

Stemming the Rising Abuse of Ethical Standards in Practice of Estate Profession in Nigeria

Uchenna Ebi,

Ph.D., FNIVS, RSV

*Computer Science Department (Project Management Option)
Babcock University, Ilisan-Remo, Nigeria, 08033087231.*

Chudi S. Ubosi,

M.Sc., FNIVS, RSV

Ubosi, Eleh & Co.

27, Obafemi Awolowo Way, Ikeja, Lagos, Nigeria, 08023137052.

Abstract: The practice of estate management has been inundated with incursions from both quacks and allied professionals who see the estate practitioners as wealthy. These, coupled with other identified factors, bring about ethical misconducts in practice of estate profession. This research aims at stemming the rising abuse of ethical standards in practice of the profession. The problem was examined through descriptive research method whereby 84 questionnaires (out of 100 administered) were successfully completed and analysed. Data was summarised through frequency distribution and hypothesis tested through Pearson correlation coefficient. Major findings indicate that causes of misconducts include greed, non-qualification, living above means and lack of professionalism. Also among misconducts were, under-declaring of receipts, not having clients' account, using clients' money, multiple sign board, advising clients wrongly, over- (and under-) valuation, incompetence, and not disclosing surveyors' interest in the property. It was recommended that regulatory bodies should exercise their statutory authority and discipline erring surveyors and publicise their punishments. Also recommended are for surveyors to improve their conduct, morality to be added to curriculum and to publicise the profession and what they do. The study contributes to knowledge by suggesting ways of stemming the professional misconducts and abuses that seem to be on the increase.

Key words: NIESV, ESVARBON, ethical standards, estate surveyors, dishonour, moral turpitude, scope of services.

1.0 Introduction

The practice of estate management has been inundated with incursions from both quacks and allied professionals who see the estate practitioners as wealthy and as such could indulge in some aspects of it legally or illegally. In Nigeria, the practice is regulated by both the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON). In reality, NIESV through its Professional Practice Committee (a committee of the Council) enforces the discipline on erring members and tries to ensure compliance to the rules and regulations of the professional body. We do not have to look very far to see that the ethical standards in the profession may have been compromised. When falling standards are traced to quacks and those in allied professions, it may be obvious but when it is from the qualified and registered estate professionals, it becomes extremely worrisome and unacceptable. Therefore it becomes necessary that causes and remedies should be looked into and this is what this research sets out to do.

1.1 Statement of problem

We really do not have to look very far to see that ethical standards in the estate profession have been more or less thrown to the dogs. From the huge number of cases referred to the Professional Practice Committee (PPC) annually, it is clear that something more serious would have to be done to stem the tide. The problem this study sets to solve is that of the rising abuse of ethical standards in practice of estate management in Nigeria.

1.2 Aim and objectives

1.2.1 Aim

The aim of this study is to stem the rising abuse of ethical standards in practice of estate profession in Nigeria.

1.2.2 Objectives.

- (i) To find the types of ethical abuses prevalent in practice of estate profession in Nigeria.
- (ii) To find which professional departments are most liable to professional abuse.
- (iii) To find the causes of these ethical abuses.
- (iv) To identify if the regulatory bodies are using their options adequately to check abuses.
- (v) To identify if there are improvements in assessment of surveyors by the public and to identify which ways it can improve further.
- (vi) To find if in all, it is better to use estate surveyors in preference to quacks.
- (vii) To suggest what should be done to stem the abuses.

1.3 Research questions.

- (i) What are the various types of ethical abuses prevalent in the practice of estate profession in Nigeria?
- (ii) Which professional departments are most liable to professional abuse?
- (iii) What factors are responsible for these ethical abuses?
- (iv) Are the regulatory authorities using their options available to stem ethical abuses in the practice of estate management?
- (v) Are there improvements in assessment of surveyors by the public and in which ways can it be further improved?
- (vi) Is it better to use the surveyor in place of quack?

1.4 Hypothesis.

H₀ There is no significant relationship between professional misconduct and public rating of estate surveyors.

2.0 Review of literature.

2.1 Ethical standards and code of professional ethics.

Ethics, arising from the Greek word, *ethos*, interpreted as character, is defined by some authors as science of character, while professional ethics are “*the cardinal guiding principles, moral codes, rules of behaviour, character conducts, etiquettes, which are recognised as standards of work ethics expected of members of a professional trade or business.*” – Hemuka (2010).

