

Restrategising the Real Estate Profession in Nigeria towards The Attainment of Vision 20:2020

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ABSTRACT

The challenges in Nigeria real estate sector are enormous. This study examined the Real Estate Sector and its ethical behaviours of practitioners in the industry among other issues. Analysis of results of the survey conducted on the ethical behaviour of practitioners in the industry and clients through oral interviews and administration of questionnaire shows that most cases of professional misconduct and negligence are hardly reported to the regulating agencies. Victims of cases of fraud in the industry are those people that do patronize charlatans instead of transacting business with Registered Estate Surveyors and Valuers. The real estate profession could be repositioned and the attainment of vision 20:2020 achieved when laws are duly observed, obeyed and effective roles are played by all stakeholders in the industry.

Keywords: *Real Estate, Ethical behaviour, Surveyors, Valuers, Vision 20:2020*

INTRODUCTION

Nigeria's economy has been growing at an average growth rate of 7.4%, over the last two years, owing to strong agricultural output despite the chronic infrastructure problems affecting manufacturing and other real sectors (Anyawu, 2101). Several economic reforms and strategic plans have been put in place in Nigeria to diversify the revenue sources of the economy and boost physical development towards achieving the nation's vision 20:2020 (Gambo and Ashen, 2012). Many of these reforms and plans have lasted without substantial assurance of the country's targets (Anyawu, 2010; and Ezirim, Okeke and Ebiriga, 2010). At presently, the Nigerian economy, with about \$170 billion GDP, requires a yearly growth rate of 13 percent to reach \$900 billion including the real estate sector, which is the goal of vision 20:2020. The goal of the vision is to make the Housing sector one of the top 3 contributors to the nation's economy by adding 10 million decent and affordable homes to the national housing stock by the year 2020 (Ezirim, Okeke and Ebiriga, 2010). The Real Estate Industry provides employment to a myriad of professionals such as Construction workers, insurance agents, appraisers, real estate professional organizations, landscapers, real-estate broker agents and many others. Indeed, it is an industry that contributes tremendously in the development of Nigeria through the provision of shelter and land for all developments. Today's Real Estate Profession in Nigeria suffers several challenges ranging from activities of non professionals to the unprofessional conducts of some registered

and practicing members of Nigerian Institution of Estate Surveyors and Valuers. Public interest is the main stay of the existence of any profession because of the continued recourse to and demand for such professional service(s). Construction projects have suffered underachievement in the recent past because professional misconduct has been on the increase. Professional ethics is the justification of abstract standard of behaviour against practical tasks, not necessarily limited to technologies, transactions, activities, pursuits and assessment of institutions, but it involves more of the rhapsody of practice of public expectations in the interest of responsibilities, willingness to serve public interest and compliant competencies (Fan *et al.* 2003, Carey 1968, HKEDC 1996, Chalkley 1990; Poon, 2003, 2004a and 2004b as cited in Oluwole, 2008). Interestingly, the pride of professionalism is a function of core technical skills of professionals and, not less important; the ethical consciousness of professionals (Chalkley, 1968; Olatunji *et al.*, 2006a as cited in Oluwole, 2008). The purpose of this study is to examine the activities and the ethical behaviour of practitioners in Nigeria Real Estate Industry with the aim of identifying the problems faced by such practitioners and clients, and proffer solutions that will reposition the industry towards the attainment of vision 20:2020.

METHOD

This study adopted the survey research design. The population comprises all the stakeholders in the real estate industry. This includes the clients, practitioners, government agencies and tertiary institutions in the training of real estate practitioners. Structured Questionnaire and personal interview were the instruments used for data collation. Multi-stage sampling technique was used to select the participants for the study. Twelve (12) States in Nigeria (2 States from each of the 6 geopolitical zones) having State Branches of the Nigeria Institution of Estate Surveyors and Valuers (NIESV) were selected. The questionnaire was structured to gather information relating to issues on professional negligence and misconducts as reported by members of the public or Registered Real Estate Firms within the year 2002 to 2011. One hundred copies of the questionnaire were also distributed to Estate Firms and Registered Property Agencies operating within the 12 selected States in Nigeria. The data sourced for this study were both qualitative and quantitative. The data collated were organized and presented on tables. The analysis took the form of comparison between what was obtained at the field and what an ideal situation/case is expected to be.

