



**The application of theories of professionalism in valuation  
practice in the Republic of Ireland**

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## **Declaration**

The author declares that no portion of the work referred to in this thesis has been submitted in support of an application for another degree or qualification of this or any other university or other institute of learning.

This submission is a requirement of the research degree, Master of Philosophy of the Built Environment, University of Salford. This paper is submitted to comply with the University of Salford's framework for postgraduate research. The author is a professional candidate at the School of the Built Environment at the University of Salford, a member of Royal Institution of Chartered Surveyors (RICS), a member of the Society of Chartered Surveyors of Ireland (MRICS), an RICS Registered Valuer, a Member of the Valuation Tribunal (Ireland) and a professional practitioner in the RoI.

**Annamaria Gallivan**

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## Abbreviations

Abbreviation	Meaning
APC	Assessment of Professional Competence
ASB	Accounting Standards Board
CFA	Confirmatory factor analysis
CPD	Continuing Professional Development
CV	Curriculum vitae
DIT	Dublin Institute of Technology
EC	European Directive
ECTS	European Credit Transfer and Accumulation System
EFA	Exploratory factor analysis
EPAG	The European Property Agents Group
EU	European Union
FRICS	Fellow of Royal Institution of Chartered Surveyors
FRS	International financial reporting standards
GDP	Gross domestic product
IAMI	Irish Auctioneers and Valuers Institute
IBM	International Business Machines
ICREA	The International Consortium of Real Estate Associations
IFRS	International financial reporting standards
IMF	International Monetary Fund
IPAV,	Institute of Professional Auctioneers and Valuers
IRRV	Institute of Revenue, Rating and Valuation
IVSC	The International Valuation Standards Committee
LTV	Loan to Value
MIPAV	Member of Institute of Professional Auctioneers and Valuers
MRICS	Member of Royal Institution of Chartered Surveyors
MSCSI,	Member of the Society of Chartered Surveyors of Ireland
NAMA,	National Asset Management Agency
NPSRA	National Property Services Regulatory Authority
OECD	The Organisation for Economic Co-operation and Development

PRA	Property Registration Authority
PSP	Property Services Provider
PSRA	Property Services Regulator
REV	Recognised European Valuer
RICS	Royal Institution of Chartered Surveyors
RoI	The Republic of Ireland
SCSI	Society of Chartered Surveyors of Ireland
SEM	Structural Equation Modelling
SPPS	Statistical Product and Service Solutions.
TEGOVA	The European Group of Valuers' Associations
TRV	TEGoVA Residential Valuer
TSB,	Trustee Savings Bank
UCD	University College Dublin
UK,	United Kingdom
USA	United States of America
VR	Valuer Registration

## **Abstract**

Housing is the most important class of consumption good and there is evidence of a strong link between housing and business cycles. In 2008 a global financial crisis caused partially by severe and dramatic reductions in property values, put the spotlight on the lack of guidance provided by lending institutions along with inconsistent, enthusiastic, and possibly negligent lending practices. In 2007, as an asset, housing counted for 72% of Irish wealth, therefore it is not surprising in the aftermath of the global and economic financial crisis, Ireland's economy suffered an exceptionally severe downturn. Despite the global nature of the crisis there were domestic factors in RoI, the origins of the financial crisis are well understood to be a property bubble, financed by credit. With the failure of the banking system the critical assessment of the severity and scope of the problem through relevant objective research is an appropriate response to the Irish financial crisis. As valuers are a part of the documentation required for loans, valuers were highlighted as an area of concern. Solving practice-based problems requires evidence, the concept of professionalism is important as professional services may not be standardised and can be unique to the individual. Professionalism as a latent attribute along with sound professional standards require study, definition, and measurement to minimise the impact that property professionals may have on any future economic challenges. There are social consequences of expert knowledge, professions still retain their typical institutions, although their credibility has been reduced by scandals of negligence, malpractice, or fraud that cast a general pall over professional ethics. Professionalism requires an agreed cognitive basis and attributes "an ideal to be pursued", however the valuation profession does not have a clear definition of professionalism therefore cannot measure it. In the run up to 2008 (and the financial crisis) a gap had developed between valuation professionals and society in RoI and professional ideals and knowledge will only be kept if the environment reinforces them. This research investigates the role of professionalism in the delivery of valuation services for secured lending in the Republic of Ireland (RoI) in the context of the financial crisis, 2008 - 2014.

The research relied on a quantitative research methodology and carried out a critical examination of the literature and an extensive survey using questionnaires administered online. The literature review synthesises emergent themes of professionalism, regulation, and ethics in the context of evolving professions. These themes are used to derive



indicators for professionalism as they relate to the valuation profession, which were subsequently used to examine the role of professionalism in valuation practice in RoI during the period up to the financial crash based on empirical data obtained from the online questionnaire survey. The population for the online study was all the property service providers licensed to act as such in the RoI in 2012. Valuers are as yet an unquantified subsection of the property service providers population in the RoI. In 2012, there were 4122, licensed individuals in the RoI (Property Services Regulatory Authority, 2012). The entire population for the purpose of the online survey is 4060 (excluding those who although licensed, do not practice).

The research finds that there are generally accepted tenets of professionalism and society is better protected when professionals are intentionally directed (directed professionalism) and focused on ethical interactions, accountability, reflection, transparency, and improved standards. As defining professionalism is difficult, a correlation of individual subjective views on professional behaviour produces evidence of positive and negative behaviours and the likelihood of future positive or negative behaviours. The valuation profession does not have a clear definition of professionalism or what professional behaviour consists of, therefore cannot measure it. Up to the global financial crash Ireland's valuers worked under a regulatory framework that did not encourage professionalism due to its lack of emphasis on standards. The research finds that the valuation profession in Ireland is in the process of professionalisation, following the path of other jurisdictions. However, there is a specific need to put more emphasis on valuation as a profession as to make it distinct from other property services with the need for a separate licensing class within the present system.

Key words: Republic of Ireland, 2008-2014, valuation, professionalism, financial crash.

## Chapter One: **Introduction**

### **1.1. Introduction**

A dramatic rise in the standard of living in the Republic of Ireland (RoI) during 1990's continued up to the Banking Crisis, which led to the Bank guarantee in September 2008. The partially 'homemade' 'crash' highlighted fatal flaws in the Irish property market, not all of those were in the control of the Government. A link between macroeconomy and housing markets cycles became clear in the aftermath of the global economic and financial crisis, which resulted (post the crash) in professional services receiving a considerable amount of attention. In the context that Ireland had never before suffered a property crash, with fiscal policies that added fuel to an overheated property market, the economy became vulnerable. Mortgage payments were tax deductible, there were subsidies for commercial real estate development and no property tax. The crisis was contributed to, by weak bank governance and risk management. Credit risk controls failed to prevent severe concentrations on property lending. Internal controls were overridden (Regling & Watson, 2010).

The Royal Institution of Chartered Surveyors (1994) commissioned a report on commercial property valuation, to be known as the 'Mallinson Report'. One of the report's key findings was "credibility is only achieved by valuers demonstrating that they operate within a regulated framework". The report further found, because they are acting in the public domain, valuers should be able to demonstrate an exceptionally high level of up-to-date knowledge and skills. Valuers should have the underlying knowledge and education that promote professionally responsible responses appropriate to the prevailing economic climate. Although valuers may, on average, be able to interpret information in the same way, this does not imply that all valuers will have the same view concerning a valuation (Matysiak, et al., 1998). Faced with increased uncertainty, valuers may rely on inappropriate initial values and insufficient adjustments may result in systematic errors in judgement (Diaz III & Hansz, 2010). As there was no requirement for valuers to be formally educated or to have any training or experience, many auctioneers, valuers and estate agents in RoI in the time running up to the financial crash were appointed based on proximity, price and the perception that they were valuers. This was a problem, Almond found that the interaction between supply and demand and ultimately the market

participants, determined the price of property (1999). Post the crash, in February 2014, the EU Directive 2014/17/EC, regulating residential mortgage credit agreements, included a need for ‘valuations which are professionally competent and sufficiently independent from the credit underwriting process’. The Directive, by virtue of its coming into existence in 2014, implies that it was expressly required, to recognise the independence of Valuers from Lenders, and highlights the need for professional competencies, which may not have been the case, previous to that. This research investigates the level of skill required in RoI, for valuers during the period up to the crash, to be measured against a degree of professionalism, as to be a reasonable surrogate for professional judgement.

Rising property values in Ireland, and the resultant prosperity acquired from property trading, was a strong factor influencing Irish people to invest in property. During the property boom, valuations were steadily increasing, tending to create a systematic feedback loop, where rising prices affected the psychology of the market participants, causing further increases in prices. Presently, the author is unaware of any empirical research, into how valuers’ education and professional knowledge, has contributed to the sharp increase, and then severe decrease in the value of property in the RoI. This research adds to the literature, as it points to weaknesses in the area of property valuation in the RoI, in comparison to other jurisdictions. Those who are highly qualified valuers, and also members of professional associations (guided by those regulations), had no legal or market requirement to be so. Government officials and their departments accept ‘valuation certificates’ from ‘auctioneers’ (estate agents), with neither qualifications nor professional associations (thereby effectively unregulated). Governments should lead by example and influence the tone and level of quality expected (Gilbertson & Preston, 2005). A continuing practice of lending institutions (even those who now panels), to require and accept valuation reports completed in an unprofessional manner (for example, drive-by on properties not previously visited by the valuer), as a form of ‘box ticking’, to complete the loan application, has been highlighted by the Central Bank of Ireland:

*Inappropriate use of informal valuations: During the property lending boom, there was increased reliance on informal valuations by credit institutions. These were utilised as if they were full valuations. To properly assess risk during lending reviews, full valuations are required. (Central Bank of Ireland, 2011).*

Irish valuers find themselves in an uncertain economy therefore, the identification and

analysis of professionalism using appropriate research methodology will produce relevant unique knowledge and this will be achieved by an examination of the research by a professional valuer giving a new perspective to professionalism in valuation practice. The research explores the standard of education and professional knowledge required for valuers in the RoI as it was up to 2012 and current regulations. As a critical evaluation of current research and practice, this research identifies and explores theoretical approaches, empirical research studies, practice-based studies, policy/guidance and other relevant material where available to establish that valuation standards and professionalism in the RoI are a viable area of research.