Ethical standards should represent the limits or quality that should be observed in order to be acceptable to certain group maintained to keep them desirable. “*Code of professional ethics and practice defines the nobility of the profession and the raison d’être of Nigerian Institution of Estate Surveyors and Valuers (NIESV)*” – Nigerian Institution of Estate Surveyors and Valuers, Code of Professional Ethics and Practice. Code of ethics is a sort of guideline on what to do and what not to do in a trade or profession. It guides members practising the profession and clearly states penalty for erring members. The aim of instituting code of ethics may not necessarily for penalty but to persuade members to serve their clients and the public creditably and honestly and to uphold the nobility of the profession.

2.2 Attempts made by NIESV and ESVARBON to maintain standard.

While NIESV has through its disciplinary committee of the Council, Professional Practice Committee, laid out rules and regulations to be observed by members, ESVARBON has done same through its Professional Practice Committee.

Taking Professional Practice Committee of NIESV, for example, the underlisted were the cases received by it:

TABLE 1.0: NUMBER OF CASES REPORTED BY NIESV PROFESSIONAL PRACTICE COMMITTEE

YEAR	NUMBER OF CASES REPORTED
2008	18 cases
2009	21 cases
2010	11 cases
2011	17 cases
2012	10 cases
2013	8 cases

Source: Ubosi (2014)

Among the many general duties of ESVARBON is “*regulating and controlling the practice of estate surveying and valuation in all its aspects and ramifications*” – ESVARBON: Scale of Professional Charges (2014).

It may seem as the Professional Practice Committee of NIESV and ESVARBON are duplicating duties, the important thing is that practitioners found guilty by NIESV and who are eventually dismissed are reported to ESVARBON and vice versa.

2.3 Scope of professional services and scale of abuse on some of them.

While ESVARBON listed nine professional services rendered by an estate surveyor and valuer, NIESV listed 14, when valuation is taken as one whole. Listed by ESVARBON are as follows: Valuation (11 various types), Property and facilities management, Estate agency, Property development/project management, Arbitration, conciliation and expert witnessing, Land information system and land administration, Environmental consultancy, and Rural practice. Though each aspect may be amenable to abuse of ethical standards, our study will focus on Valuations, Estate agency, and Property and facilities management, which are the major areas of practice for most estate surveyors and valuers.

While agency has been described as a form of contract by Babatunde, (2012), Akomolade, (2006), writes that, “*it would thus appear that an agreement between a client and an estate agent is not a contract per se, but a mere promise of a reward in return for some specified acts, in this case to sell/let a property or find a property for a buyer/tenant*”. However, these researchers agree that estate agency is a form of contract between two major parties which invariably and most times involves a third party. ESVARBON (2014), sees estate agency as “*acting as agents, brokers or auctioneers in a purchase, sale or lease of all residential, commercial, industrial, recreational and agricultural properties on the behalf of the clients*”. It goes further to identify the duties of an agent as locating and negotiating the purchase of a property, its financing and marketing, advising on best for property of sale and on the legal implications of any transaction remittance of proceeds of sale, letting or leasing as quickly as practicable and observing confidentiality about the transaction.

Valuation has been defined variously. The American Institute of Real Estate Appraisers (AIREA), sees appraisal (valuation as is used in UK and Nigeria), as an estimate and an opinion of value of property. Millington (2009), defines valuation as an art of expressing opinions in a mathematical form in order to arrive at the value of a particular interest in a particular piece of property at a given moment or time. He opines that valuation is not simply a mathematical process but much more than that and that probably the larger part of the valuation process depend on the valuer forming opinion. Kalu (2011), discerns that what is estimated is the bundle of interests subsisting in the property in monetary term.

These researchers agree with the above because no matter how much is spent building on land with only two years unexpired lease term, the work is only worth future streams of income accruable to two years and not the total amount spent on construction work.

Property and facilities management has also been defined by ESVARBON (2014) as, “*safeguarding property owners’ interests at all times through close financial controls and a careful programme of maintenance*”. Like estate agency listed above, duties include selection of profitable tenants, rent collection and remittance, documentation and preparation of tenancy schedule, tenant welfare and administration, service charge administration, repairs and improvement, rent reviews and lawful ejection of non-cooperating tenants, among other duties.

