



ASSESSMENT OF ETHICAL ISSUES IN PROPERTY MANAGEMENT PRACTICE IN ABUJA NIGERIA

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Abstract

This study assesses the ethical issues in property management practice in Abuja Nigeria. The study focused on the operations of estate surveyors and valuers with a view to identifying strengths and weaknesses of the profession, in addition to ascertaining users' satisfaction of services. The growth in the real estate industry and rising demand from subscribers have consequently given rise to a huge demand for professionalism and qualitative services from real estate practitioners. The real estate profession in Nigeria still faces challenges of unprofessionalism despite the structure put in place to check against unethical conducts bedeviling the practice. The study was conducted across seven locations in Abuja Municipal Area Council, precisely two districts in phase 3 which comprise Gwarinpa and Wuye and five districts in phase 2 which includes Gudu, Apo, Lokogoma, Durumi and Life camp, FCT Abuja. Using stratified sampling and systematic random sampling technique, one hundred and three (103) questionnaires were distributed to Estate Surveyors and Valuers and Three hundred and forty

two questionnaires were distributed to landlords and tenants. The data was analysed using descriptive statistics. Data were obtained from primary and secondary sources.

KEYWORDS:

Property
Management,
Ethics, Property
Manager, Landlords
and Tenants, Abuja.

Statistical package for social sciences (SPSS) was used to analyse the data. Weighted mean, frequencies and percentages, relative satisfactory index and mean factor analysis were employed to analyse the data. A total of 103 Estate Surveyors and Valuers and 342 tenants and landlords were sampled. The study found that the adherence to the code of ethics by property managers in Abuja is very high; the

satisfaction of users with property management services is significant; factors that can necessitate unethical behaviours among property managers are high and most practitioners in Abuja Nigeria undertake a majority of the components of property management practice. The study recommended that property managers should continue to exercise professionalism in order to maintain the image of the profession and build public confidence in the profession. A mechanism for the assessment of clients' satisfaction by the body of Nigerian Institution of Estate Surveyors and Valuers should be introduced to monitor services rendered by property managers..

Introduction

Background to the study

According to Robinson and Reed (2003), property market as a unit for decision making operates within the field of ethics and interaction of human behaviour. Professional bodies across the world are increasingly recognizing needs for principles and values in service delivery so as to enable them compete with their colleagues and competitors worldwide (Adewumi and Ogunba, 2005). Ethical issues in property management practice highlight the code of ethics and possible unethical conducts that might occur in the practice. Property management as a facet of the real estate industry is a viable and profitable sector of the Nigerian economy. The Estate Surveying and Valuation firms, by virtue of the Estate Surveyors and Valuers Act No 24 of 1975, are statutorily empowered to manage land and landed property.

The code of conduct regulating Estate Surveying and Valuation practice in Nigeria is set out in Decree 24 of 1975 code of conduct for property management profession in Nigeria. In Abuja today, dearth of strategic approach to management, nonchalance of professionals to code of ethics, and gradual shift in emphasis on quality and ethics, have eroded the significance of property management practice, thereby creating occasion for quacks (Gbadegesin and Ojo, 2011).

According to Nwachukwu (2007), the practice of property management which cuts across activities, comprising; tenant selection, rent collection, repairs and maintenance, keeping of estate records rent/lease renewal, advise on tax payment and facilities management presents unethical conducts ranging from unprofessional service delivery, accountability, conflict of interest between stakeholders, unfair practices in pricing, price discrimination, nepotism,

inadequate record keeping, substandard quality of maintenance, and running a management company without being licensed. Gambo and Ashen (2012) posits that 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.

Aim and Objectives

The aim of this study is to assess the ethical issues in property management practice, in Abuja Nigeria. The under listed objectives have been framed up to aid in achieving the set aim;

1. Examine the code of conduct for property managers and establish the extent of adherence to the code of ethics
2. Determine the level of satisfaction with the services of property managers.

Scope of the Study

This study assesses the activities of property managers with focus on Estate firms and residential properties in Abuja Municipal Area Council Phase 2 and phase 3, Federal Capital Territory, Abuja Nigeria. The study captured tenants and landlords' opinions of services offered by property managers. The study covers two bedroom properties.

Literature Review

Concept of Property Management

According to Narains (2007), property management involves a number of functions concerned with care for buildings, which include rent collections, payment of outgoings, maintenance and repair, provision of services, insurance and supervision of staff employed for services, together with negotiations with tenants or prospective tenants. Ibrahim (2014) in his work cited the definitions of property management by (Thorncroft, 1965; College of Estate Management, 1995; Macey, 1982) as the direction and supervision of an interest in landed property with the aim of securing optimum return, the application of management principles to property assets with the aim of maximizing their potentials, the application of skill in caring for properties, its surroundings, amenities, and in developing a sound relationship between landlord and tenant, tenants and themselves, in order that the estate as well as the individual houses may give the fullest value to both the landlord and the tenants.