The principal aim of this research is to investigate the role of professionalism in the delivery of valuation services for secured lending in the RoI in the context of the 2008 financial crisis. The research aim is achieved through a review and synthesis of relevant literature to inform the research questions:

1. What is professionalism?
2. Is valuation a bone fide profession in the RoI?
3. Is professionalism practiced by valuers in the RoI?
4. Is there a variance between the framework under which valuers in the RoI practice and International Standards?
5. What are the indicators of professionalism for valuers in RoI?

Following on from the research questions are the research objectives:

- To investigate and identify the various theories underpinning professionalism and to establish how theories of professionalism are translated into practice.
- To establish if valuation is a profession in the RoI and to identify cultural and organisational structures that have an impact on professionalism in RoI.
- To investigate and identify the attitudes of valuers and resultant professional behaviours in relation to professionalism in the delivery of valuation services for secured lending in the context of the 2008 financial crisis.
- To develop a clear set of traits/tenets for the professionalism of valuers in the RoI, to allow the development of a future scale for measurement.

To give context to the research three dominant areas are critically reviewed: (1) the concept of professionalism in general, (2) its impact on attitudes and (3) resultant behaviours. A considerable amount of literature has been published describing the core elements of professionalism and the factors that may influence professionalism; relevant literature was critically reviewed and analysed. The literature review synthesises the main themes arising: the definition of professionalism, professional behaviour, elements of professionalism and methods for assessment of professionalism.

Research studies in the Built Environment are often criticised for their anecdotal approach when interpreting real world phenomena, therefore there is a requirement for sound empirical studies (Amaratunga, et al., 2002). This study seeks to address that gap in the knowledge, identified through the literature review (although not formerly recognised as yet), that valuation services are in a process of professionalisation in RoI and the concept of professionalism as a core value creates better outcomes for the greater good. Having identified if professionalism is a practice that is recognised and promoted the study will then seek to evaluate where professionalism fits as a moderator when valuers make professional judgements.

The purpose of this study, after a critical review of existing approaches in the literature (which is a comprehensive empirical evaluation of the knowledge surrounding the professionalism of various disciplines), is to establish if prior to the financial crash, there was a problem around professionalism in the provision of valuation services in the Republic of Ireland (RoI). Professionalism is a presumed antecedent of a range of positive outcomes such as service quality and an attitudinal socially constructed concept. Swailes (2003) believed that the role of professionalism was important, and that measurement of the concept should be further advanced, making the assumption, that the quality of delivery is linked to the professionalism of the deliverers. This research follows that logic and assumes that the quality of the valuation service is linked to the professionalism of the valuers. This chapter introduces the thesis with a consideration of the policy background (or lack of) as a framework for the research problem and identifies the motives for the selection of the research topic, which informs the research aim, objectives and approach. To ensure a full understanding of the concept of professionalism, the literature review is organised into four broad lines of enquiry (i) history of professionalism; (ii) modern

professionalism; (iii) pattern or framework; and then (iv) relating the research to professionalism in the delivery of valuation services. The chapter concludes with a synopsis of the thesis.

## **1.2. Context of Research**

Man does not have a nature, but a history (Ortega & Gasset, 1965) and a set of value systems, patterns of belief, value-orientations or ideologies that are acceptable in society (Jenks, 2005). Different cultures have strikingly diverse constructs of the self and of others, these constructs can influence, and in many cases determine, the very nature of individual experience, including cognition, emotion, and motivation (Markus & Kitayama, 1991). Implicit normative evaluations are based on how others evaluate objects and culture has an influence on this. People from different cultures are exposed to particular normative evaluations of objects or social groups. Spenser, Peach and Yoshida (2011) examined how cultures define appropriate behaviour and how these norms affect behaviour. Culture is an indicator of whether the behaviour is guided by collectivist or individualistic cultures and this will have a strong influence on internal or external ideals. Therefore, fitting into the group has a powerful influence over individual actions. Internal and external interpretations of values and beliefs include the difference between policy and actual practice and the psychological predisposition of the members of the organisation (Smith & Drudy, 2008). A large part of Ireland's history features colonisation, which included the dispossession and appropriation of economic wealth. Land ownership was the preserve of the privileged. The Land League (1879), through civil unrest (the Land War), sought reforms including the "Three Fs" – Fair rent, Fixity of tenure and Free sale. The Land League promoted the idea that political revolution (freedom) would lead to land redistribution and therefore wealth, with the result that being landowners is central to the Irish identity. The acclaimed play *The Field*, written by John B Keane (1965), embodied the idea that for all eternity, that the Irish would do anything for the ownership of land.

In 2000, a new millennium approached, bringing optimism about the future. Culture is the glue of any organisation (Smith & Drudy, 2008) and with a cultural disposition towards home ownership, Ireland and its citizens were ready, willing and able to take advantage of any economic and political circumstances that enabled investment in property. Between 2002 and 2007 the 'herd mentality' of property ownership endorsed a relaxed attitude

towards lending, the documentation required, and due diligence. It soon became apparent, however, that Ireland's economic system had certain inherent weaknesses (with ineffective protections in financial contracts, reliance on advice from unchecked or low-quality sources and unethical practices) which would be virtually certain to profoundly affect the financial future of the country for many years post the crash.

Figure 1 represents the 'boom and bust' timeline. Between 1950's and 1990's the bleak economy of Ireland was modernised. Between 1990's and 2008 the country's economy 'boomed'. Rooted in policy mistakes since 2000 Irish Banks were over exposed to the domestic property market. The fiscal policy regime in Ireland was inappropriate to the conditions of monetary union (Dellepiane Avellaneda & Hardiman, 2010).

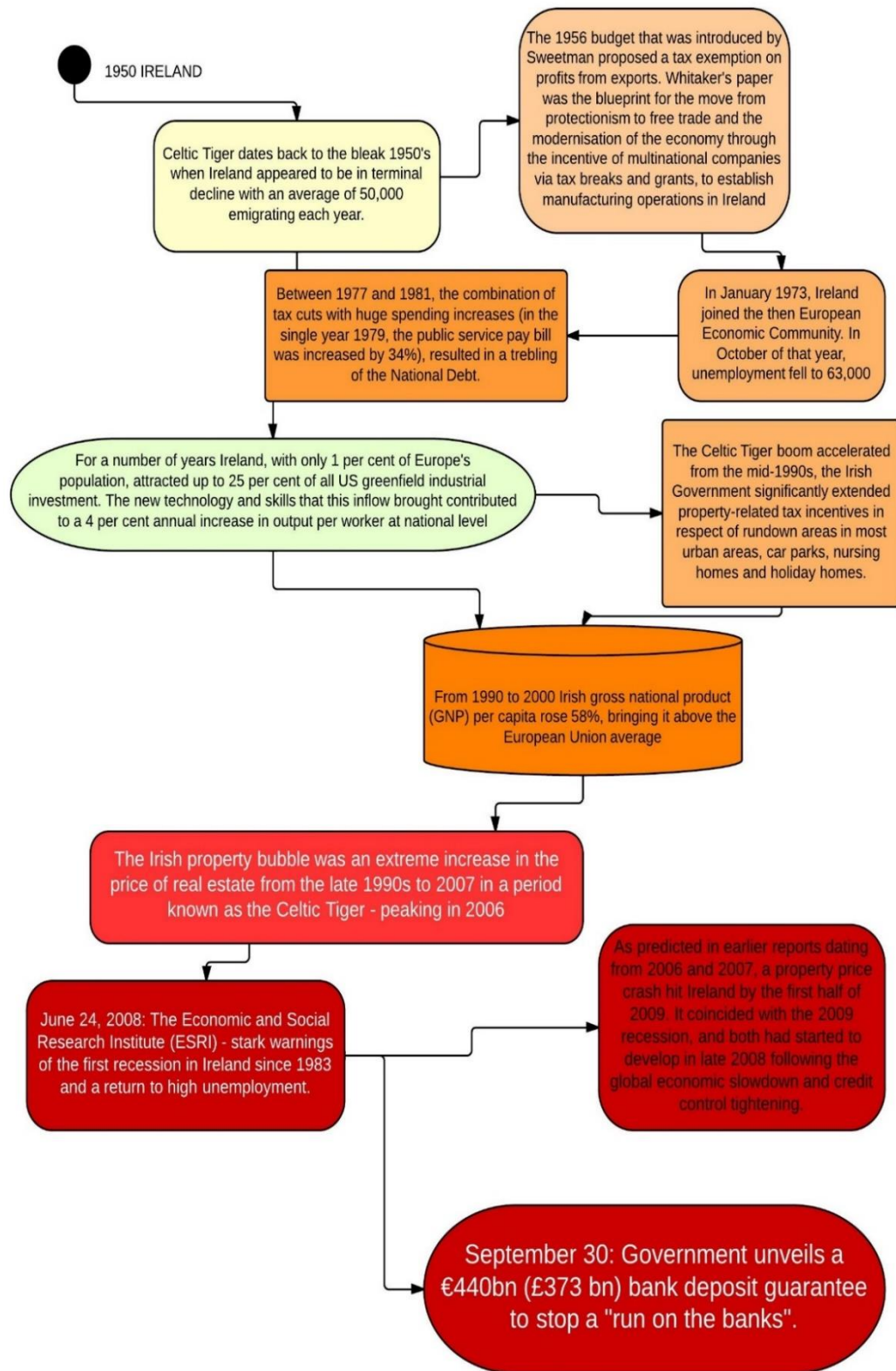


Figure 1: Timeline boom to bust, Ireland.



The 'Celtic Tiger' was short lived, after a build-up of more than 55 years. Slow to begin with (a weak economy between 1950-1980s), between 2002 and 2007, risk taking and reckless wealth management, were fuelled by the pent-up cultural desire for property ownership, (which historically, was a path or intrinsic link to wealth), this was exacerbated by limited government intervention in property investment, and the almost global relaxation of lending regulations, in favour of a 'free market'. There was little or no protection built into financial transactions, with lapses in documentation, inadequate risk management, unethical behaviour, and a lack of professionalism (O'Sullivan & Kennedy, 2010).