2.4 Challenges to ethical standards.

It is important that once a professional accepts a brief, either valuation, estate agency or management, he should exercise utmost adherence to terms and conditions of the contract, observe professional ethics and best known practice. However, there seem to be various challenges to adherence to ethical standards, some of which are enumerated in Ubosi, C. (2015), below:

- (i) lack of knowledge of ethical standards;
- (ii) cut throat competition;
- (iii) inadequate number of briefs;
- (iv) poor knowledge and perception of the role of estate surveyors and valuers;
- (v) corruption within the larger society;
- (vi) living beyond one’s means; and
- (vii) proliferation of mushroom practices.

Challenges in valuation assignments only, include the following:

- (i) Use of wrong valuation method. Isaac (1998), quoting other researchers, stated that the reasons for divergence in values on the same property are lack of data and the methods of valuation used.

- (ii) Valuation error. Wide valuation error may be seen as negligence or incompetence. Continuing, Watkins, J, (1997) said, “*there is as I have said, a permissible margin of error, the ‘bracket’ as I have called it. What can properly be expected from competent valuer using reasonable skill and care is that his valuation falls within the bracket*”.
- (iii) Basis of valuation. Closely related to valuation error is basis of valuation. Using of wrong basis of valuation almost always leads to use of wrong valuation method and inappropriate figure is consequently obtained.
- (iv) Others are valuation accuracy and variation, lack of proper understanding of instructions, valuation smoothing, faulty weighting of variables, and obvious fraud.

2.5 General malpractices easily observed in practice of estate profession in Nigeria.

2.5.1 Code of Professional Ethics and Practice of NIESV lists, among many others, the following:

- (i) A member forcing purchasers or lessee to retain him while offering property for sale or lease.
- (ii) Using a board not compatible to the Institution’s standard name board.
- (iii) Hanging of multiple boards by members.
- (iv) Installing joint letting or sale board or executing a joint letting or sale instruction with a non estate surveyor and valuer except where the other party is his ‘client’.
- (v) Failing to make full and immediate disclosure of a member’s interest to his client on the property he is being briefed to sell or lease.
- (vi) Collecting fee from more than one party on the same transaction without the parties’ knowledge.
- (vii) Member use wrong status and description when referring to himself or his practice in Nigeria.
- (viii) Competing knowingly, on basis of professional charges with another member for instructions from a client.
- (ix) Accepting instructions for work currently in the hands of another estate surveyor and valuer, without the previous instructions terminated.
- (x) Disclosing his client’s personal information without the client’s consent, except as may be required by law.
- (xi) Forcing partnership for estate surveying and valuation practice with persons other than Fellow or Associate of the Institution.
- (xii) Committing any act of dishonour or moral turpitude, whether persecuted, convicted or not, or doing anything likely to bring the Institution into disrepute.

2.5.2 Of great interest is 2.5.1 (xii) above. Keywords are dishonour, moral turpitude and disrepute. Writing false valuation report, whereby bare site is described as completed building, overvaluing (or undervaluing) a property, failing to remit client’s money on due date, selling or letting a client’s property and declaring a lower sum and some other forms of fraud and sometimes criminal case bring the Institution to dishonour, moral turpitude and disrepute. These come under professional malpractice.

Some actions of colleagues could be due to carelessness, omission or negligence but bring huge loss and embarrassment to clients. Examples are where a surveyor visits a wrong property or overestimates (or underestimates) values due to wrong information received from residents. The above come under professional negligence.

A third professional lapse comes under the name, professional misconduct and may include misrepresentation (or deceit) and fraud.

Some of the lapses arise due to dealings with quacks, especially the uneducated ones who combine their ‘practice’ with greed.

The Constitution further emphasised acts that amount to disciplinary offences as embezzlement, larceny, fraud, murder or other criminal offence, bankruptcy, in addition to some of the offences already detailed in the Code of Professional Ethics and Practice.

2.6 The issue of effective disciplinary action cannot be over emphasised. It is obvious that Professional Practice Committee of the Institution and the Board review cases of malpractices and complaints against erring surveyors and valuers. Can it be said that the Professional Practice Committees have become a lame dog whose bark is worse than its bite? This shall be known after our analysis.

3.0 Methodology

Being a descriptive research method, relevant data was collected through administration of questionnaire. The population was primarily estate surveyors, clients, agents and property managers. One hundred questionnaires were administered by 84 responded and returned theirs successfully.

3.1 Data analysis techniques.

Frequency distribution and percentages were used for organising and presenting data from respondents. Research question which called for testing of null hypothesis saw the employment of Pearson-product moment correlation coefficient as seen in Table 10.