Concept of Ethics

Ethics may be said to be principles, policies and values that serve as operational guidelines for individuals and organizations for decisions concerning what is morally “right” and/or “wrong” (Nwachukwu, 2007). According to (RICS, 2000), ethics brings about enhancement of a profession and the industry within which the professional works. This concerns a professional’s conduct and behaviour while carrying out their professional work. The perception of real property managers as unethical is rather common place all over the world with most members of the public viewing property managers as crooks.

Ethical Issues in Property Management Practice

According to Vee and Skitmore (2003), most unethical behaviour in the property management practice takes the form of unfair conduct, negligence, conflict of interest, collusive tendering, fraud and bribery. Gambo and Ashen (2012) opined that some registered members of NIESV contribute to giving the once admired profession, a bad name through misconducts and professional negligence such as:

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

Level of satisfaction with the services of property managers

Interest is now increasing towards the study of what people think of their housing environment and how it influences their daily living (Mohit Ibrahim and Rashid, 2010). Clients are nowadays aware of and concerned about the level of service they receive. The requirement for high standard of service quality in property management has grown through the years because clients have become more

demanding in an increasingly competitive business environment (Baharum et al., 2009). Thus, property managers must be able to create lasting tenant/landlord relationships, achieve the highest level of tenant satisfaction and retention, and able to combine industry knowledge with their business acumen (Baharum et al., 2009). Measurement of satisfaction has gone beyond the boundaries of general assumptions which are limited to physical and structural adequacy (Jiboye, 2009).

METHODOLOGY

Research Design

The study adopted the descriptive research design. The population for this study includes Estate Surveyors and Valuers in Abuja, landlords and tenants. Structured questionnaires were the instruments used for collection of data from respondents. The questionnaires were structured to gather questions on the extent of adherence to the code of ethics by practitioners and the level of satisfaction by users with the services of property managers. The primary data are those obtained from the questionnaires administered to stakeholders in property management, that is, the landlords, tenants and property managers. The secondary data encompasses relevant literatures from journals, books, and seminar papers as well as population data. Stratified sampling technique was used to select the participants for the study. Seven locations in Abuja were selected for the study. A total of 103 and 342 sample sizes were used as respondents for Estate Surveyors and tenants/landlords respectively. Thus one hundred and three copies of questionnaire were distributed to registered Estate Firms and three hundred and forty two copies to landlords and tenants in Abuja. Weighted mean and Relative Satisfaction Index were used in the analysis for this research. The data collated were organized and presented on tables.

Data Analysis Technique

The technique adopted for analyzing this research work are both the descriptive and inferential statistics. The statistical package for social sciences (SPSS) of Version IBM 23 was used to analyze the data obtained from the respondents. The research questions were answered using weighted mean and relative satisfaction index. The computations of weighted mean as well as a cumulative mean in each set of question answers the research questions.

Results and Discussion

The code of ethics extent of adherence to the code of ethics by property managers

The aspects of the code of ethics that defines the practice of property management were evaluated to know the level of compliance to these codes by estate surveyors and valuers. Responses to a rating scale of 1 to 5, where 1 stands for the minimum or least rating, and 5 stands for the maximum or highest rating, determined the extent of adherence to the code of conduct for property managers.

Table 1: the extent of adherence to the code of ethics by property managers

s/no	Items	Item categories					Weighted	
		VH	H	M	L	VL	Mean	Rank
1	How well do property managers comply with regular maintenance of clients' property in their portfolio?	45	100	162	24	3	3.24	4
2	Property managers in efforts to secure instructions displace other members of the profession through competition on the basis of fees and commissions?	55	36	105	80	8	2.76	6
3	Property managers engage in nonprofessional activities as bribery to get approval of their proposals?	30	44	87	54	30	2.38	10
4	Estate surveyors and valuers directly or indirectly encroach upon the professional employment of another estate surveyor and valuer	60	64	60	42	34	2.52	8

	or deal with client of another estate surveyor and valuer which he had prior notice of same professional matter without clearance from the original estate surveyuors and valuer engaged?							
5	How well do property managers comply with keeping of separate accounts for clients from their personal, firm's or company's bank account?	190	84	39	30	16	3.49	3
6	Property managers engage in unethical conducts of practicing under more than one business name?	65	12	99	38	35	2.42	9
7	Property managers charge professional fees in accordance with the current approved scale of professional charges?	125	72	93	18	20	3.18	5
8	Firms offer bribes in the form of cash gifts or favors to prospective clients or third parties to secure instructions?	80	28	96	30	33	2.59	7
9	How well are property managers accountable at due time for monies of clients held?	170	140	39	26	8	3.72	2
10	How well do property managers disclose relevant and material facts of properties to their clients	210	100	54	16	10	3.79	1

	to avoid a conflict of interest?							
	Cumulative Mean						3.01	

VL = Very Low; L = Low; M = Moderate; H = High; VH = Very High
Standard/Decision Mean = 3.00