As a society, we face many challenges, some man made (rapid advances in technology, religious, financial, cultural, and political) and some of natural origin (weather changes, natural disasters and increases in population); to meet these tests society evolves. The most adjustable and robust survive via appropriate, and effective adaptation, which occurs through the gradual modification of existing structures (Darwin, 1859). In 2008, a global financial crisis was declared. The World Economic Outlook examined historical fiscal consolidation in 15 advanced economies between 1980 and 2009. As a percentage of GDP, Ireland's was the largest (IMF, 2010). In the context of a financial crash, and a property market downturn, consideration must be given to the valuation of property, given the role that valuations play in the lending process. All protections must be afforded to prevent a divergence of house prices from their fundamental value because of speculative expectations, described as "house price bubbles" (Brooks & Katsaris, 2005). In anticipation of rising yields, investments in the housing market increase, price is no longer affected by housing needs, but increasingly fuelled by speculation (Hagemann & Wohlmann, 2019). Busts tend to be more costly when booms are financed through credit, and leveraged institutions are involved (Crowe, et al., 2011). Benetrix and Lane (2012) argue that, in the context of an Irish propensity towards property ownership as an investment strategy and wealth accumulation, to avoid instability in the future, and the high cost of boom-bust cycles, there must be reform.

The housing market is among the most important markets in modern economies (Lyons, 2013). In the late 1980's the housing market surged in the United Kingdom (UK), especially in London. Following on from an interest rate increase, there was a significant

fall in house prices. There was an increase in litigation and a number of initiatives from the RICS. The RICS reacted to the UK Recession 1991-1992 by commissioning a report on commercial property valuations (Crosby, et al., 1998). The Mallinson Report addressed uncertainty in valuations. Clearly making a link between house prices, valuation, and professional standards. In Ireland, post the property crash (2008) the same link was made by the Central Bank of Ireland, finding the primary weaknesses included ‘inadequate valuation processes and standards’ or ‘a disregard for adherence to such processes’. One of the key findings, was the use of valuers without appropriate experience and qualifications (Central Bank Of Ireland, 2011). The Central Bank worked with the underlying assumption that in Ireland, there was a category of professionals who were valuers. It is an assertion of this research, that no such profession existed in RoI at the time. The precursor to professionalism is a profession with standards which evolves. The concept of professionalism as a substitute for ethical behaviour, becomes more important when there is significant pressure on standards, in situations when there are no prescribed methods or processes. Swailes (2003) argues that a carefully regulated profession, that is ultimately answerable to its professional body, is the basis on which, professionalism can be measured as an ideology.

Although there has been very little research into the professionalism of valuers, it has been recognised that, the educational background of the valuation profession, varies greatly throughout Europe (Adair , et al., 2005). With the rise of the modern professional, and the recognition of the professional status of valuers in RoI, there is a need for a covenant with society, to protect it from unscrupulous, unfair, or short-term practices through impartial advice. ‘There is, thus, also a professional duty to analyse and shape these market forces, through informed intellectual leadership. The latter requires value judgments, and the formulation of moral and ethical codes, on which individual valuation professionals could rely’ (Hill & Lorenz, 2011). Bordass and Leaman (2013), question if regulation alone, make markets work, or if there a role for professionals and professionalism for better outcomes.

### **1.3. Contribution to the Research**

There have been no large studies of valuers in RoI to date. The collection of data and the findings of the research will add to the knowledge and understanding of the subject of

professionalism in valuation services and its application by the property services providers of the RoI. This study should be significant in the sense that it will:

- a) Allow for the identification of the concept and a framework of professionalism in valuation services and take into account the nature of the work, culture and environment in which property services providers in the RoI practice.
- b) Support and enrich theories and models of professionalism that have similarities in their nature of service to valuation services.
- c) Generate greater awareness among stakeholders of the importance of proper and practical expectations, effective feedback systems, transparency, training, and controls.

Although property-related professional bodies recognise the industry-specific nature of professionalism and this is somewhat reflected in the literature, less attention is paid to the extent to which heterogeneity within valuation can impact on professionalism. In the RoI there is no baseline definition of the profession or professionalism in valuation or an understanding of the importance of professionalism as a concept rather than a competitive advantage. In 2012 the International Valuation Standards Council (IVSC) declared as its main objective, the building of confidence in valuation by construction of a framework for the delivery of credible valuation opinions, by suitably trained professionals, acting in an ethical manner, with professionalism in valuation, as an essential contributor to the integrity and credibility of the valuation process. In many professions, professional competence and professionalism go hand in hand, however in the RoI valuer professionalism is a concept which is evolving along with the property profession in the aftermath of a worldwide and national economic crisis and, as such, requires research – research which presents a case for actual professionalism in the provision of valuation services, tacitly explores its constituents, evaluates its indicators, and produces a model or framework for measurement.

Professionalism is widely accepted as a central element of the professionalisation process. Professionalism can be difficult to define as it is multifaceted and complex and often more noticeable when behaviours are unprofessional and when things go wrong. In general,

researchers into valuers/valuation in RoI have concentrated their efforts on the methodology of valuation practice and more recently (post-crash) in the area of ethics and conflicts of interest. Researchers have paid less attention to the profession, professionalisation and professionalism. Valuers function within a social structure consisting of various stakeholders. Not unlike managers, valuers are dependent on these stakeholders to some degree as their behaviours have reputational consequences (Tsul, 1984). One consequence of an intensifying of the response to turbulent, more competitive, and more global marketplaces is a move towards transparency, ethical practices and value for money. How valuers are perceived and evaluated by stakeholders is important and presently the primary source of feedback may be the subjective opinions of these key elements.

Self-regulation is in part a social process involving attempts to understand and influence the opinions of various relevant constituents in order to achieve organisational goals (Tsul & Ashford, 1994), therefore defining the concept of professionalism includes determining its relative importance and ascertaining the consequences of non-management of role expectations and performance. The research provides an original contribution to knowledge in the field of valuer professionalism as a means of providing members of a professional discipline with a common language and a frame of reference for defining the boundaries of professionalism within their profession, as a method to guide and inform research so that it can, in turn, guide future research efforts and improve professional practice.

#### **1.4. Thesis Structure and Synopsis**

The thesis follows a conventional format and begins in Chapter One with a description of the issue and the development of the research problem. Chapter Two is focused on review and synthesis of relevant literature which informs the progress of the research. The literature review examines professionalism as a concept and seeks to apply the existing research on professionalism to valuation services and determine if there are indicators which could be tested in relation to valuers in RoI. The chapter examines the regulatory environment within which valuers in RoI practiced during the time running up to the financial crash. The chapter examines if the regulatory framework was sufficient to promote professionalism. The chapter provides evidence that valuers in RoI were

unregulated which intensified the part played by the property market in the financial crash. Chapter Three positions an appropriate methodology for the research, including a justification of the philosophical stance taken and the selection of quantitative methods as appropriate to address the research problem. In Chapter Four the data is analysed to answer the research questions and the research findings and implications are discussed. In conclusion, Chapter Five critically reviews the research, including contribution to knowledge, with suggestions for further research. References and Appendices are included at the end of the thesis.

### **1.5. Summary**

In summary, the introductory chapter provides an overview of the research and outlines the structure of the thesis. An introduction to the research problem leads into Chapter Two, which provides a comprehensive literature review and synthesis which informs the development of the research questions.

## Chapter Two: **Professionalism and Valuation Practice.**

### **2.1. Introduction**

This critical literature review is divided into a number of sections; First an explanation of what is known about professions and the concept of professionalism and its core principles in general. Secondly, professionalism as it relates to valuers and then finally the framework that valuers in RoI worked under and the subsequent effect. The chapter documents the history of professionalism, how it has advanced, emerging themes and what is understood by the term professionalism in the context of an evolving and modern society. The review presents various theories and frameworks for professionalism in general, and how they may be applied to valuation professionals.

### **2.2. Profession**

Millerson (1964) argues that there is a systematic confusion caused by the excessive use of the word profession and a lack of appreciation for the dynamic nature of professionalism. Historically a profession was held by the religious (those who professed to a calling), and sometime around the 17<sup>th</sup> century, medicine and law joined the 'professions'. As professional services may not be standardised and can be unique to the individual, clients have to trust in professional traditions and ethics to develop and train suitable qualities. However, the professions do not always live up to these ideals (Marshall, 1939). Millerson (1964) compiled a list of the essential features of a profession. These included skills based on theoretical knowledge, training and education through the passing of a test and service for public good in a profession that is organised with a code of conduct. Millerson further developed those features with 'principles. His clear definition with which to measure against was:

*It is a type of higher grade or non-manual occupation, with both subjectively and objectively recognised occupational stratus, possessing a well-defined area of study and providing a definite service after advanced training and education (Millerson, 1964).*

In modern times, colloquially any fee-earning endeavour could be described as a profession. The researcher agrees with the definition of a profession from Websters Dictionary:

*....a calling requiring specialised knowledge and often long and intensive preparation including instruction in skills and methods as well as in the scientific, historical, or scholarly principles underlying such skills and methods, maintaining by force or organisation or concerned opinion high standards of achievement and conduct, and committing its members to continued study and to a kind of work which has for its prime purpose the rendering of a public service<sup>1</sup>*

Elliot Freidson is the most dominant writer on this subject with two seminal books written in 1970, which began the era of criticism of professionalism. His 1994 book presents a summary of his thoughts on the subject, and the 2001 work defends the professional model very effectively (Friedson, 2007). Generally professional bodies outline the knowledge required for acceptance through academia, experience, and interrelated prerequisites. This body of knowledge is specific; accordingly, professionals must be able to work without supervision (autonomous) and accept responsibility and accountability for their work. Friedson (1999) argues that establishing the skills and knowledge required to perform a profession forms the foundation of an essential intellectual device for making sense of reality, a theory of professionals builds a cumulative body of knowledge, a stable language which will allow formal concepts in a form that can be understood and manipulated and thereafter a theoretical model of professionalism. As the term ‘professional’ becomes all encompassing, various occupational groups, as a means of distinguishing themselves, are increasingly concerned with professionalisation and professionalism (Chan, et al., 2007).

