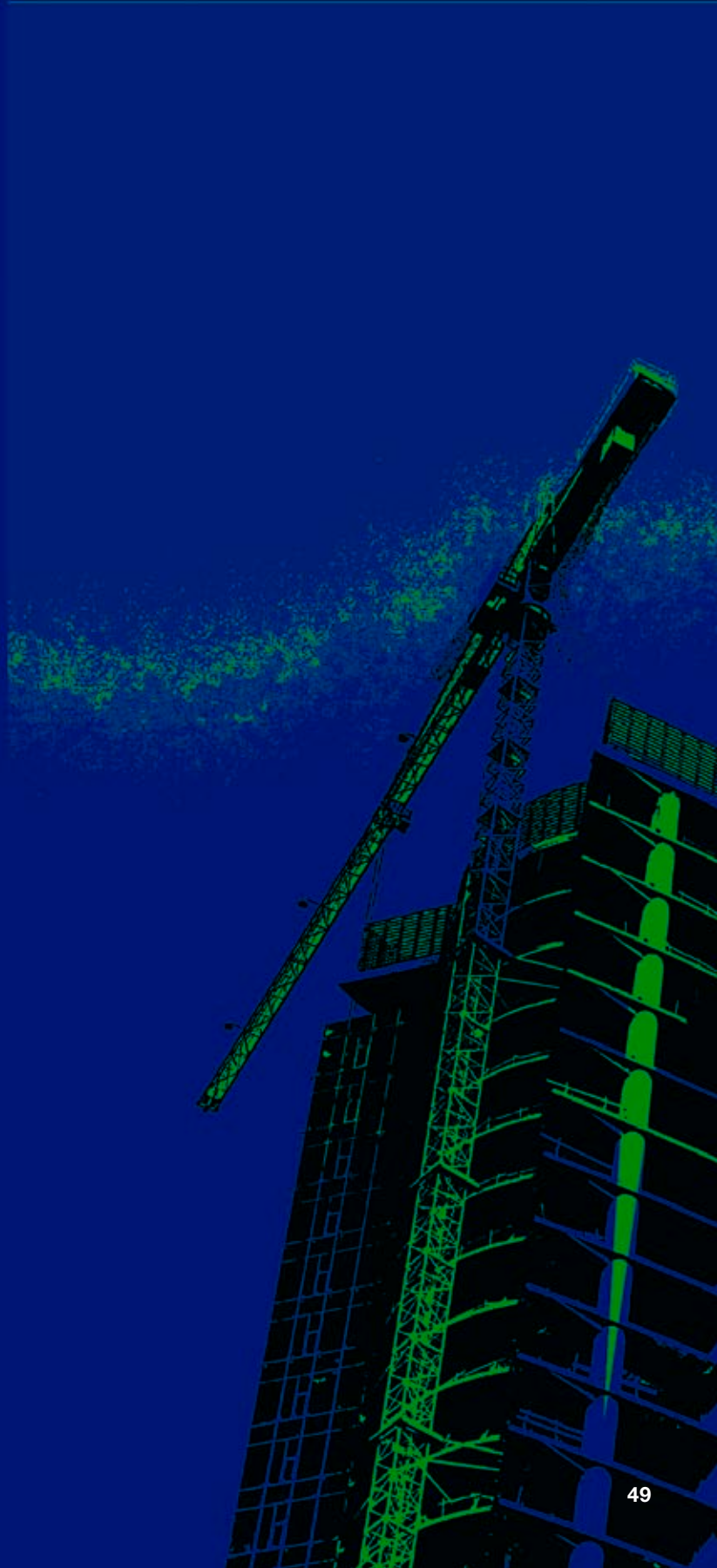
*'... I think to some extent, it is a circular thing. If you do one of these things right, the chances are that most of the others will follow ... from my personal point of view, they're pretty much the same thing. ... I think RICS has codified what I will call the 'western ethic' ... and therefore I don't think it's any great surprise that it matches up with what individuals think is right'* (Chartered surveyor).