Benchmark:

0.1 to 1.49 = Very Low

1.5 to 2.49 = Low

2.5 to 3.49 = Moderate

3.5 to 4.49 = High

4.5 to 5.00 = Very high

Table 1 above explains the extent of adherence to the code of ethics by property managers with their weighted mean.

On how well the property managers comply with regular maintenance of clients' property in their portfolio, it was moderate with a weighted mean of 3.24 which was ranked 4th. On aspects of property managers displacing other members of the profession in efforts to secure instructions, it was moderate with a weighted mean of 2.76 which was ranked 6th. On whether property managers engage in nonprofessional activities as bribery to get approval of their proposals, it was low with a weighted mean of 2.38 which was ranked 10th. On whether property managers go behind to deal with the client of another estate surveyor and valuer, it was moderate with a weighted mean of 2.52 which was ranked 8th. On how well property managers comply with keeping separate accounts for clients from their personal firm's or company's bank account, it was moderate with a weighted mean of 3.49 which was ranked 3rd. On whether property managers engage in unethical conducts of practicing under more than one business name, it was low with a weighted mean of 2.42 which was ranked 9th. On whether property managers charge professional fees in accordance with the current approved scale of professional charges, it was moderate with a weighted mean of 3.18 which was ranked 5th. On whether firms offer bribes to prospective clients or third parties to secure instructions, it was moderate with a weighted mean of 2.59 which was ranked 7th. On how well property managers account for monies of clients held, it was high with a weighted mean of 3.72 which was ranked 2nd. On how well property managers disclose relevant and material facts of properties to their

clients, it was moderate with a weighted mean of 3.79 which was ranked 1st. Therefore the extent of adherence to the code of ethics by property managers in Abuja is high because the weighted mean of 3.01 is more than the decision mean of 3.00. In summary the extent of adherence to the code of ethics by property managers is high, especially on how well they disclose relevant and material facts of properties to their clients and account at due time for monies of clients held, thus ranking 1st and 2nd respectively of their weighted mean.

Level of satisfaction of Tenants and landlords with services of Surveyors

The satisfaction of tenants and landlords with the services of property managers is expressed with a Relative Satisfaction Index to know the level of contentment tenants and landlords have in property managers.

Table 2: The Level of satisfaction of Tenants/landlords with services of Surveyors

S/No	Items	Item categories					Relative Satisfaction Index	Rank
		VS	S	U	D	VD		
1	How satisfied are you with your property manager's responsiveness to handling complaints and emergencies in your property?	410	600	6	188	14	3.56	2
2	How satisfied are you with reports on budgets and financial records from your property by your property manager?	10	212	780	28	13	3.05	7
3	How satisfied are you with the timely and effective response to issues of maintenance and repairs in your	390	352	0	178	86	2.96	9

	property by your property manager?							
4	How satisfied are you with regular update and information on your property by your property manager?	395	384	180	182	16	3.38	4
5	How satisfied are you with the quality of repairs supervised by your property manager?	195	532	9	314	10	3.10	66
6	How satisfied are you with the manner your property manager handles evictions resulting from the breach of term of lease and defaults in rent payments?	10	100	897	12	10	3.01	8
7	How satisfied are you with the way your property manager sets rents, collects rents and adjust rents in your property?	270	892	162	6	8	3.91	1
8	How satisfied are you with the manner your property manager screens tenants before admission into your property?	165	492	99	170	68	2.91	10
9	How satisfied are you with the manner your property manager handles move outs in	105	200	750	18	12	3.17	5

	terms of checking the conditions of the property?							
10	How satisfied are you with the mannerism of your property manager.	345	524	195	106	24	3.49	3
	Cumulative Mean						3.25	

VD = Very dissatisfied; D = dissatisfied; U = Undecided; S = Satisfied; VS = Very satisfied

Standard/Decision Mean = 3.00

Benchmark:

0.1 to 1.49 = Very dissatisfied

1.5 to 2.49 = dissatisfied

2.5 to 3.49 = Undecided

3.5 to 4.49 = Satisfied

4.5 to 5.00 = Very satisfied

The above table shows the relative satisfaction index of tenants and landlords with the services of Estate surveyors and valuers.