The term ‘professionalism’ has been centrally built around our understanding of it and how it has been used. The importance of establishing the ‘correct’ or ‘desirable’ character traits to constitute ‘professionalism’ became imperative with the advent of the professions in society and remains an educational priority to this day (Martimianakis et al., 2009). The debate on professionalism circles around what elements and which behaviours are associated with the concept of professionalism. Despite the increasing interest in professionalism there is no agreement on how to define it (Arnold, 2002).

### **2.3. The Concept and Definition of Professionalism**

In the run up to 2008 (and the financial crisis), a gap had developed between valuation

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<sup>1</sup> Webster’s Third New International Dictionary, Unabridged. Merriam-Webster, Inc., 1993.

professionals, and society in RoI. Millerson's (1964) definition of a profession, grounded in skills, based on theoretical knowledge, training, and education, through the passing of a test, and service for the public good, in a profession that is organised, with a code of conduct, caused problems for valuers in RoI, as there was no framework, or requirements. If an occupation whose core element, is work based upon the mastery of a complex body of knowledge and skills, then valuation in RoI, was not (Cruess, & Cruess, 2012). When a profession is under threat, from the challenges of those who practice without, what are understood to be, the minimum requirements, demonstrating the behaviours and characteristics of a professional, – a professional identity, and professionalism, becomes more important (Cruess, & Cruess, 2012). As a professional, there is a responsibility to maintain the highest standards. Professionals play an important role in the development of society, and the growth of specialist knowledge. The rights and privileges bestowed on professionals, such as self-regulation, independence and trust, hinge on the maintenance of professionalism. Professionalism can be described as an unwritten contract between the valuer, client, and society. There has been very little research into professionalism as an attitudinal construct, even though it is globally assumed to be, an antecedent to positive outcomes (Swales, 2003). The concept of professionalism is not new; according to research undertaken by Martimianakis et al., (2009) the medical profession has discussed professionalism for hundreds of years, and professionalism is an extremely value-laden term, with societal, institutional, historical, and contextual expectations built into it, and has a longstanding tradition in sociological research, from the beginning of the 20th century (Evetts, 2006; Crook, 2008).

The concept of professionalism and its measurement was the subject of a seminal article published in 1968, Hall's approach, making an influential contribution to the development of an attitudinal scale (Hall, 1968). However, Hall's scale, assumes the participants have a measure of professional structure and professionalisation, that may not exist in some professions, and concentrated on the structural aspects of professions. The scale was tested on qualified building professionals, using an electronic survey. The scale confirmed five-factors, this scale has been tested by various other researchers, who believe, have further refined it, to suit their individual professions. Bartol (1979) and Swales (2003) are among those that relate to the multidimensional construct of professionalism, being the predominant avenue of research to date. The multidimensional concept of professionalism



combines (foundational) structural and (observable) attitudinal aspects, which as a professional ideology, can be measured (Hall, 1968). The concept of professionalism is important, to date, there have been no measurement scale for professionalism available to valuers. Many services can be measured or judged by objective tests, and rejected if not up to standard, but given the intangible nature of some elements of valuation, there needs to be a high level of trust. 'Professional ideals and knowledge will only be kept if the environment reinforces them' (Friedson, 1991) (Marshall, 1939). The concept of professionalism is critical to organisational success, yet there is no robust measure grounded in contemporary studies of professional organisations, alongside the debate of whether a group has been fully professionalised (Swailes, 2003).

Martimianakis *et al.* (2009) believed professionalism to be a set of behaviours that are discrete, specific and objectively measurable, in contrast to Kenny and Zaccaro (1983), who proposed that professionalism may be derived from an ability to perceive the needs and objectives of the various constituencies and to adjust personal approaches accordingly rather than any particular personality trait or behaviour. Professionalism may be divisible into two distinct aspects, occupational attributes (education, associations etc.) and individual attributes (expertise, autonomy, ethics, and continuous professional development) (Kerr & Jermier, 1978). Newark (1982) defined professionalism as the ability to 'positively represent the standards of one profession'. It is evident that defining professionalism is difficult, a correlation of individual subjective views on professional behaviour may produce evidence of positive and negative behaviours and the likelihood of future positive or negative behaviours. The valuation profession does not have a clear definition of professionalism or what professional behaviour consists of, therefore cannot measure it. There are lists of attributes agreed for some professions, but what they are in the context of valuers and the valuation profession, have not been explicitly defined. Without a definition (or well-accepted criteria for professionalism), complex situations may lead to differing interpretations on what constitutes professionalism and professional behaviour (John C. , et al., 2009) .

#### **2.4. Modern professionalism**

Although the focus on the importance of professionalism has not changed, the meaning ascribed to the term has. Modern professionalism assumes the skills of a profession as a

basic foundation. As a group, professionals are assumed to act in the public interest, their behaviour is regulated, and their actions examined by public and professional bodies. Unprofessional behaviour reflects badly on the profession as a whole and ultimately results in a loss of public confidence or limiting of a profession's self-regulating status. Therefore, it is in the interest of professions to instil a lifelong commitment to high standards and codes (traditionally passed on by role models). Some argue that focusing on any normative definitions of professionalism (trait-based, behaviour-based, or role-based) leads to an over-emphasis on codes of behaviour and misses the influences of context, institutions, and socio-economic and political concerns. Professionals in a given context, discriminate in their responsiveness to requirements, if professional identity is socially constructed and sustained through institutional structures then contemporary professionalism should underpin professional practice. The development of a professional identity must be supported by the learning environment (Martimianakis, et al., 2009), (Crues, & Crues, 2012). To promote routine professional behaviour, it is therefore necessary to develop a series of observable behaviours which reflect the attitudes and values of the professional that can be evaluated. Measuring professionalism allows formative feedback. Modern professionalism is increasingly specified, following the medical profession seriously evaluating professionalism sometime around the early 2000's (Stern, 2006). Some professions can be viewed as self-serving with weak standards applied in an irregular manner (Crues, & Crues, 2012). In some instances, for professionals the correct action is clear, however, when the correct course of action is not straightforward values are required to balance their obligations. During these challenges, examples of what is considered professional behaviours (often explicit and implicit professionalism) should be front and centre. Professionalism requires that financial returns should not be the only measure of success and includes a commitment to exceed ordinary standards. The boundary between professionalism and ethics can be crossed, however the principles of professionalism are an aid to the organisation of behaviours seen to be important by all (Stern, 2006).

Throughout the literature review, several themes emerged, as modern levels of scrutiny demand a higher level of accountability and puts pressure to become more professional. To fully understand the direction that Property Service Providers (PSP's) in RoI are required to focus, there is a need to understand how and why the promotion of

professionalism is a responsible reaction to the failures of recent past experience. The concept of professionalism can be complex and difficult to work with, identifying the main themes simplifies the conversation.

#### ***2.4.1 Theme One: The Concept of Professionalism***

For some professions, the concept of professionalism is clearly circumscribed with specific elements, with definitions empirically and prospectively derived (Arnold, 2002). Traits, attributes, behaviours, and non-cognitive behaviours can be included in the list of parameters. The maturing of the valuation profession in RoI requires a framework for the concept of professionalism as an ideal for valuation professionals.

#### ***2.4.2 Theme Two: Definition***

How professionalism is defined varies, and instead professionalism is often described in terms of contexts such as competencies, core learning outcomes, values, attributes and ethical awareness and a close relationship with competence. A definition for the professionalism of valuers in the RoI is not included in the literature.

#### ***2.4.3 Theme Three: Competence***

Excellence brings with it a commitment to competence (Stern, 2006). Competence to practice valuation should include the ability to demonstrate professionalism. It is widely recognised that you first must be a professional to demonstrate professionalism. The practice of valuation and its methodology have been the focus of research, however the skills required to produce valuation reports have been left to the market and in some cases professional institutions. Up to 2012 in RoI there was no minimum educational or experiential requirements for Property Service Providers, this includes the subsection, valuers. There is a need for valuers in RoI to understand the link between education and practice and the role of professionalism. A professional needs not only specific competences and qualifications but also a work ethic that balances the greater good (Bordass & Leaman, 2013). In RoI, as a subsection of Property Service Providers, valuers are a newly emerging profession and because the Central Bank of Ireland has recognised the practice of utilising unqualified valuers as a factor in the property crash a framework for minimum competence needs to be established (Central Bank Of Ireland, 2011).

#### ***2.4.4 Theme Three: Professional Behaviour***

Professionalism is seen as either a personal characteristic or behaviour that is believed to exert influence on the way the professions are practised or in the wider sense: as skills, personal attitudes and values that guide behaviour when acting as a professional. Completing a valuation in the manner expected constitutes a basic function of valuers however acting with integrity and honesty can be considered an individual and personal trait. When professional practice aligns with professionalism ‘pro social behaviour’ becomes the norm and the property market in RoI will be better protected. Professionalism as a role draws attention away from the traits and behaviours of individuals and towards the roles played by professionals in general. By socialising valuers into a lifetime commitment to high standards and adherence to codes of ethics and professional behaviour the property market is more protected, the professional themselves are protected and the valuation profession is protected (Cruess, & Cruess, 2012).

#### ***2.4.5 Theme Four: Elements of Professionalism***

There are nuanced differences in interpretations of the elements required for professionalism, however the majority of literature, presupposes education, experience, and membership of a profession. Bartol (1979) found professionalism reflected the five subscales: Autonomy, Professional standards, Ethics, Professional commitment, and Professional identification. Belief in public service, self-regulation and autonomy also come to the fore in a study of built environment professionals (Chan, et al., 2007). What constitutes professionalism or who is most likely to ‘act professionally’ for valuers in RoI has not been established or how to encourage reflection on how individual actions relate to broader perspective.

#### ***2.4.6 Theme Five: Assessment of Professionalism***

To promote routine professional behaviour among professionals the profession itself must care about the consequences of unprofessional behaviour. When professionalism is challenged and fails, the profession itself suffers. When the Central Bank of Ireland pointed to valuers as part of the problem, the profession suffered (Central Bank Of Ireland, 2011). No reliable and valid evaluation method exists for the measurement of professionalism or being professional. Many medical programmes evaluate professional behaviour as part of clinical performance, and it is through assessment that they can

ascertain the success of programmes promoting professionalism. Some studies exclusively focus on measuring professional behaviour, in and of itself, by using a comprehensive definition of professionalism (Arnold, 2002). The ability to accurately measure professionalism detects extremes of behaviour, provides feedback, assists the tailoring of education and the results of educational interventions (Stern, 2006). There is no measurement instrument available to test the professionalism of valuers.