*'... what they think is right obviously has an element of importance, because without them knowing whether it's right or wrong we don't have any ethical standards, because they are ultimately the people who are maintaining them'* (Compliance officer).

*'What they think is right ... must be pretty powerful, because your future employment relies on a clean reputation'* (Chartered surveyor).

However, dilemmas could still exist as another surveyor explained:

*'You could argue, perhaps from an agency side, what might be right for the client is to pull the deal, but that will then have an impact on the firm, their standing in terms of whether they can be trusted to do deals again ... every situation would be different'* (Chartered surveyor).



# Ethics in commercial real estate practice

## 4.9 Standards expected from surveyors

Interviewees were asked about the ethical standards they expected from experienced surveyors and those that are newly qualified.

For those who were familiar with RICS and surveying practice, it was clear that the very highest professional ethical standards were anticipated from qualified professionals:

*'I'd expect the highest professional ethics from a qualified surveyor ...'* (Human resources officer).

*'You'd expect them to be aware of what's acceptable and what's not. You'd expect them to conduct themselves professionally, ethically ...'* (Graduate recruitment officer).

Curiously, perhaps, the ethical standard expected of newly qualified surveyors was expected to be at least as good as those of more experienced joiners. *'... I damn well hope that they got it well in their minds. ... I'd be concerned at how we're doing things if they hadn't at the end of that [APC] period'* (Human resources officer).

*'It's odd in the sense that I would expect the highest level of ethics and moral standards from a newly-qualified surveyor because, you know, it's a key part of the APC'* (Chartered surveyor).

There was also a recognition that practical experience would contribute towards developing further both the ethical as well as the professional knowledge; however, in both cases, it was recognised that the basic skills and ethos must be present at the outset:

*'... I think everyone who joins the firm, whether it be at graduate level or as a senior surveyor or whatever, should have that in-built within that culture, anyway. ... I mean there is always going to be an element of "it will develop over time and through knowledge and experience" but you should always have that principle there in the background'* (Compliance officer).

Once again, the point was made that, in a professional career, having and being seen to have the highest ethical standards from the very beginning is important:





*‘... I think that’s quite important, as people build up their individual identities and brands, friends, within a firm, this year’s commission may not be as important as the kind of reputational balance sheet which they are trying to build up for themselves in the firm over ten years’* (Compliance officer).

### 4.10 Current ethical standards in surveying practices

While it was clear that the recent focus within the profession on ethics had improved standards, and although one chartered surveyor could not distinguish any difference in the ethical performance of surveyors from the different professional disciplines, there was a perception from other respondents that standards vary enormously, both between different surveying specialisms and between different firms. In part, this was put down to the culture within these firms, the skills expected of the particular professional specialisms cited and the global nature of the marketplace.

*‘... there are certain firms and organisations that we would favour recruiting from less than others ... it’s more to do*

*with the culture of those places than necessarily having an in-depth knowledge of how their training works or what have you ... again, a generalisation, but ...’* (Chartered surveyor).

*‘... as a general rule, I would normally expect professionals and consultancy types to probably pay more adherence to ethical issues than perhaps agency and brokerage people would, because they are so deal-orientated ... I think, well, reputation is all important, isn’t it? But I think your reputation on the brokerage side quite often stems from your last deal, and your reputation on professional and consultancy work takes years and years and years to build up ...’* (Chartered surveyor).

*‘I think ethics have actually improved because [of] the need for impartiality ... because you’ve got major investment companies ... you mess up with one in one country and they won’t touch you again anywhere else in the world – it’s that serious ...’* (Chartered surveyor).

# Ethics in commercial real estate practice

Despite this, there was a recognition that standards within the profession are not universally high. *'Obviously there are going to be rogue people around from time to time ...'* (chartered surveyor) and one chartered surveyor commented that in *'... America, you've got brokers and they eat what they kill and there is a different mental outlook, isn't there?'* A further comment regarding the influence of the USA on professional practice related to the incentive method of motivating staff: *'It's the American system which is economic forces is quite an effective way of controlling people'*.