RESULTS AND DISCUSSION

Results from the responses received as presented on table 1 show that only 15 cases were brought to the knowledge of the State Branches of NIESV while about 52 cases were not reported within the period under review. This suggest that most cases involving contractual breach, professional misconduct and negligence between firms and clients or a firm and another firm within the same line of activities, are rarely reported to the State Branch offices for redress. Table 2 shows cases of professional negligence and misconducts between clients and Estate Firms/Agencies. Out of the 100 copies of questionnaire directed to tenants and prospective land developers, responses show that within the year 2002 to 2011, 9 cases of fraud, misconduct and professional negligence transpired between tenants/

land developers and Registered Estate Surveyors and Valuers while the transaction with charlatans (quarks) recorded 59 cases within the period under review. This suggests that most cases involving misconduct and fraud are mostly linked to unregistered Estate Agencies and activities of charlatans.

Challenges in the Real Estate Industry

Activities of Artisans and Professionals from other disciplines have given the Real Estate Professionals a bad name as they are viewed as people that are out to exploit the public through their exorbitant charges (Professional Fees). The public prefers transacting business with quarks (charlatans) at cheaper rates but such people end up in the hands of fraudsters. Some registered members of NIESV contribute to giving the once admired profession, a bad name through misconducts and professional negligence such as;

- Engagement of non professional Estate Surveyors as Partners in Real Estate Transactions.
- Under/over valuation of property, yielding to clients influence in Mortgage and other types of valuations.
- Corruption and use of client's monies for personal reasons rather than operating a separate Client Account.
- Seek unfair advantage over fellow Estate Surveyors and Valuers and disparaging the business practice of same. It is greed or sheer misfortune (Makanjuola, 2005).
- Pasting multiple signs for sale on the same property by more than one Estate Firm.
- Accepting unapproved fees/charges so as to attract clients.

Professionals are supposed to promote and protect the interests of their clients, but they sometimes exploit the public trust by taking advantage of people's fears, or their ignorance of the real estate business. A buyer or seller can be intimidated by someone who carries prepared legal forms, and who can locate, with a few keystrokes on a laptop computer, comprehensive data on listings, recent sales prices, and sources of financing. Today, most professionals do not try to exploit their advantages and the few who do can hurt anyone who comes into contact with them.

The problem is that, despite carefully crafted codes of ethics, well-designed training and continuing education programmes, and the multitude of hearings by Ethics Panels, some professionals still knowingly take advantage of the public, business partners, or even their own families, to advance their immediate financial interests. Ethical problems arise when people with professional duties do not accept the attendant responsibilities. Majority of the practitioners insinuated their perceptions that indoctrinated their behaviour. These include “eat or be eaten”, and “we resolve to eat”, “everybody does it”, “we are told, and we fear that we will not” “fit in” “if we do not follow suit”. Estate Surveyors and other professionals must be forever on their mental toes, and must show unusual character, to resist this ubiquitous social pressure. Many offenses go unreported. The public is not aware of the Estate Surveyors Code of Ethics, or of how to report violations. Even many Estate Surveyors may not know whether specific behaviour is an ethical violation, or how the reporting process works, and they may be unwilling to spend time in such unpaid activities as reporting and testifying cost a lot of money in Nigeria. Estate Surveyors sitting

on hearing panels may rationalize. The accused may be a friend, and a colleague; “why should I hurt her/him?” Or think of the other side of the coin: “he skinned me once, and now I can get even”. Penalties often are not sufficiently severe. The typical finding of guilt in an ethic hearing results in only a reprimand. Even when a financial penalty is levied by the ethics panel and affirmed by the Board's Officials, the offender typically can view it as a cost of doing business expediently. It is not unusual for the money earned through a questionable action to exceed the penalty paid. It is difficult to curtail unethical behaviour while it is profitable. These sharp practices have given the Estate Surveyor and Valuer a serious dent in the name and indeed profession in Nigeria, this in turn affects the Practice of Real Estate Profession in the country.