#### ***2.4.7 Theme Six: Challenges to Professionalism***

Self-regulation is a basic tenet of all professions, in today's world people are more sceptical of expertise, conflicts of interest are reported (often online) and understandably the public demands greater transparency. Professional responsibilities in a complex and contested work environment are constantly being reshaped by a changing economic, environmental, and social context but many professionals experience an ethical void due to little guidance from their institutions. (Hill, et al., 2013). Challenges to professionalism are recognised across authors, and include conflicts of interest, abuse of power, lack of conscientiousness, and destructive arrogance (Arnold, 2002). When there are challenges, the concept of professionalism can help guide professional behaviour. In RoI up to the financial crisis self-regulation and the correcting ability of the free market was taken to the extreme, with very little regulatory control over valuers and no requirement for membership of institutions. As there was no framework for the profession of valuer, individuals adjudicated on their own ability to work in the field. When the challenge came, some valuers acted unprofessionally.

#### **2.5. Objective of professionalism**

The objective of professionalism is to assist professionals to understand, believe in and develop professional behaviours. When a profession is expected to follow the general principles of professionalism, there is an onus on the individual, to be aware of their actions, and the consequences, that they have on themselves, society, and the profession itself. Professionalism cannot be taught, modelled, or anticipated, if it has not firstly been researched, defined, or measured. An individual who lacks professionalism can be identified, inversely therefore, there can be agreement on what indicates professionalism. Professionalism has evolved in many fields, to be seen as an important road map, to developing a professional identity, there is no such road map for valuers.

## **2.6. The Valuation Profession**

The knowledge required to operate in the property market has expanded bringing the focus on the valuation profession itself, valuation practice and the professionalism of valuers, in general. As the market has become more sophisticated and globally interconnected, so to must be the response. Stories portraying ignorance of each other's valuation objectives, theory and practice throughout Europe during the 1990's (in a response to the collapse of the European property markets) directed increased focus on standards, systems and consistency (Adair , et al., 2005). There is anecdotal evidence of variations in valuation processes in different regions that are in a variety of stages of evolving. Some areas (even within countries) may be more progressive than others. An urban/rural divide in relation to professionalism could be expected where it is just not practical to have a specialisation within valuation practice or even property services due to the size or spread of the population. As a consequence some find themselves using appraisals produced in the valuation cultures of several different countries and undoubtedly will evolve preferences for those which best serve their needs (Adair , et al., 2005).

## **2.7. What is value?**

“Market value is a key concept in establishing an informed expectation as to the price for something, one that is neutral as between buyer and seller” (TEGoVA, 2010). Price can be defined as the actual or factual observed transaction price achieved; this market price produces evidence for future valuations. Worth is subjective and depends on an individual property's specific benefit to a particular purchaser, which will not be market wide. Value is a hypothetical concept which combines both price and worth. The market value is defined in the Red Book as

*The estimated amount for which a property should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.* (Royal Institution of Chartered Surveyors, 2010)

## **2.8. What is a valuation?**

Market valuations are widely used for financial statements, regulatory compliance, secured lending, and transactional activity (International Valuation Standards Council, 2010).

Where a document is relied upon by others, commissioned and paid for by a client, then it should be consistent with common standards, free from bias and undertaken with due diligence (Sayce, 2007). A market valuation is an opinion as to the combined value of market price and the market trends worth taking into consideration. Market value is dependent on the number of buyers and sellers actively trading at any particular snapshot in time and is not a moving picture. A valuation reflects the conditions prevailing in a particular market, on the valuation date, not an adjusted or smoothed price, based on supposed restoration of equilibrium (International Valuation Standards Council, 2010). There are many methods to arrive at this figure, which range from the highly technical to the not-so (guesstimate). There are methodological variations between valuers, offices, local areas, regions, and countries. Valuation eccentricities betray ignorance of each other's objectives, theory, and practice (Adair et al., 2005). There are five traditional methods of valuation: direct comparison, income approach, cost approach, residual and profits method – these may be used individually or in combination to arrive at a valuation figure. Market value should be measured as the most probable price reasonably obtainable on an asset's highest and best use on the valuation date (International Valuation Standards Council, 2010).

To complete a valuation and come to the most probable price reasonably obtainable, there is certain information that a valuer requires. Some information is basic: location, measurements, etc; however, there is also a requirement for information that is specific to that particular property. A visit to the property is generally considered a part of that information-collection process. Drive-by valuations are fast becoming the new trend in valuation in the RoI, and are frequently requested, based on cost, time, and efficiency. Information on what proportion of valuations are drive-bys, is not yet available. Information on how accurate drive-by valuations tend to be, is not available. Drive-by valuations were originally supported by pre-existing baseline values, by valuers who were intimately familiar with the property, and were only used to validate the property owner's guesstimate as to the value of their property.

The requirement for an up-to-date valuation report can be waived where the new combined advance is <75% of the last valuation on file. In this case a Drive by / Opinion of Value will be obtained. (Perm TSB, 2006)

Drive-by valuations are, however, requested on properties not previously known to the valuer, removing the skill, judgement, and experience of the valuer. The pressure on the valuer to complete these types of valuations is immense, with bank lending panels consolidating along with a general reduction in instructions. Lending institutions even in the wake of the recession (originally caused, in part, by overvaluations of property) are still satisfied that these types of valuations are consistent with present lending objectives and will base critical lending decisions on the 'hypothetical' security in properties that have not been inspected, in an effort to save a relatively small amount of money. The inference may be taken by the valuer that this type of valuation is not an important tool in the loan application and lending decision, therefore given very little attention by the lending officials. When clients do not understand the nature of the service, it should concern valuers, professional bodies and the Government, whose role it is to protect the public interest (Gilbertson & Preston, 2005).

The effects of substandard valuations have been witnessed and reacted to in other jurisdictions. In the UK after the 1970 property crash, the RICS published the Red Book. The USA's reaction to the savings and loan crisis (1980) was to insist on licensing valuers. Lessons were not learned, Germany in 1994 and Bangkok in 1997 both suffered similar plights, which exposed unrealistic estimations on assets. Consistent valuation standards should be the responsibility of the valuation professionals and the Government (Gilbertson & Preston, 2005). In 2008 after some significant growth, RoI followed suit with a property crash.

## **2.9. Are valuers professional?**

In a society where property has a value, the property market functions efficiently when there is a mutually beneficial interaction between the variable factors of supply and demand, availability of credit and legislation. Equilibrium provides a point to decide when an asset is under or overpriced (Samuelson & Nordhaus, 2004); with markets constantly moving the skill of a valuer is in forming an opinion on this effect (Brown, 1998). There is no substitute for the skill of a competent and experienced valuer (Gilbertson & Preston, 2005). For the individual, initial value of a property or capital outlay (acquisition cost), selling price and/or capital gain (profit) are important factors.



*In marked distinction to many financial instruments, real property is commonly more individual in both its legal and physical nature, less frequently traded, has buyers and sellers with varied motives, faces higher transaction costs, takes longer to market and buy and is more difficult to aggregate or disaggregate. These features make the valuation of real property an art requiring care, experience of the specific market, research and the use of market evidence, objectivity, an appreciation of the assumptions required and judgement – in short, professional skills. (TEGoVA, 2010).*

It is the ability to understand the context of property investment, adjustment of transactions of individual properties, risk and probabilities and to use them within the valuation model that is required of valuers. Professional valuation associations globally accept that value of the property forms the foundation for important rational investment decisions and that accurate valuations should lie at the centre of the lending decision and there are a specific set of professional skills required for that process. Learning from others' valuation experience and theory is a strong reason for studying valuation processes in other countries (Adair et al., 2005). In the RoI we need to insist on good quality valuation as they have a major role to play in consumer protection (Gilbertson & Preston, 2005).

The elements of negotiation, compromise and solution are threads of the complex relationship that drives the property market in general. A network of positive, neutral and negative professional relationships and alliances provide a background to a market that can be entered into by those with access to funds. Tensions in that specific context, of a complex process, captures often contrary professional relationships. Positive and negative relationships can be reflected by the range of issues generated by the development of a profession that has no professional standards. Some believe that in a perfectly efficient market, technical and fundamental analysis is of no value: valuers should only gather and report information; the market price of an asset reflects all the new value affecting information (Lusht, 1986; Gau, 1987). However, Kinnard (1968) observes that “real estate decisions are different” from other business decisions, a differentiated product, site specific, unique, and fixed in location. Development decisions require complex forecasts of net income in dynamic and changing markets. Buyers, especially in residential markets, are typically only sporadic players in the market and “frequently unsophisticated in their decision behaviour”, with four additional types of risk: time risk, location risk, information risk and goals risk (Ibid). Speculation occurs when the tendency of optimistic behaviour

to reinforce itself builds confidence in the marketplace and creates feedback processes that generate higher and higher expectations about the future. Speculative bubbles are highly sensitive to external events and can thus swing wildly as such events occur (Xiao, 2010). If (as many commentators believe) valuations play an integral part in the workings of the market and as a result influence prices, liquidity and the recorded performance of the property market, then by influencing the behaviour of other players in the market valuations influence the market itself, as markets are a product of those who operate within them. Consequently, there may be a more complex two-way feedback relationship, whereby valuations influence the price formation process, which in turn influences subsequent valuations (Baum et al., 2000).