Some respondents are, however, confident that external economic pressures are resisted by their workforce:

*'... our employees are focused on their reputations as individuals and on the reputation of the firm and they know that their independence is one of the most favourable commodities that they have and so they have support structures around them which allow them to resist [client] pressures. So I don't see that being a big issue for us. I can see it being an issue again in smaller firms – it's not an issue here'* (Compliance officer).



#### 4.11 Do ethical standards need changing?

Respondents were generally satisfied with the current standards of ethics within the surveying profession, opining in one case that they are no worse than in other professions.

Suggestions for changes included the need for ethics to be compulsory within continuing professional development, and a greater promotion and policing of ethical standards from RICS. This, it was suggested, would be likely to have ramifications for certain aspects of professional practice.

*'... I think if RICS does raise its profile and actually becomes more of a body for the whole industry, one of the issues with the surveying practices ... you have people who are not regulated, and so everyone gets put into the same camp and the ethical standards that unregulated businesses have may be less than RICS regulated business. ... A lot of agency ... are not RICS members and yet they are perceived to be part of the real estate profession ... I think for the property sector it is quite a big issue compared to other professions ...'*  
(Compliance officer).

There was also a perception that different firm structures have an impact on ethical behaviour and therefore on how RICS monitors and controls the ethical standards of the profession.

*'I think it's a balance being between totally prescriptive ... treating all firms in the same way, because I guess probably big firms have – well, there is a risk that one, two man bands are those who would be doing the bent valuations, which is fairly prevalent and behaving inappropriately, compared to the bigger firms where I guess there is more internal regulation. But they can't have one rule for one and one rule for the other. There's got to be a balance, but my personal view is they've gone too far the other way'*  
(Head of risk management).

#### 4.12 Should ethics be part of surveying education?

Without exception, all respondents thought that ethics should be part of surveying education, with most saying that it should continue throughout one's professional career, and with a range of views as to where within the education process it should appear.

*'I would hope that [ethics] would be covered throughout school ... because you'd expect when someone gets into the working world, that they are pretty clued up about this sort of thing'* (Graduate recruitment officer).

*'I would like to see [ethics] not only as being part of the RICS professional standard (which it is obviously) but in terms of continuing those standards once you've become a member and ongoing throughout your career, because it's important'* (Compliance officer).

Without exception, all respondents believed that providing education on ethics during a surveying degree was important. In part, its inclusion should be to encourage people to think how they would apply their professional standards in future situations, although there was a recognition that it is only once they are employed that individuals can fully appreciate professional ethics. There was, however, one caveat: *'... [Ethics] can't all be taught, can it? Some of it has to be more instinctive ...'* (Chartered surveyor).



# Ethics in commercial real estate practice

## 4.13 Summary

The interviews have revealed that all the firms chosen for interview recognised the value of high ethical standards as an essential part of the professionalism of their staff as well as a vital means of ensuring the reputation of their own individual firms and the wider surveying profession. They all have some form of ethical statement (available either internally or both internally and externally) and this is reviewed 'as necessary'. It is clear that RICS' code has been an influence on these corporate statements, and there is evidence that the corporate ethical standards are at least as high if not higher than those imposed by the Institution.

None of the firms represented at interview found it necessary to revise their ethical statements in the light of the introduction of a revised code of conduct by RICS in 2007. To what extent the firms' codes had already been amended in anticipation of the 2007 introduction or the extent to which the codes which the firms operated influenced the development of RICS' code is not clear. RICS is, after all, a members' organisation and could be expected to consult its membership in revising such an important statement. Nevertheless, it is significant that some firms saw ensuring that their codes reflected those of RICS was important.

The respondents all indicated that they have embraced both formal and informal ethical training and support for staff who are faced with ethical dilemmas. They are confident that they can support their fellow employees adequately both in preparation for the APC as well as during their period of employment, although this relies to a large extent on ensuring that those individuals who are recruited to the organisation reflect or can adapt easily to the corporate culture, of which ethics is seen to be a major part.

