

Fair competition and fair gain

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Peter Bolton King considers the need for ethics and answers questions about the International Ethics Standards Coalition

The 2016 Rio Olympics were hosted against a backdrop of complex challenges facing Brazil that hit the headlines in the run-up to the tournament. These included corruption, political turmoil and the public health crisis arising from the Zika virus.

I have visited Brazil several times, both for RICS and as chair of the International Ethics Standards (IES) Coalition, most recently for a major conference to talk about international standards. Great interest has been shown in the coalition and how this fast-growing group of almost 100 professional bodies, associations and standards-setting organisations is working to create the first set of globally applicable ethics principles for land, real estate, construction and infrastructure, and major Brazilian organisations in our sectors have now joined us.

Why are ethics important?

To err is human. Organisations operating in hyper-competitive commercial environments are under intense pressure to make money, and there is thus a greater risk of ethical breaches. Some situations faced by built environment professionals may not always have clear responses.

This strengthens my belief that professional ethics must play a stronger role in our industry's future, with greater education and awareness across our sectors. Ethical values are important because:

- they are an anchor to appropriate behaviours;
- they ensure consistency and clarity, irrespective of changing factors such as the state of the economy or varied business practices in different marketplaces.

People tell me that continuing scandals in businesses and sport are evidence that ethical values do not work. If they did, they argue, we would not have so many corporate failures and individuals who feel they need to cheat the system.

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While I can understand this cynicism, the current context highlights the need for more education about business ethics, not less. One RICS member commented that Enron's code of ethics did not stop the huge scandal that caused its collapse: but if Enron had implemented the code properly and business ethics had played a more central role in its

corporate culture, would the organisation still be here? It certainly might have had a better chance of survival.

Education about ethics and related issues is as important as enforcement in terms of reducing the risk of poor conduct. Without it, dark corners in large and complex companies have a stronger chance of persisting.

A colleague reminded me of the similarities and differences between the nature of competition in sport and business, referring to a little-reported incident that occurred during the 2012 London games. After winning a gold medal, a swimmer confessed to breaking the rules: although he was only allowed a single dolphin kick in the breaststroke, he admitted to doing several deliberately. He justified his actions by saying the rule was poorly policed and had to be broken by any competitor who wanted to win. He was right about the first point, and arguably the second; the authorities didn't take any action against him. Having trained all his life for his moment of glory, he ultimately put personal gain first, devaluing both his status as a sportsman and the Olympic ideal of fair play.

Winning in our world

Do we promise a potential client that we will carry out work in a certain way, with the unspoken intention of cutting corners to save costs?

The justification for winning a contract in this way is that the client got what they paid for ? if unwittingly ? which was no less than a competitor would have delivered.

Depending on specific details, such behaviour could well be unethical and a breach of contract. Any surveyor acting in this way has forgotten what it means to be a professional, and devalues our profession.

Questions and answers

Who belongs to the IES Coalition and why?

Representative built environment and related professional bodies exist to guide, enhance and promote the professional, technical and ethical expertise of members.

As a founding member of the coalition, RICS believes that bringing together non-profit organisations from across the sectors creates a powerful way to undertake extensive consultation, combining ethical knowledge about the built environment and related disciplines. By harmonising many existing codes of conduct, the coalition aims to establish an overarching standard.

Do other professions have global ethics standards?

The global accountancy profession, for instance, is governed by the International Ethics Standards Board for Accountants (IESBA), which issues ethical standards for professional accountants and its member bodies. Those such as the Association of Chartered and Certified Accountants and Institute of Chartered Accountants in England and Wales are required to comply with the IESBA code of ethics.

The IES document was drafted by an independent standards-setting committee (SSC), which was appointed by the coalition. How did they decide on its scope?

This is the first global exercise of its kind for these sectors, and the IES SSC sought to align and identify universal fundamental principles as a basis on which to develop the first international ethics standards for land, real estate, construction and infrastructure. Each organisation that belongs to the coalition agreed to implement the final standard and is likely to provide advice to their members about related ethics issues.

Don't ethics codes need a central enforcement authority in order to work successfully?

Of course enforcement plays a strong role in regulation. Setting ethics standards for 2.5m accountants globally has been a crucial role performed by IESBA since it was set up in 1977. Its board provides adoption and implementation support and promotes good ethical practices globally, but does not have a direct enforcement role. All the existing IES Coalition members already have their own code or rules of ethics.

It will be up to individual organisations to ensure compliance with the ethics standard and each will have different disciplinary and enforcement mechanisms.

How can global principles be applied across complex world regions?

International standards such as those operated by the IESBA are based on principles, not rules. This makes them globally applicable: professionals have to think carefully about their specific application and must exercise sound professional judgement in deciding on the correct behaviour and action.

The IES SSC undertook a 3-month global consultation, which attracted nearly 400 formal responses from many countries. We believe this feedback and proactive consultation will help ensure the final standard can be understood by all.

Are the participating organisations expected to give up the codes of conduct that they already have in favour of the IES?

The coalition aims to introduce, at an international level, one shared set of values reflecting principles on which the entire profession can agree, and to which all existing codes of conduct will conform. They will be free to retain their own more detailed codes if they wish, on the understanding that they do not conflict with IES. Comments from coalition trustees

One UK-based IES Coalition trustee, Peter Robinson of the [Association of International Property Professionals](#), said:

'In the fast-moving and ever-changing world of international property sales, ethics are vitally important to remind the profession where the true 'North Star' of fixed standards lies.

'These should be transparent and unify trade and consumers, underwriting any sensible company.'

Trust can mean different things in different cultures, but another IES Trustee, lawyer Eric Finn from the [International Right of Way Association](#) in the USA, commented:

'Of primary interest to all real-estate professionals is to be a trusted advisor to their clients and the general public. A common grounding in ethical behaviour, at the local community level and on a global scale, is essential to establish such trust.'

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Further information

- The [International Ethics Standards](#)
- RICS has issued comprehensive [guidance](#)
- A full [toolkit](#) about RICS' existing ethics principles

- Extensive guidance on conflicts of interest is forthcoming
- Related competencies include [Conduct rules, ethics and professional practice](#)
- This feature is taken from the RICS *Building surveying journal* (November/December 2016)