4.0 Data analysis and findings.

48 (57.1%) male and 36 (42.9%) female respondents successfully completed and returned our questionnaires. Also, 36 (42.9%) Associate members, 24 (28.6%) Fellows among others, completed and returned our questionnaires.

The following data analyses are presented:

TABLE 2: IDENTIFIED PROFESSIONAL MISCONDUCTS.

Misconducts	Frequency	Percentage (%)
Under-declaring receipts to clients	0	0
Not having separate clients' account	0	0
Using clients' money	24	22.22
Multiple sign boards	12	11.11
Others	12	11.11
All of the above	60	55.55
Total	108	100

Source: Field survey, 2017.

In Table 2 above, respondents were asked to state various misconducts and were allowed to tick as many options as they agree with. 55.6% ticked all the options thus agreeing that misconducts include under-declaring receipts to clients, not having clients' separate account, using clients' money and multiple sign boards.

TABLE 3: OTHER OFFENSIVE PRACTICE ACTIVITIES SURVEYORS ALSO COMMIT.

Misconducts	Frequency	Percentage (%)
Advising clients wrongly	48	21.1
Not disclosing surveyors' interest in the property	48	21.1
Overvaluing or undervaluing of property	72	31.2
Incompetence	60	26.3
Total	108	100

Source: Field survey, 2017.

In Table 3, respondents were asked to indicate other offensive practices surveyors display in practice. 21.1% of each ticked advising clients wrongly and not disclosing surveyors' interest in the property, 31.2% and 26.3% indicated respectively, that over-valuing and under-valuing of subject property and incompetence are among other offensive practices.

TABLE 4: PROFESSIONAL DEPARTMENTS MOST LIABLE TO ABUSES.

Departments	Very High	High	Partially High	Low	Very Low
Agency	36 (42.9%)	24 (28.6%)	12 (14.3%)	12 (14.3%)	0
Valuation	12 (12.5%)	60 (62.5%)	12 (12.5%)	12 (12.5%)	0
Property management	0	48 (50%)	48 (50%)	0	0
Project management	0	24 (28.6%)	48 (57.1%)	12 (14.3%)	0
All of the above	12 (50%)	12 (50%)	0	0	0
Total	60	168	120	36	0

Source: Field survey, 2017.

Table 4 reveals the professional department most liable to professional abuses. Respondents were allowed to tick as many options as possible. Responses therefore numbered 394. From the Table 4, the

professional departments considered most liable to misconducts in order of intensity are: all of agency, valuation, property management and project management (50%) while valuation followed with (42.9%). Overall, most liable to professional misconducts in order of intensity are valuation department (62.5%), property management department (50%), agency department (42.9%) and project management department is (28.6%).

TABLE 5: FACTORS RESPONSIBLE FOR PROFESSIONAL ABUSES.

Causes of Misconduct	Frequency	Percentage (%)
Greed by offenders	36	17.6
Non-qualification of the culprit	36	17.6
Lack of professionalism	36	17.6
Living above one's means	36	17.6
All of the above	48	29.6
Total	192	100

Source: Field survey, 2017.

In Table 5 above, respondents were also allowed to tick as they desired. This gave rise to 192 responses. 17.6% each agreed that greed, lack of qualification, lack of professionalism and living above one's means (each with 17.6%) respectively, are causes of misconduct, they also agreed that all the above factors, without exception, are the causes of misconduct in estate profession.

TABLE 6: ARE REGULATORY AUTHORITIES ADEQUATELY USING AVAILABLE OPTIONS TO PUNISH ERRING SURVEYORS?

Options	Frequency	Percentage (%)
Strongly agree	12	12.5
Agree	12	12.5
Do not know	48	50
Disagree	12	12.5
Strongly disagree	12	12.5
Total	96	100

Source: Field survey, 2017.

In Table 6 above, respondents were allowed to choose more than one option and this resulted in 96 responses. The table reveals that the majority of respondents, 48 (50%) do not know whether NIESV is punishing erring surveyors adequately while 24 (25%) agree and 24 (25%) disagree. The implication here is that it is unclear whether the regulatory authorities are adequately punishing erring surveyors.

TABLE 7: IS THERE REDUCTION IN RATE OF MISCONDUCT IN RECENT TIMES?

Options	Frequency	Percentage (%)
Strongly agree	0	0
Agree	12	14.3
Do not know	36	42.9
Disagree	24	28.6
Strongly disagree	12	14.3
Total	84	100

Source: Field survey, 2017.