The evolution in RICS' recruitment education policy from articulated clerks in the early 20th century, through cognate academic degree awards and now increasingly to non-cognate degree holders has raised a need for firms to provide a different kind of support to its recruits who are new to the profession. There is a recognised need to develop the ethical aspects as well as some of the technical skills expected of a professional culture (which Trompenaars and Hampden-Turner (1999) speculated

about) within the employer organisation. At least in so far as it prepares employees for the APC, this development seems to be recognised as involving RICS, but the interviews make it clear that it is 'corporate culture', rather than 'professional culture' with which they are more concerned and which they value more highly; although it is recognised that the reputation and standing of the wider profession reflects on each individual RICS member and organisations of chartered surveyors.

Indeed, it was 'corporate culture', rather than formal systems which most of the respondent firms relied on to deal with ethical issues. Encouraging people to talk about the issues they faced, raising awareness, allowing the less experienced to see how the more experienced tackled dilemmas was considered appropriate and adequate to ensure that staff had both the confidence and the skills to deal with ethical dilemmas. There was also a perceived need for good internal systems, specific training and less of the "me" culture.

Fundamentally, though, the standards of professional ethics relies on the personal ethos of the individual, with both corporate and professional regulation reinforcing rather than creating ethical standards. Interestingly, according to one of the chartered surveyors interviewed:

*'... [some of the alleged fraudulent cases] ... nearly always involves somebody who's in a reasonably senior position, OK, who may just be instinctively corrupt but potentially a bit more training might well have ... checks and balances and things and that's down to the firms, really, isn't it.'*

The role of RICS in setting, monitoring and regulating standards was seen as important. However, there was a perception that the different professional disciplines may need different degrees of monitoring. Agency, for example, was seen to be deal-driven and therefore more at risk from inappropriate practices than valuation, as was the construction and project management areas. Another potential problem was seen to be smaller firms that could not introduce and implement rigorous internal systems to monitor and control standards and were seen to be at risk as a result.

It was recognised that RICS needs more ‘teeth’ to be able to regulate this area more effectively, although, once again, the role of the larger employer organisations was seen by respondents to be more important than RICS in maintaining their own professional standards.

Unlike the student online debate, issues of CSR did not figure much in the interviews, with only one compliance officer mentioning that *‘every office is charged with furthering each [of the seven] CSR pillars ...’*. This may be something of a reflection of the very specific questions posed to the respondents at interview, when compared with the more wide-ranging student debate reported in Section 3, although it is clear from the above quote and from other matters raised during the interviews that most respondents saw ethics as involving more than just dealing appropriately with ethical dilemmas.

There was a clear focus on the APC as being a point at which ethical training and standards should be concentrated; although as one graduate recruitment officer said, the APC presents significant challenges: *‘... it’s a huge culture change when you leave university and you’re in the working world, but also you’re balancing a lot of different things. You’ve got your day-to-day work, your APC work – it’s a lot to take on board ...’*.

Consistent with the views of the students in the online debate, the interview respondents are also of the opinion that, with global clients and a global marketplace for their services, the global profession needs and should be able to rely on a uniform global ethical culture in order to retain client and public confidence in surveying practices. Indeed, it seems that the brand of the firm, enhanced by the ethical integrity of individual members of staff, reinforces the corporate culture and these are viewed as valuable commodities. One chartered surveyor commented on the need for a consistent ethical standard wherever a particular firm operates globally *‘... because clients are global now. OK, we are a global company so we’re in that upper level of having to be whiter than white ... and it’s been quite successful’*.

There was general across the board support for the teaching of ethics at tertiary pre-qualification level, with one respondent anticipating that such learning should begin at school. While there was recognition that teaching ethics would raise awareness, it was opined that it is only

in the workplace that an in-depth appreciation of ethical issues and how to deal with them would be achieved.

If there is such a thing as the professional culture, then, alongside employers appointing individuals whom they perceive as fitting in well with the corporate culture, it can be hypothesised that there is also an element of either students choosing an academic course which leads to a profession in which they anticipate their own ethical and cultural preferences are reflected or, alternatively, withdrawing from a course/profession to which they feel their own ethical and cultural preferences will not be suited.