Repositioning the Real Estate Profession

The Real Estate Industry based on its significance in nation building can only thrive if adequate attention is given to it by the Government, Regulatory Bodies and the players in the Industry. Stakeholders in the sector must play effective roles and work hard towards restoring the image of practitioners in the Industry. The International Federation of Surveyors' definition for the "Functions of the Surveyor" (as adopted on 23rd May 2004 at the Federation's General Assembly) states that a surveyor is a professional person with the academic qualifications and technical expertise. It is no coincidence that in 1998, FIG in its Publication Number 17 “Statement of Ethical Principles and Model Code of Professional Conduct” states that a professional is distinguished by certain characteristics including: mastery of a particular intellectual skill, acquired by education and training; acceptance of duties to society in addition to duties to clients and employers, an outlook that is essentially objective, and the rendering of personal service to a high standard of conduct and performance. This fits into an age-old understanding that professionals are those who are equipped with both knowledge (qualifications) and training (expertise) thus able to discharge their professional duties, obligations and/or responsibilities competently. From time immemorial, professionals continue to be expected to assume additional responsibilities to those held by the average population and consequentially, are expected to conduct themselves appropriately. Hemuka (2002) and RICS (200b) enumerated several guides, qualifications and qualities of a competent Real Estate Professional. The Surveyor is expected to exhibit the following qualities.

Integrity: Maintain the highest standards of honesty and integrity towards those with whom they come in contact with, either directly or indirectly; and accurately and conscientiously measure, record and interpret all data and offer impartial advice based thereon.

Independence: Diligently and faithfully execute their role according to the law; and maintain their objectivity and give their clients and employers unbiased advice, without prejudice or favour either towards or against other organisations or persons.

Care and competence: Maintain their knowledge and skills, keep abreast of developments in their fields of practice and apply their expertise for the benefit of society; only take on work that they reasonably believe they will be able to carry out in a professional manner, and exercise care in the performance of their duties.

Duties: Maintain confidentiality about the affairs of their current and former clients and employers unless required by law to make disclosures, avoid conflicts of interest, take environmental concerns into account in their operations and activities; recognize the interests of the public when providing services to their clients or employers; and conduct their work to the best of their ability, giving due consideration to the rights of all parties.

Finding and Sentence: Each ethics panel's rulings should be published in its NIESV periodic newsletter. This public reprobation would serve as deterrent to unethical behaviour. However, without orientation, supported by explanations from those familiar with ethical dilemma that arises in the real estate profession, new practitioners are very susceptible to making honest mistakes. Lacking exposure to the transaction process, the new associates and probationers in the real estate profession may not yet see how a particular action or statement might violate a professional conduct. New comers to the field may not be the only ones who have to be reminded of our need to stress the ethical foundations on which the real estate business rests.

Building on Trust: Business must be built on trust. If you distrust the salesperson, you will leave the showroom. If you doubt the integrity of the product, you will not make a purchase.

Code of Ethics: Printing Code of Ethics in the newspaper, together with an explanation of the complaint process, would do more to enhance the image of Estate Surveyors as genuine professionals than could any public relations campaign at many times the cost. Code of ethics must be enforced adequately on offenders. If the code of ethics is not enforced, no one will waste time learning it, or forego profitable opportunities obeying it. Our response must be to remove the profit from the sin, making sure, in every way possible, that unethical behaviour is unprofitable behaviour.

Getting the public involved: The most important action that can be taken is to involve the public in the ethics process. Attention to ethics is not a problem only for the individual practitioner or the NIESV. Ethical problems bear most heavily on the public who suffer aggravation, lost time and money. Most people do not know how to seek redress, and a large part of the public feels that no one in the industry or the regulatory community cares.