On satisfaction of tenants and landlords with the responsiveness of property managers in handling complaints and emergencies of their property, it was satisfied with a relative satisfaction index of 3.56 ranking 2nd. On the satisfaction of clients with reports on budgets and financial records from their property, it was undecided, with a relative satisfaction index of 3.05 ranking 7th. On satisfaction of clients with timely and effective response to issues of maintenance and repairs in their property, it was undecided, with a relative satisfaction index of 2.96 ranking 9th. On the satisfaction of clients with regular update and information on their property, it was satisfied with a relative satisfaction index of 3.38 which was ranked 4th. On the satisfaction of clients with the quality of repairs supervised by their property managers, it was satisfied with a relative satisfaction index of 3.10 which was ranked 6th. On the satisfaction of clients with the manner their property manager handles evictions resulting from the breach of term of lease and defaults in rent payments, it was satisfied with a relative satisfaction index of 3.01 which

was ranked 8th. On how satisfied tenants and landlords are with the way their property managers set rents, collects rents and adjusts rents in their property, it was satisfied with a relative satisfaction index of 3.91 which was ranked 1st. On the satisfaction of clients with the manner property managers screen tenants before admission into their property, it was undecided, with a relative satisfaction index of 2.91 which was ranked 10th. On the satisfaction of clients with the manner property managers handles move outs in terms of checking the conditions of the property, it was satisfied with a relative satisfaction index of 3.17 which was ranked 5th. On the satisfaction of clients with the mannerism of property managers, it was undecided, with a relative satisfaction index of 3.49 which was ranked 3rd.

Therefore the satisfaction of tenants and landlords with the services of property managers in Abuja is high because the relative satisfaction index 3.25 is more than the decision mean of 3.00. In summary the level of satisfaction of tenants and landlords with the services of estate surveyors and valuers in Abuja is generally high especially in the area of rent management and responsiveness to handling complaints and emergencies in their property, thus ranking 1st and 2nd respectively of their relative satisfaction index.

Summary of Findings

The results of findings are given as follows:

- i. The extent of adherence to the code of ethics by property managers in Abuja is significant. This implies that the level of adherence to the code of ethics by property managers is very high.
- ii. The satisfaction with the services of property managers in Abuja is significant. This implies that the level of satisfaction of the tenants and landlords with the services of estate surveyors and valuers is very high.
- iii. Property managers in Abuja undertake a majority of the component of property management practice.
- iv. The factors' necessitating unethical behaviours among property managers is significant. This implies that the factors' necessitating unethical behaviours among property managers is very high.

Conclusion

The study investigated the extent of adherence to the code of ethics by property managers and established that the compliance to code of conduct by property managers in Abuja is very high. This is demonstrated by how well property

managers disclose relevant and material facts of properties to their clients and how well property managers are accountable at due time for monies of clients held.

The study established that level of satisfaction of tenants and landlords with the services of estate surveyors and valuers is generally high most especially in the area of responsiveness to handling complaints and emergencies by property managers.

The study established that the most common aspect of property management practice undertaken by estate surveyors and valuers include property maintenance and repairs, estate Agency, collection of rents and service charges. The study also established that factors necessitating unethical behaviours among property managers are high especially in the aspect of low staff salaries and poor remuneration for estate surveyors and the need to gain competitive advantage over other firms.

Recommendations

The researcher put forward the following recommendations

1. Property managers should exercise professionalism thus abiding to the code of ethics in the profession, as this would build the confidence of property users in the services offered by property managers.
2. Staff salaries and remuneration for estate surveyors and valuers should be made a priority and improved upon.
3. The aspect of communication between property managers and their clients should be further enhanced.
4. A mechanism for the assessment of clients' satisfaction by the body of Nigerian Institution of estate surveyors and valuers should be introduced to monitor services rendered by property managers.
5. The body of Nigeria Institution of Estate Surveyors and Valuers should continue to use the mandatory continuous professional development programme to enlighten practitioners on the code of ethics and its key role to the noble profession.

Suggestions for further studies

The study titled Assessment of ethical issues in property management practice, in Abuja Nigeria can be further studied under the following headings.

1. Assessment of the effect of unethical behaviours on Estate management profession.
2. Investigating the compliance level of the property managers on the practice, in Abuja Nigeria.
3. The assessment of the ethical issues in property management practice should be replicated using more respondents and larger sample size in Abuja and Nigeria as a whole to broaden the generalization of the findings.

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