The concern voiced by one respondent was that ethical codes would not change the behaviour of certain individuals. *‘Whatever you are taught, if you are, by nature, someone who will break the rules, you will break them anyway. Whatever you’re taught, if you’re naughty, you’re naughty – that’s human nature – it’s being able to spot it’* (Head of risk management).

To an extent, it is also necessary that each individual recognises that, with an increase in vigilance within the surveying profession and individual practices, inappropriate behaviour will be spotted and not tolerated, which will go some way to ensure that only appropriate standards of behaviour will be the norm and those likely to uphold such standards are attracted to and recruited into the profession. Professional education, which is normally one of the first points of contact for aspiring professionals, is therefore an eminently suitable place to develop students’ appropriate ethical behaviour.

### 5.1 Introduction

The aim of this research is to investigate professional ethics within multi-disciplinary commercial real estate practices. Specifically, the research objectives are to:

1. investigate the conflicts (if any) between agency and professional practice within multi-disciplinary firms;
2. establish how large firms deal with ethical dilemmas;
3. undertake an analysis of an online student debate on ethics undertaken by non-cognate graduates studying on the CEM's GDP in 2007;
4. identify opinions of the role RICS plays and should be playing in establishing and regulating ethical conduct for its membership; and
5. investigate whether and to what extent pre-qualification academic education could and should teach appropriate ethical conduct to surveying students.

The research employed a combination of literature review, analysis of the online student debate, and the responses of 10 individuals representing nine of the top 25 commercial real estate practices. The data from the online student debate, in particular, is significant in that it reflects the views and experiences of new entrants to the profession, who have not yet been fully exposed to the cultural norms of professional activity.

### 5.2 Main conclusions

The major conclusions from the research are reported as follows:

- **Ethics are subjective:** ethical standards stem from early life, develop with age and experience and differ over time and space. They are therefore inherently personal and subjective.
- **The importance of ethical standards:** there is a widespread recognition of the importance of ethical standards for the profession, the employers and for individual surveyors. An individual's professional reputation, as well as corporate reputation, has an economic 'value' which is enhanced by high ethical standards.
- **Major ethical issues:** there are significant ethical issues within certain areas of surveying practice which are harming the reputation of the wider profession. As long

as such practices continue, they will be seen as a 'norm' by new recruits, and thereby continued and reinforced, and thus, harder to eradicate.

- **Individual, corporate and professional culture:** there is both a corporate culture and a professional culture which have important roles to play in establishing and raising the ethical standards of chartered surveyors. In this regard, RICS has a major role to play in regulating the profession.
- **The role of education:** while it may be difficult to teach ethical standards, it is appropriate that within their pre-qualificational education, students should be exposed to the professional norms and core values which can be expected within the profession. They should also be given the opportunity to discuss the ethical principles which underpin professional practice as well as to reflect on practice-based dilemmas and their solutions.

Each of these is discussed in more detail in turn below. The section concludes by itemising potential areas of further research.

### 5.3 Ethics are subjective

It is clear that ethics and the ethical interpretation of the solutions to dilemmas are highly personal and subjective. In part, this is because ethics reflect a culture which stems from early life experiences, develops with age and experience and differs over time and space. However, professional practices and ways of working are acquired from the professional environment and professional colleagues and it is very important that what is learned and therefore practiced is ethical.

### 5.4 The importance of ethical standards

It is clear that there is an increased awareness of the need for appropriate professional standards within society generally. Consequently, we cannot afford to be seen to be anything other than an entirely ethically responsible profession. Ethics are important because ethical principles have a commercial value, or more importantly, the absence of ethical values has a commercial cost – and sometimes that cost can be devastating, leading to loss of business, professional reputation and significant adverse claims. Given the intrinsic value of the assets for which surveyors are responsible, the potential cost is huge, in personal, professional, social, commercial and environmental terms.