The Role of Government

Education, especially at the university and Polytechnic levels plays an important role in achieving the needs of national development. The provision of quality education and the production of a well-balanced individual are paramount to meet the aims of education in national development. The government underscores the significance of giving the correct guidance to the youth so that they may grow into useful citizens and leaders of tomorrow.

Industrial Relations situation in Tertiary Institutions is an important issue that should not be treated with levity by the Government. There should be a Procedural Agreement as suggested by Kuye (1998). A procedural agreement is a basic constitution that sets out the scope and the limits of the relationship between an employer and the trade union. It sets out the rules of the game, the persons covered by the trade union agreement, the exception, the negotiable items, and the consultable items, the dispute and grievance procedures as

well as the role of mediators, counsellors and arbitrators in the conflict resolutions procedures. Government and Trade Unions should abide by agreements reached during negotiations. Infrastructure development and Material Resources should be made available. The government needs to be more active in the development of schools and the education system through providing Human and material resources. Universities and Polytechnics need to concentrate on infrastructure development and maintenance of existing structures. NGOs may need to play a role in the (re)construction of the education system especially in infrastructure development. There is need for government to liaise with the private sector to augment Education Loans with scholarships for university and Polytechnic students.

The Role of Tertiary Institutions

Lecturers in the field of the real estate profession should be current on prevailing issues in the real estate industry so as to be able to impart knowledge to students. Discipline in Institutions of learning is important since discipline and a disciplined way of life run through the whole career of a professional, so much that a disciplinary procedure for dealing with erring members must be well spelt out in the constitution of a professional body before members could be chartered; the issues of discipline right from training become paramount. Unless those being educated to become professionals imbibe the attribute of a disciplined mind in their formative years, it becomes difficult to expect a change later in life. Students are expected to exhibit a good moral character and seriousness in their studies while eschewing cultism and truancy in school. Attendance of professional conferences and seminars as well as conscious effort to study current journals and magazines on relevant issues is important. Adopting the right attitude to group practice in academic work is necessary. Attending State's Branch MCPDs and monthly meetings will broaden student's knowledge of the prevailing activities in the Real Estate Industry.

CONCLUSION

It is sad that many Real Estate Surveyors proclaim their “professionalism” without the least realization that they must develop the habit of placing client's interests ahead of their own before they can be professional in any meaningful sense of the word. It is advisable for the public to transact business with registered Real Estate Survey and valuation firms so as to avoid fraud and also to be able to address complaints where there are problems. When the real estate is fully repositioned, we expect to see Estate Surveyors and Valuers that will act with integrity and transparent. Those that would be accountable, act within their limitations. Be objective at all times. Always treat others with respect. Set a good standard and have the courage to make a stand. The RICS (2000a) states that "Following this set of values is one of the key features that define the professionalism of all chartered and technical surveyors. You must base all your actions and judgments on these core values: When all stake holders in the real estate industry play their roles effectively, the attainment of vision 2020 objectives will be a success.

Table 1: Trends of Cases of Fraud and Negligence Reported and those not reported on Property Transaction between Estate Firms/Agencies and Tenants/Prospective Land Developers in Nigeria

Years	Reported Cases by Aggrieved Clients State Branches of NIESV 12 Branches	Cases Not Reported - Transactions between Estate firms/Agencies and other firms/agencies 100 Respondents
2002	3	2
2003	2	6
2004	1	4
2005	1	1
2006	3	3
2007	1	5
2008	2	9
2009	0	3
2010	1	7
2011	1	12
Total	15	52

Source: Fieldwork, 2011

Table 2: Cases of Fraud, Misconduct and Negligence on Property Transactions between Estate Firms/Agencies and Tenants/Prospective Land Developers that were not Reported in Nigeria

Respondents = 100

Tenants & Prospective

Land Developers	Total	Years										Total
		Cases	2002	2003	2004	2005	2006	2007	2008	2009	2010	
NIESV Members	9	3	1	2	1	0	1	0	0	1	0	9
Charlatans	59	10	7	8	7	5	8	7	1	2	4	59
Total	68	13	8	10	8	5	9	7	1	3	4	68

Source: Fieldwork, 2011

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