The practice of professional valuers was identified in the UK as a contributory factor in the house price collapse of the late 1980s (Daly et al, 2003). As the “valuation of property supports a large amount of financial activity” (RICS Working Party, 2002) as an important component of collateral for loans, valuation reports in the wider public interest should be performed to the highest standards” (RICS Working Party, 2002). Research shows it is in the public interest that the State prevents repetition of the financial crisis by raising professional standards and placing due diligence requirements on credit institutions. It has also been shown that there is an association between lower risk factors and robust valuations:

*“It has been a common feature of the property cycle for very many years that it is often driven by lenders anxious to secure their loans on property. In these circumstances it is of wider interest that valuers should be providing robust, objective figures and valuation advice in order to reduce the chances that the market becomes over-borrowed” (The Working Party, 2002).*

Professional, objective and robust valuations free from the influence of clients are a necessary component of credit risk assessment and control, while also acknowledging that the client has information, expertise and experience that may assist in more accurate market valuations (Levy & Schuck, 2005).

## **2.10. Accurate valuations**

Although there are other methods of valuation, essentially, real estate valuations are based

on comparable evidence, and fundamentally require the correct identification, analysis, and application of that evidence, to produce accurate valuations that can withstand scrutiny from the client, the market, and the courts (RICS, 2013). According to Baum *et al.* (2000), existing research generates the following hypotheses:

1. *Valuations will be based upon the previous valuation plus or minus perception of change.*
2. *The perceived changes, unless the subject of very reliable transaction evidence, will be conservative.*
3. *Valuations will be affected by procedures and precedents of a statutory and regulatory nature.*
4. *The results of legal judgements will be a powerful influence on valuations.*

However, Baum *et al.* (2000), believe this research omits the potential influence of the client commissioning the valuation, and the transaction which might follow, with markets producing prices, and valuers producing valuations, as if valuation is an independent process, and the valuer acts as an objective commentator or scorekeeper. In the period 1987 to 1994, after a period of dramatic volatility in the property market, there was an increase in litigation sparking the Mallison Report. Along with the evolution of the concept of value, and the definition of value, practitioners have developed valuation methodologies, but for any valuation to have validity, it must produce an accurate estimate of the market value. Investors trade or retain, on the basis of their own perception of their own yield requirement, these will differ from investor to investor, and in a perfect market, where there is complete information available to all players, price is analysed in a uniform and consistent manner by all participants. The result would be conformity in opinions of price; however, price sits in a wider set of possible values ascribed by individuals. The role of the valuation is to model the thought process underlying the calculation of worth (Adair, *et al.*, 2005). Accuracy is of interest, because of the reliance on valuations as proxies for actual selling prices, but clients have economic incentives to influence valuations, in order to maximise asset-based fees, or increase loan to value (Fletcher & Diskin, 1994). Opportunities arise to develop competitive advantages, in the areas of information gathering, the interpretation of market data and valuation technology (Levy & Schuck, 2005) and this could potentially interfere with the valuation process, as clients can merely discontinue hiring a particular valuation firm, if the results of that firm's valuations do not satisfy expectations.

Although there is an increasing level of regulation and guidance, on good practice, this is set against a reluctance to pay adequate fees, to underpin the provision of an improved service (Adair , et al., 2005).

### **2.11. Is There a Valuation Culture?**

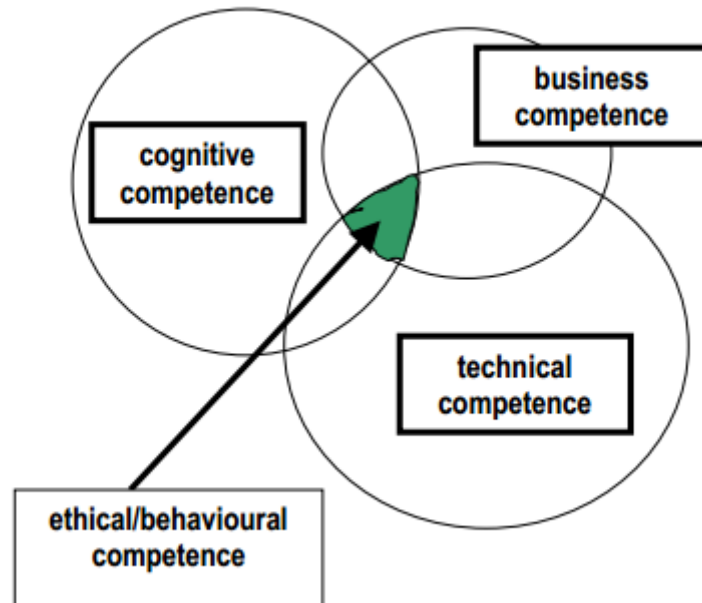
It has been suggested from within the lending profession, that valuation instructions reflect the circumstances of a given lender, at a point in time, based on their financial strength, market projections, willingness to lend, and attitude to risk (Real Estate Initiative, 2009). In markets that are mostly locally dominated (few outside investors), local perceptions of worth and their pricing methods will dictate the trend (Adair , et al., 2005). Which Coakley (1994) expressed as:

$$\text{Price}=f(\text{local valuation practice, local user worth})$$

This led Alstair *et al.* (2005), to foresee two distinct sets of valuers: International consultants, applying international methods, and indigenous valuers, operating in provincial markets, therefore, in markets not favoured by investors, indigenous methods may persist. A practitioner in one country, may misinterpret the valuation process in another. Alstair et al (2005), concluded that there was a problem with the cultural nature of valuation, that needs to be understood in its cultural context, with different dynamics including property use, which may have profound repercussions on the practice of valuation.

### **2.12. Professional competency**

A combination of knowledge and skills is the basis of a competent practitioner. In the context of property valuation services, professional or technical competences are reflected in the quality of individual experts, their technical competence, knowledge resources (local knowledge) and experience, which require expertise. A lack of knowledge (technical and experiential) may lead to ethical issues. The interaction between professional competences and the resultant ethical behaviour is succinctly modelled in *Figure 2, Professional Competence:*



**Figure 2: Professional competence:**

Source: Kennie et al. (2000)

Therefore, knowledge, ability and understanding of the wider business context in combination allow ethical decisions and behaviour, resulting in professional competence (Kennie, 2000). Knowledge and skills can be and are evaluated, however professionalism, which may be a combination of values and behaviours, presently may only become evident in stressful real-life practice situations, and unfortunately, those values and behaviours may be in the form of unprofessional conduct. Adequate performance on tests shows technical knowledge, and there appears to be an assumption (as evidenced by a lack of focus on professionalism) that if you are technically competent then you will behave appropriately.

### **2.13. Context-based professionalism**

Professional responsibilities in a complex and contested work environment are constantly being reshaped by a changing economic, environmental, and social context (Hill, et al., 2013). Many professionals before they are fully licensed are aware of an ideology surrounding professional practice, a form of ‘Hippocratic Oath’ to practise honestly, ethically, and professionally. The reality is that professional bodies produce codes of ethics and expect members to adhere to those codes; however, if a professional is not a member of a professional body they will not have access to or knowledge of those codes, as was

the case for many Property Service Providers in the RoI. The wording of those ethical codes is important as they may form a basis for the future professional behaviour of professionals. As daily practise differs from one situation to the next some forms of professionalism are context dependent (Stern, 1996). When two specific professional values are in conflict, it is not always predictable which of the two values will take precedence (Ginsburg et al., 2000).

Research by Baum *et al.* (2000) has identified a presumption underlying much of the academic work into property valuation undertaken as “not necessarily factual.” This is the presumption of the independence of valuations from the market price setting process. This issue remains controversial and unresolved “partly because the vast majority of this research and commentary has ignored the real-world context in which valuations are produced and used”. Ball (2002) disagrees with Baum’s assumption and argues this is a misunderstanding of the analysis of economic modelling, which uses rationality as a working hypothesis. Consequently, there is some debate and scepticism within the property modelling literature about the accuracy of models in explaining and forecasting property markets.

Property markets are not easily analysed because, conceptually, a large number of features may have to be taken into account. There is a whole series of interlinked markets with various limitations on the information available to the agents operating within them (Ball, 2002). Further complication is caused by the role of regulation and the existence of varied institutional frameworks associated with the development, financing, and ownership of property. Buyers and sellers do not simply come together to strike a bargain but are usually required to get independent valuations as a part of the transactions process, and it is widely accepted that such valuations affect market outcomes (Matysiak & Wang, 1995). As property markets are imperfect, data is often unavailable, and many valuations are based on assumptions which makes them highly contextual, as human behaviour is more multifaceted and context dependent than a dualistic conceptual schema of rational and irrational will bear (Guy, 1999).

Any organisation is identified, both internally and externally, by its organisational ethics, which can be defined as the articulation, application and evaluation of its consistent values

and moral positions, which are derived and developed within an organisational culture, consistent with its expectations and the goals of the organisation, as they are actually practised (Smith & Drudy, 2008). There may be a question of independence in the context of conflict of interest, where the agency interests of consultancies may conflict with their valuation and market research services. Separation of these roles may lead to difficulties in valuers acquiring not only transactional data as the basis for comparative valuations (which is not the only method of valuation), but also in understanding the forces driving price-making, which should be reflected in the valuation process. Valuations are generally regulated by a means of professional liability case law, guidance from organisations and Government, different regions vary the amount of weight given to these. The influence of the RICS (Royal Institution of Chartered Surveyors) has grown in many countries, especially across Europe, therefore valuation processes in the UK are established with significant procedural and methodological developments, however national valuation processes in different countries clearly show that geographically close countries, sharing a Western European cultural heritage, have developed valuation processes in response to common needs which, although similar in many ways, still display diversity in methods, definitions and sophistication. The educational background of the valuation profession varies enormously throughout countries, however as an evolving profession, valuers face the prospect of greater commonality in professional qualification, education and training (Adair, et al., 2005). As the profession matures the need to instil an innate understanding and requirement for concept of professionalism to guide professional behaviour becomes more apparent. The alignment of the profession with client needs and the wider needs of society is a priority. Professionalism in the context of market mechanisms requires personal responsibility for ethical behaviours and proven performance as built environment professionals can no longer evaluate their choices in a 'moral vacuum' (Judt, 2010). Built environment professionals need to challenge and innovate with a strong voice in public life, making ethical behaviour the catalyst for change and progress (Hill, et al., 2013).