Poor professional standards have an adverse effect on the reputation of the wider profession. Increased public awareness works in two ways, both on the reputation of the wider profession and also as a judge on how the practices and individuals perform in the home market as well as overseas. Regardless of the nature of a global code of ethics, it seems, the perception of home market is important. The responses of interviewees and the online student debate implies that clients expect one standard and one method of working, but what is not clear is whether there is any general expectation of a single ethic, whether that should be a Western-style ethic or whether international clients expect a standard which reflects the culture where that client originates. If this is the case, then the one standard could vary depending on the origin of the client which could cause problems for international surveying practices.

Good governance, informed by the commercial value of CSR policy and practice, needs to encourage and be seen to encourage, a commercial ethic which supports the professional ethic. The achievement of this goal does not begin with professional academic education, but it relies heavily on it for its development.

### 5.5 Major ethical issues

While there is confidence from the employer firms regarding the existence and nature of their corporate culture, there is clear evidence from both the literature reviewed and the online debate of unethical practices. The profession cannot afford to have unethical practices perpetuated. For as long as unethical practices are tolerated, new recruits will continue to be exposed to them, learn to treat them as professional 'norms' and this will reinforce and continue their existence.

All sources of data identify three main areas of practice which are seen to cause significant ethical issues, either because standards are not seen to be high, or because of the potential for unethical behaviour. These three areas identified are:

- agency, because of the deal-driven nature of the work;
- construction-related practice<sup>4</sup>, because of the experience within the industry; and
- valuation, specifically in relation to client influence.

The issues regarding agency have been well documented in the report. These reflect a lack of external regulation, a perceived low level of professional education and training, and the deal-driven nature of the work, which is seen to attract a particular 'character'. The problems which these issues cause for the wider property profession and therefore the solutions to be applied are complicated by the fact that some chartered surveyors are also estate agents (or, perhaps conversely, not all estate agents are chartered surveyors). It would be of benefit to the entire profession, as well as to the wider society, if those agents who adhere to strict codes of conduct and who therefore undertake their activities in a professional and ethical manner could be clearly distinguished from those who do not.

The issue of client influence over valuation reflects the difficulties of over-reliance on one big client. However, it seems that there is little an individual can do in the face of a major client who may hold or withhold relevant valuation information, in the absence of legislation to force accurate disclosure. Increased awareness of the value of ethical behaviour within the balance sheet should be encouraging clients to act appropriately, but it seems that, as Small (1999) states, pressures of the market may mean that clients are more inclined to sacrifice ethical considerations for a financial gain. The role of property professionals is clearly difficult here, and, while the 'wrong' response is professional suicide, the 'right' response could well be commercial failure, neither of which are attractive outcomes for the practitioner, the profession or, in the long term, for clients and society at large.

Clearly, one solution is to ensure that no one client is so large or important to the commercial survival of a firm that it is able to exert pressure on professionals. This research investigated large commercial real estate organisations which were not in such a position, but they were very aware that it is potentially an issue for smaller practices. Some mechanism is necessary to prevent this outcome and an obvious starting point is in education and awareness at the earliest possible point so that potentially disastrous professional situations are identified early and avoided.

<sup>4</sup>Because this research has not focused on construction-related practice, we do no more than note this conclusion.

# Conclusions

While the student debate included concerns about gifts and conflicts of interest, the interviewees were satisfied that these issues could be dealt with appropriately by their staff. This implies that procedures and processes can be devised to clarify and resolve these issues.

## 5.6 Individual, corporate and professional culture

Professional ethics reflect a combination of individual, organisational and professional culture. In so far as there is a choice about which profession to join, it can be anticipated that like-minded people seek to belong to a profession which reflects their existing and aspirational ethical standards. Thus, there should be something of a virtuous circle as each ethical standard reinforces the others. Professional ethics must thus be viewed in three ways:

- first and foremost from the point of view of the individual professional, who is required to make ethical decisions, and whose professionalism and ethical stance forms the backbone of both the corporate and professional cultures;
- next from the perspective of the employer organisation which, with its own corporate culture, both influences and is influenced by the ethical principles of its professional employees; and
- finally from the perspective of the professional association (RICS), which, as a members' organisation, can expect to benefit from and influence both the individual and corporate ethic.

