The Challenge of Developing Business and Professional Values in the Real Estate Graduate: A Business School Perspective

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Introduction

• Shift in core skill requirements of real estate graduates
  – real estate services sector - globally the most significant employer of real estate graduates - has repositioned itself as a mainstream professional business service sector with a greater emphasis on business skills
  – more emphasis has been placed on the need to develop business and professional values in the contemporary real estate graduate.
Introduction

• Traditionally national professional bodies in the real estate sector have stressed the importance of developing professional values in the real estate curriculum

• But the evolution of global platforms in real estate require graduate value sets which transcend national boundaries and country specific cultural norms
Why are Business and Professional Values so important in Real Estate?

- The problem of information
  - Information costs and requirements
  - Potential for problems related to asymmetric information
  - Making choices under uncertainty (investment and development)
  - Need for consistency in decision making
- Professional Experts
  - Protect reputation (reputation as a key intangible asset)
  - Professional Bodies (reputation and consistency - ability to replicate over time - need to enforce standards of ethical behaviour)
- Real Estate as a Business – Professional Business Service
Perceptions of Real Estate and Ethics

• “You would be surprised how unethical the majority of real estate agents are. This industry is perfect for con artists and crooks. They will do and say anything to get your business. The problem is that anybody can get a real estate license as long as they pass all the required testing and background checks. All new agents should be required to attend a sales training program so they know how to handle things properly. Another problem with this industry is that you are dealing with legally binding contracts when you sign them. Sneaky agents understand what this means. They will tell you whatever they have to, to get you to sign contracts. As long as they don't put anything in writing themselves, you will never be able to prove that they lied to you, and they know it.”

• “The lack of ethics in the real estate industry is one of our greatest national scandals”
Ethics and Related Terms

- Related terms:
  - values
  - principles
  - culture
  - morality
  - corruption
  - conduct
  - knowledge
    - (inc. tech, process, expertise)
Values

• Values are “things that have an intrinsic worth in usefulness or importance to the possessor,” or “principles, standards, or qualities considered worthwhile or desirable.”

• almost all values are relative - the exception, of course, is the value of life
Morals

• Moral values are relative values that protect life and are respectful of the dual life value of self and others

• great moral values, such as truth, freedom, charity – all life protecting or enhancing
Ethics

• A person who knows the difference between right and wrong and chooses right is moral.

• A person whose morality is reflected in their willingness to do the right thing – even if it is hard or dangerous – is ethical.

• Ethics are moral values in action
Business Ethics

- **Business ethics** is a form of applied ethics or professional ethics that examines ethical principles and moral or ethical problems that arise in a business environment. It applies to all aspects of business conduct and is relevant to the conduct of individuals and entire organizations.

- **Business ethics** is the behaviour that a business adheres to in its daily dealings with the world. The ethics of a particular business can be diverse. They apply not only to how the business interacts with the world at large, but also to their one-on-one dealings with a single customer.
Business Ethics

• Know what it right or wrong in the workplace and do what's right

• Business ethics is often portrayed as a matter of resolving conflicts in which one option appears to be the clear choice. However, ethical dilemmas faced by managers are often more real-to-life and highly complex with no clear guidelines, whether in law or often in religion.
A credo that generally describes the highest values to which a company or organisation aspires to operate. It is intended to be binding on employees or members.

It contains the 'thou shalt.' A code of ethics specifies the ethical rules of operation. It's the 'thou shalt not's.'

**Common Forms of Bribery**

- Off-ssets
- Grand corruption (large bribes)
- Facilitation payments
- Gifts
- Hospitality
- Political donations
- Charitable contributions
- Agents
- In-kind help & support
- Enhanced commission
- Education & training projects
- Employing of relatives
- Benefits & perks to relatives

**How bribes are paid**
Benchmarking Ethics: Ethical Principles

- Ethical principles are universal standards of right and wrong prescribing the kind of behaviour an ethical company or person should and should not engage in. These principles provide a guide to making decisions but they also establish the criteria by which your decisions will be judged by others.
Illustration 12 Ethical Principles for Business Executives

- HONESTY
- INTEGRITY
- PROMISE-KEEPING
- LOYALTY
- FAIRNESS
- CARING

- RESPECT FOR OTHERS
- LAW ABIDING
- COMMITMENT TO EXCELLENCE
- LEADERSHIP
- REPUTATION AND MORALE
- ACCOUNTABILITY
Codes of Ethics

• **Examples of ethical values** that a code of ethics might include
  
a) **Trustworthiness**: honesty, integrity, promise-keeping, loyalty
b) **Respect**: autonomy, privacy, dignity, courtesy, tolerance, acceptance
c) **Responsibility**: accountability, pursuit of excellence
d) **Caring**: compassion, consideration, giving, sharing, kindness, loving
e) **Justice and fairness**: procedural fairness, impartiality, consistency, equity, equality, due process
f) **Civic virtue and citizenship**: law abiding, community service, protection of environment
Global Professional and Ethical Standards

The Five Ethical Standards

• Act with integrity
• Always provide a high standard of service
• Act in a way that promotes trust in the profession
• Treat others with respect
• Take responsibility
The Reading MSc Real Estate Programme – Structure

Core Term
(Common 60 Credits)

Specialised Term
( Streams + Electives 80 Credits)

Capstone Term
(Common + Specialism 40 Credits)
PROGRAMME STRUCTURE

• Autumn Term: Core Knowledge (60 Credits)
  – Induction and Foundation
  – REMFRE Real Estate Economics (20 Credits),
  – REMF42 Introduction to Real Estate Finance (10 Credits),
  – REMF45 Investment Appraisal and Valuation (20 Credits),
  – REMF47 Business and Professional Values (10 Credits)
Business and Professional Ethics Module

• Reflects conversations with our key industry stakeholders and the relevant professional bodies in the real estate sector

• Also reflects a desire to explicitly expose graduates to an awareness of relevant values which are essential for their future personal and professional development

• Making what is implicit explicit
Wider Institutional Context

• Henley Business School Programme
  Level Learning Goals
  – Academic Business Knowledge and Business Skills
  – International Perspective
  – Personnel Development
  – Awareness of Business Practice

• University of Reading Curriculum Framework Graduate Attributes

• National Teaching Excellence Framework
Module Content

• Five Themed Seminars
  – Ethics and Integrity
  – Corporate Social Responsibility
  – Diversity and Inclusion
  – Leadership
  – Sustainability
Giving Voice to Values (GVV)

• Student centred consolidating workshop on ‘Giving Voice to Values’ (GVV)

• Essential to operationalise the themed seminars.

• This workshop will allow participants to learn to recognise, clarify, speak and act on their values when conflicts arise.

• This pedagogic approach reflects current best practice in US business schools

• Extensive free curriculum resources to support this
Challenges

• Developing values in the context of a one year MSc programme.

• Engaging real estate students with this type of module

• Need to create an extensive base of online resources to support the module themes and consolidating workshop