#### **2.14. Lapses in professional conduct.**

The Courts have seen many claims by lenders against valuers for overvaluing property taken as security for loan transactions and the principles to be applied to such claims are well established. Negligence cases often follow boom, bust cycles, as overheated markets

can lead to overvaluations and subsequent financial difficulties can lead to increased borrower default. It has been established that a valuer has a 'duty of care' with the appropriate degree of skill and care exercised. The core element of a profession is 'work based on a mastery of a complex body of knowledge and skills', professionals are generally members of a profession who are governed by codes of ethics (Cruess, & Cruess, 2012).

The Bank of England's Staff Working paper 747 concluded, contributing factors to the global financial crisis as; inadequate or flawed regulation, supervision, or both; underestimation of the riskiness of securities created with financial engineering; flawed assumptions regarding house prices and too loose monetary policy (Aikman, et al., 2018). This was not just the case globally, in preliminary research completed by NUI Galway for the then Minister of Finance, Brian Cowen, it was stated:

*It appears clear however that bank governance and risk management were weak - in some cases disastrously so. This contributed to the crisis through several channels. Credit risk controls failed to prevent severe concentrations in lending and property - including notably on commercial property - as well as high exposures to individual borrowers and a serious overdependence on wholesale funding. It appears that the internal procedures were overwritten, sometimes systematically. The systematic impact of the governance issues crystallized dramatically with Government statements that accompanied the nationalisation of Anglo-Irish Bank. (Regling & Watson, 2010)*

Some governance events were already under investigation. There is a need to probe more widely the scope of governance failings in banks whether they were of a rather general kind, or apparently in a few instances, connected with very serious specific lapses and whether auditors were sufficiently vigilant in some episodes (Regling & Watson, 2010).

Regling and Watson (2010) were concerned with the incentives for loan officers to increase a bank's market share, with many supervisors faced with complex assets and operations. Banks had the ability to work around specific rules so moved to rely more on the banks own risk assessment systems. This allowed a serious build-up of vulnerabilities due to the change of approach among regulators and supervisors. In Europe, there was a



realisation that micro financial risks need to be addressed by macroprudential supervision. Regling and Watson believe this pointed to issues of supervisory culture. In some cases, LTV (loan to value) of 100% which is not sound practice under any prudent assessment of the risks for future economic growth and property price developments. Regling and Watson (2010) found failings of supervision; a supervisory culture which was insufficiently intrusive and staff resources were seriously inadequate for the more hands on approach that was needed and a serious lack of skills, concluding that “ it should be established how and why internal checks and balances failed whether supervisors perceived the risk and why the response of the supervisors was not more forceful”.

Evolving professionalism is a commitment to the highest standards, competence, integrity, the promotion of their profession and the ‘common good’. All professionals are exposed to situations that challenge their abilities to act professionally and even when lapses in professional behaviour are identified, there is great reluctance to report it (Ginsburg et al., 2000). Professionalism can be understood as a set of values and corresponding behaviours that address the concerns of society, in this way when exposed to challenges the default will be high levels of ethical decision making. This is a responsibility owed to all the participants in the property market and their profession.

To enhance the professionalism of valuers there is a need for consensus on the role and control over those who are eligible to describe themselves, and practise as, professional valuers. Valuations have become more onerous, with reports carrying the need for increasing amounts of information for very little fee. The property boom, with its reduced perception of risk, caused a concentration on speed and cost rather than quality for valuation reports. Some lenders have valuation panels which are in some cases consolidating, however the focus needs to be on quality. Pressure exerted by lenders is unacceptable, with drive-by/desk top valuations daily becoming the norm. Members of SCSl (Society of Chartered Surveyors of Ireland) are recommended not to complete drive-by valuations unless they have completed a full valuation report on the property in the recent past, but there are still those who are without codes or regulations and lenders still tend to seek these out and make use of them. Valuations are labour intensive and providing a good service will depend on the fee. The temptation by lenders to reduce costs should be resisted at every opportunity so they receive the best information (Adair et al., 1996).

Generally, there has been no significant reported increase in claims against valuers as analysts are trying to distinguish between the drop in price or incompetence of the valuer, resulting in lack of accountability. Very little research is available on the nature and extent of the lack of professionalism with, to date, the only evidence being anecdotal. There is a general acceptance that eventually valuers will be called to task; this may result in the courts having to decide where the negligence lies. The fact that legally, it is acceptable to decide on one's own ability to complete valuations needs to be addressed. Valuers in Ireland should be required at a minimum, to hold a recognised and relevant professional qualification and the term 'Valuer' should be defined under these professional standards.

Forced, begrudgingly, to pay for valuations they do not want (seen often as something the lending institution require), clients will seek the least expensive provider, causing a downward shift in fees and quality (Gilbertson & Preston, 2005). When client requirements are raised and the end user acknowledges that a credible valuation report is an essential and important tool to facilitate investment, taxation and lending security, then unqualified advice will no longer be acceptable. The valuer in the RoI has a role to play in this, by insisting that the area of valuation be deemed as one worthy of definition at the very least, with defined knowledge, skills and length of experience needed to justify the title in an effort to follow other jurisdictions by separating the role of estate agent from surveyor (valuer). 'Qualified valuer' is an attainable standard included in the Blue Book (TEGoVA, 2010), but any improvement, however basic, would be welcomed. The following statement, which could be added as a legal requirement for all and every property service provider to include in advice on value of any property, would raise the bar and leave those providing valuations in no doubt as to where they need to be:

*The valuation basis is market value, conforms to international valuation standards and was arrived at by reference to market evidence of the transaction prices for similar properties. All the valuers listed above are qualified valuers who hold a recognised and relevant professional qualification in valuation and have recent experience in the relevant location and category of the properties being valued (Newswire Europe Limited, 2007).*

## **2.15. Valuation practice in RoI, prior to 2008**

The framework under which valuers in the RoI practiced, up to the property crash in 2008

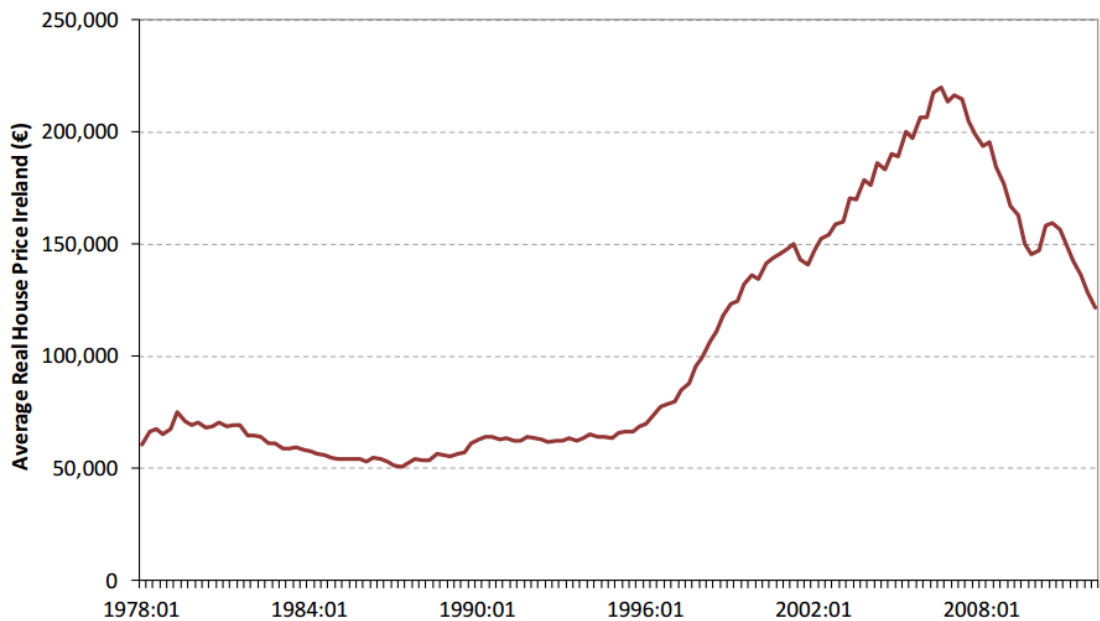
and further until 2012, was not fit for purpose. There was something wrong, why in such a modern progressive market, wasn't there a push for institutional reforms, better guidelines and structures that supported the valuation profession? Could it be that valuation was not viewed as a profession of itself but rather, a service that could be supplied by any estate agent, not one that is distinguished by a body of technical knowledge that requires extensive training, development of competence and personal experience? Could professionalism be the paradigm shift required?

Pre 2008, there were two professional bodies to which an estate agent could choose to become aligned, neither of which recognised valuation as a speciality, and there was no requirement to be a member of either. The regulations that covered entry to the profession of estate agent did not include educational or experiential requirements. Many valuers during the 'boom' worked under the licence of another (office was required to be licensed) so were not known to any higher authority. Anecdotally, with so little to lose (as many had no professional identity) and no apparent comprehension (unknown, unknowns) of the devastation they could and eventually would cause, by consistently confirming the sale price, or above, in a booming market. There was no avenue to complain as it was perfectly legal, although obviously ethically questionable. As valuers had no professional identity, it was largely accepted that 'anyone with a licence' was qualified, skilled and knowledgeable, sometimes even those without licences and as housing market cycles are linked to the macroeconomy, this had far reaching consequences.

## **2.16. Irish economy**

Ireland's 'Celtic Tiger' economy grew massively between 1997 and 2007. In terms of GDP per person, Ireland went from the 22nd richest country in 1997 to the 5th richest by 2007 (International Monetary Fund, 2009). During this 'boom', growth ultimately depended on low interest rates (available credit), the property sector (supply) and speculation by individuals (demand). Government policy was to stimulate economic growth and support lending and borrowing (O'Sullivan & Kennedy, 2010), and, crucially, tax deductibility for mortgages, significant and distortive subsidies for commercial real estate development, and no property tax (Regling & Watson, 2010). Over this period, the cumulative growth in rental values on all commercial property was just 7.4 per cent, compared with 46.2 per cent for capital values (Woods, 2007). The correction came in

2007, interest rates increased and internationally economies suffered through sub-prime lending. By 2008 property prices in the RoI had declined; a downward slide which technically came to a halt when Ireland exited recession as the economy recorded growth in the second quarter of 2013. The overall force of the housing bubble and bust impacted heavily on both property-related and non-related sectors. Figure 3: Average real price Ireland shows the steep rise in average real price from 2002 to 2007 and thereafter a steep decline.