To this end, the culture which is experienced and anticipated within professional practice reflects the individual, the employer, and the professional body and there is a potential for them either to reinforce each other or to be in conflict.

There is strong evidence from the interview results of the importance of the employers' culture both as a unifying device to ensure corporate identity, as a source of market advantage, and also as a means of ensuring appropriate professional ethical standards. Their hands-on experiential approach to dealing with ethical dilemmas, by way of example and encouraging open discussion, is recognised

as a very powerful tool. It thus seems that open discussion and the sharing of the problem is an appropriate way both to explore our common ethical values and to find an acceptable solution to a dilemma.

Further, large firms' expectations of recruiting employees who 'fit in' to their corporate culture is important in maintaining and reinforcing their ethical standards. Certainly, there was evidence that large firms prefer to recruit from another big firm than from smaller ones which, they perceive, do not have the same approach to ethical standards and processes given their relative size and structure.

Whilst the interview respondents drew attention to a divergence in ethical standards between large and small firms, the student debate also presented evidence that ethical standards and processes differ between public and private employers. This is partly, it seems, because the public sector is more regulated and lacks a profit motive.

It is hypothesised that the corporate ethical culture reflects and reinforces RICS' codes and vice versa. However, there is a perception that ethical standards set by large corporate firms are at least as high if not higher than those imposed by RICS. Certainly, whilst RICS' code of conduct had been an influence on the firms' corporate statements, none had found it necessary to revise their ethical statements in light of RICS' revised code of conduct of 2007.

RICS is a members' organisation and can expect to benefit from the positive ethical culture of all its members. It is hypothesised that the ethics of individual professionals is fundamental to the ethics and culture of both the employers and the professional associations with which the individual is associated. Without the 'norms' and 'core values' of individuals, the ethical values and policies of employers and professional associations could not exist and standards certainly could not be enforced. As Trompenaars and Hampden-Turner (1999: 7) said: 'people within certain functions will tend to share certain professional and ethical orientations'. Thus, it can be assumed that the ethical norms of the profession are shared by the majority of its members.

RICS has developed a code of conduct that is aspirational in its aims and applied globally to all its membership. Regional boards are being established to monitor and regulate its use, which will allow for a degree of subjectivity in its application. The role of RICS is important for a number of outcomes, including public confidence, distinguishing its membership from the rest and for consistency of standards and application across the world.

**“The role of RICS is important for a number of outcomes, including public confidence, distinguishing its membership from the rest and for consistency of standards and application across the world.”**



# Conclusions

The matter of a common ethical standard applying globally to a professional membership with a range of national cultures affecting their professional culture is raised by the students, although the opinion of a number of the interview respondents was that they did not believe in ethical relativism. Nevertheless, the limited (geographical) data here may be influencing this opinion.

Of more interest is the question whether RICS has the 'right' culture, even for the UK. The perception that *'... the profession is middle class, white, male, conservative (big and small 'c') and the code of conduct of RICS reflects this'* is hardly appropriate for a multi-ethnic society in the 21st century, let alone a global profession. The *'Raising the Ratio'* campaign to achieve an increase in female membership supports to some extent this description, with the 2006 membership comprising only 15% females (RICS 2006), and it does nothing to refute the other criticisms aimed at the organisation.

Both students and employers recognised the importance of the role of RICS, but opine that it needs more *'teeth'*, so that both practitioners and the wider public are aware that only high ethical standards are tolerated. There is a perception from the student debate that RICS' regulation is not working and that the penalties are not severe enough. Without strong regulation to support appropriate ethical standards and behaviour, there is a danger that bad practices will be reinforced to the point when they become the norm and part of our inherent culture. This must be avoided.

Failure by RICS to deal appropriately with regulating its membership could raise the prospect of national governments intervening and imposing statutory regulations and, where these conflict, different ethical standards will be mandatory in different parts of the world. This is clearly not conducive to a global profession. Also, such regulation imposed from outside the profession will mean that surveyors lose control of their own professional standards.

However, what is of intrinsic importance, regardless of the role of the employer or RICS, is the personal commitment of the individual surveyor to appropriate ethical standards which enhance the reputations of the individual, the employing firm, RICS and the wider profession. Without this at its core, the efforts of all of the other players have little effect.