According to analysis from Table 7, the majority (42.9%) of respondents do not know whether or not the rate of misconduct is reducing, in recent times. 36 (42.9%) respondents variously disagree while 12 (14.3%) respondents agreed that there is reduction in rate of misconduct in recent times. The implication is that the rate of abuse is not abating.

From Table 8 (not shown for lack of space), 36 (42.9%) respondents agree that assessment of surveyors by the public has improved while 48 (57.1%) disagree. This implies that there has not been improvement in the public perception of surveyors' conduct.

TABLE 9: WAYS OF IMPROVING THE IMAGE OF SURVEYORS AND THE PERCEPTION OF THE PUBLIC.

	Frequency	Percentage (%)
By surveyors improving in their conduct	24	15.4
By public enlightenment	36	23.1
By punishing erring surveyors and publicising results	24	15.4
By adding teaching of morality in curriculum	12	7.7
All of the above	60	38.5
Total	156	100

Source: Field survey, 2017.

Table 9 shows suggestions by respondents on how to improve the image of estate surveyors in the eye of the public. In this situation, respondents were allowed to tick as many options as they desired. Therefore, there were 156 respondents. 60 (38.5%) responses indicated that surveyors should improve on their conduct, there should be public enlightenment and that erring surveyors should be punished and the outcome publicised. Also, teaching of morality should be added to the curriculum.

In Table 10, not shown due to space, 72 (85.1%) of respondents strongly agree that it is better to use qualified estate surveyors in doing profession briefs, while only 12 (14.3%) of the respondents agree. The implication of the Table 10 is that both estate surveyors, clients, agents and property managers agree that the use of qualified professionals in estate practice is preferred to use of quacks.

TABLE 11: IS THERE RELATIONSHIP BETWEEN PROFESSIONAL ABUSE AND IMPROVEMENT IN PERCEPTION OF SURVEYOR IN PUBLIC VIEW?

		Professional Misconduct	Improvement in Perception of Estate Surveyor in Public
Professional Misconduct	Pearson Correlation	12	-0.775*
	Sig. (2-tailed)	-	0.000
	N	84	84
Improvement in Perception of Estate Surveyor in Public	Pearson Correlation	-0.777*	12
	Sig. (2-tailed)	-0.000	-
	N	84	84

*Correlation is significant 0.05 level (1-tailed).

The above research question calls for testing of a null hypothesis which states that: there is no significant relationship between professional misconduct and improvement in public perception of the estate surveyors. In testing the hypothesis, the researchers employed Pearson product moment correlation coefficient as seen in Table 10 above, which indicates a negative and significant relationship between professional misconduct and improvement in public perception of estate surveyors at 0.05 level of significance. The higher the professional misconduct, the lower the perception of estate surveyors by the public.

5.0 Summary, recommendations and conclusion

5.1 Summary.

- (i) Having identified misconducts to include under-declaring receipt to clients, not having clients' account, unauthorised use of client's money, hanging of multiple boards, offering wrong advice to clients, over-valuing (and under-valuing) of property, incompetence and not disclosing the surveyor's interest in the property as the major offensive practice activities, surveyors have scaled the first step in stemming the challenge.
- (ii) Having also identified the departments where misconducts are rampant and having that the causes of misconducts are greed, lack of qualification and professionalism and living above one's means, the step two to stemming the challenge has been achieved.
- (iii) Noting that it is unclear whether or not the regulatory authorities are punishing erring surveyors adequately, the surveyors will be able to handle the challenge.

5.2 Recommendations.

- (i) Surveyors with high moral characters should be posted to those departments, like property management, agency and valuation, that are prone to ethical abuses.

- (ii) Regulatory authorities should use their statutory powers to ensure that only those trained academically and professionally are allowed to practice the estate profession.
- (iii) Erring surveyors should be adequately punished and the punishment enforced within the provisions of Code of Professional Ethics and Practice. This should be publicised through acceptable media.
- (iv) Surveyors should improve themselves both by conduct, skills update and moral will.
- (v) Activities and existence of estate surveyors and their profession should constantly be subjected to public enlightenment, detailing who they are and the services they render.
- (vi) Teaching of morality should be included in the curriculum.

5.3 Conclusion.

It can be discerned that the challenges to ethical standards in real estate transactions are numerous. There is need to put all hands on the deck to redeem the image. It is not too late to stem the downward slide. The regulatory authorities and the surveyors need to determine to do so. Once the will is visible, the work is half done.

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