## 5.7 Ethical education and training for pre-qualified surveyors

Both students and employers were of the opinion that it is by open discussion, by seeing how more senior and experienced staff deal with ethical dilemmas, that new recruits learn. Employers relied heavily on corporate culture to enhance and underpin such a process, although for both internal and external demonstration of standards, there are available documented ethical statements and processes.

However, in order to recruit the 'right' kind of employees, there has to be the 'right' kind of ethical training and education and, while it is recognised that such education begins in early life, there also needs to be a process whereby new recruits to the profession are exposed to the ethical culture prior to qualification, if they are to be seen as the 'right' people and are to make the 'right' contribution to the common professional culture. It therefore makes sense, indeed, all interviewees agreed, that given the inherent learning environment involved, academic professional education is entirely appropriate as an environment to both raise awareness and discuss ethical dilemmas for potential recruits to the profession. Thus, we conclude that it is within academic professional education that such professional ethics should be taught and that the professional culture and the resolution of ethical dilemmas discussed and demonstrated.

Academia teaches a range of professional skills and knowledge, and should be well capable of teaching appropriate ethical principles and practices. Such exposure to appropriate professional ethics would ensure a level of conformity in terms of both the quality and range of ethical debate within an uncharged environment, allowing students to discuss resolving a dilemma, rather than defending a position. Such ethical instruction should be reflective, supportive and should allow for dissention and encourage debate. Within certain limits, ethical education should not be judgemental.

Standards of professional ethics are not fixed – they evolve over time and space in relation to professional practices and to the demands and expectations of society. Joining the surveying profession is a choice made by individuals which relies in part on the individual's ability to master the necessary skills but also on the individual feeling 'comfortable' within the working environment and with professional colleagues. Ethics and professional standards are a vital part of that working environment package and the exposure of individuals to such standards early on in the acquisition of professional skills should allow students to make an informed choice about the appropriateness (or otherwise) of the career for them. Thus, it relies on both academic institutions and professional firms which undertake pre-qualification education and training explicitly to teach and train individuals in appropriate ethical principles and practice. Indeed, it is hard to see where else such awareness can be acquired.

Education is ideally placed to structure and manage the ethical debate and it could and should seek to develop a consensus for the profession. However, it should do more than that, allowing potential new entrants to the profession to test the suitability of the profession for their personal ethics and aspirations. Education can pose questions and, by developing scenarios, allow future practitioners to look at issues from different points of view, to speculate how they would behave if faced with such situations and thereby arrive at a core consensus and the limits of acceptable divergent opinion. It should help future practitioners both identify the 'right' action and also to follow such action through and deal with the outcomes.

### 5.8 Further research

Based on the data gathered, the following are identified as potential areas of further work:

- Private versus public sector practice: investigating how differences in culture influence ethical standards, processes and methods of communication and regulation.
- Small versus large firms: focusing on methods of communicating and enforcing ethical standards, resolving dilemmas, the relative importance of RICS' codes in establishing standards and the effect of different organisational structures.
- UK versus other national cultures: a cross border study examining the relationship of RICS' standards, based on the professional culture compared to other business cultures, and client influence on local and international practices.
- UK versus other national cultures; focusing on ethical relativism, the importance of RICS' (global vs. local) standards, the perception of RICS' standards as reflecting Western culture, and the application of RICS' standards globally.
- International clients: focusing on the importance of ethical standards to international clients, the effect of standards on their choice of consultant, and how client expectations influence the ethical standards that are applied by practitioners.
- Programme for ethical education: the development and testing of a programme for pre-qualification surveyors to raise awareness and discuss potential outcomes of practice-based dilemmas, and to seek to identify and explore the norms and core values of the profession.
- Agency versus. professional practice (consultancy and valuation): investigating drivers and pressures underpinning cultural differences in these professional activities that attract different personal characteristics and skills in practitioners.
- Ethical practices in different built environment disciplines: investigating ethical practices in different branches of built environment disciplines.

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