Source: Based on data from Dept. of Environment Housing Statistics and CSO Residential Property Price Index.

**Figure 3: Average real price Ireland**

Source: Duffy et al., 2012

The after effects of this ‘boom and bust’ cycle on the Irish economy were dramatic. Shocks received in the Irish property markets had consequences that had to be worked out over a period of time, which was proved to be lengthy given the illiquid characteristics of property.

### 2.17. The Property Bubble

In the RoI rapidly rising property prices, a construction boom and the worldwide loosening of restrictive lending practices resulted in a property boom, 2000 - 2006. The country appeared to be well placed to cope with a gross debt-GDP ratio in 2007 of 25 per cent and

per capita wealth of €5000. In the context of legalities, fiscal regimes, economic interactions, political interference, societal values and expectations (often colloquially termed ‘the American dream’), types of land use, upward-only rent reviews, large privately owned housing stock and family-run businesses, there was increased amounts of available collateral caused by a reduced perception of risk by lending institutions. Expected capital gains meant that actual yields were ignored. Wages increased due to a high level of employment. The result was a real estate bubble. Bank lending to the non-viable continued in an effort to prevent losses from materialising. Many financial institutions warn that ‘past performance is no predictor of future performance.’ Likewise, during 2007 property prices stabilised, shortly thereafter the rapid growth became negative and a crisis followed. Construction, which accounted for 4-6 per cent of national income, had increased to 15 per cent at the peak. Bank lending had funded the construction boom, lending 40 per cent more to developers alone in 2008 than to everyone in Ireland in 2000 and as mortgages have a strong impact on house prices, with €1 rise in mortgages houses prices increased by €1.13 (Kelly, 2009).

In 2007 Ireland’s economy was not in as strong a position to cope with shocks as many had thought. At the heart of this, was an extraordinary housing boom and Ireland was heading for a slump regardless of the international recession (Whelan, 2014). Against fundamental factors house prices were overvalued (Kelly, 2007). Ireland was the most severely affected countries globally for three reasons: a home-grown banking crisis, uncompetitive wages and a tax structure dependent on the continuation of the boom. In the heat of the boom the basics were missed; taxation systems, wage controls and the regulation of banks and their lending practices (Honohan, 2009).

### **2.18. The Aftermath**

Although Ireland is no longer held tightly in the grip of recession, growth was expected to be slow and gradual (International Monetary Fund, 2010). A recession followed a property boom then bust. A lethal combination of many factors caused the bubble to burst, with the tipping point, according to Olivier Blanchard, Chief Economist, being basic lack of regulation (International Monetary Fund, 2010), which was glaringly obvious in hindsight, specifically in relation to lending practices, loan security valuation and over inflated pricing in the property market. Instability caused by the abrupt ending of such housing

market bubbles highlights the importance of developing policy instruments to manage housing markets and to prevent dangerous bubbles from emerging (Conefrey & Fitzgerald, 2010). Valuation standards for all valuers in the RoI in the context of the global economy and what the literature says about the role played by property valuers is an area of concern. A scathing report issued by the Central Bank of Ireland identified a culture of loose institutional lending policy in the RoI and weak valuation practices (2011). Based on inaccurate or inappropriate definition of valuation requirements by credit institutions and subsequent inadequate assessment and understanding of valuations received (Central Bank Of Ireland, 2011), banks continued to ease loan conditions such as maximum loan-to-value ratios (Honohan, 2009). In spite of recent efforts to regulate estate agents (now termed Property Services Providers) by relevant professional associations and the Property Services Regulatory Authority, the role of the valuation professional in Ireland has not yet fully evolved, in part due to a ‘valuation culture’ that in the past contributed to the failed banking system and lending conventions.

### **2.19. Inadequate risk management**

Pre the market crash (2007) there was an extraordinary disengagement between reality and the dream of future returns in the Irish property market. Its root cause can, according to studies by both O’Sullivan and Kennedy, and Regling and Watson (2010), can be found in inadequate risk management practices of the Irish banks and the failure of the financial regulator to supervise these practices effectively (O’Sullivan & Kennedy, 2010). The wide-reaching crisis has been the consequence of complex interactions of varying factors and there is a risk that negative experiences could be repeated if those experiences are not used as the basis upon which policy reforms are made (Humea & Sentance, 2009). In the context of Europe, the challenges faced by the citizens of the RoI were greater due to many factors, including weak valuation processes (Central Bank of Ireland, 2011) that appear to have fanned the flames of rapid property price declines, causing temporary shocks for corporate wealth which have magnified and long-lasting effects on the economy (Bernanke & Gertler, 1989). Unfortunately, a combination of sharp asset price increases and high credit growth may be an indicator of subsequent episodes of financial instability (Borio & Lowe, 2002).

*Errors of judgement in bank management and governance contributed centrally*

*to Ireland's financial crisis. It seems that there were key weaknesses in some banks' internal risk management in areas such as stress-testing; the assessment of credit risks; and in some cases major lapses in the documentation of loans – and that these were factors that allowed vulnerabilities to develop (Regling & Watson, 2010).*

The Central Bank of Ireland pointed to inadequate valuation processes and standards, or a disregard for adherence to such processes, as a weakness in the valuation process (2011). The key findings of the Central Bank's report include conflict of interest and the use of inexperienced and unqualified valuers. Ireland as a country has faced the need to stabilise spiralling debt in the aftermath of the banking boom and bust and as property valuations contribute to the lending process and has an important role in individual lending decisions, there is a requirement for valuers to be experienced and qualified. The chair of the UK Independent Commission on Banking in 2011 placed real estate front and centre of their financial crisis.

*The shock from the fall in property prices, even from their inflated levels of a few years ago, should not have caused havoc on anything like the scale experienced, ... Rather than suffering a 'perfect storm', we had severe weather that exposed a damagingly rickety structure (Vickers, 2011).*

## **2.20. Valuation culture in Ireland?**

The designation 'valuer' up to quite recently could be and was, applied to any person who held a licence (statutory requirement to be licensed) to act as an estate agent (Property Services Provider) in the RoI. It was and still can be left up to the individual to adjudicate on his/her own ability to carry out valuation services on a case- by-case basis. Each lending institution has differing criteria for which a valuer (which could be read as estate agent in this instance) can be acceptable for the purposes of assessing the market value of any given property. There was no distinction between an estate agent and valuer in the RoI.

## **2.21. Licensing requirements in RoI**

Until 2012 the regulations under which estate agents practiced were one and the same for valuers. Historically, the property market in Ireland has been significantly shaped by a prevailing characteristic of complex and unequal access to critical resources (from an Irish perspective, land is the most fundamental of those resources) and more recently

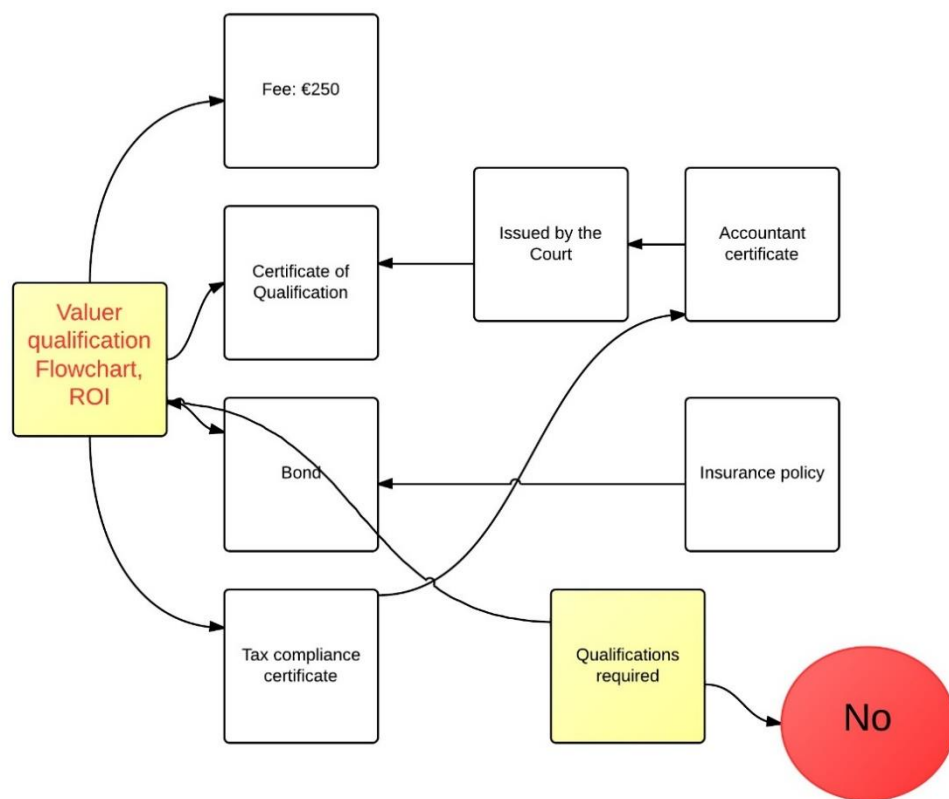
government policies. In the years prior to and spanning the boom-and-bust period, property professionals worked within a policy framework which was established in 1947 and remained almost entirely intact until 2012. Historically, auctioneers and house agents (estate agents) were licensed by the Revenue Commissioners under the Auctioneers and House Agents Acts, 1947 to 1973. Figures 4 and 5 illustrate the education and skills required to be licenced as an auctioneer and house agent (traditionally in RoI the title held by estate agents, valuers and those who auctioned property or otherwise, including machinery, animals, and artwork) between 1947 and 2012. Valuers are not specifically recognised in the legal requirements covering all property related professionals.

- *A Certificate of Qualification granted within 28 days prior to the application. The Certificate of Qualification is granted by the local District Court*
- *A Certificate of Deposit from the Accountant of the Courts of Justice granted within 28 days prior to the application. This certificate is granted by the accountant when the applicant provides a deposit (guarantee bond) for the period in which the licence is granted. The deposit/bond amount is €12,700. Where a firm of auctioneers has a number of partners only a single deposit is required.*
- *A Tax Clearance Certificate.*
- *A cheque for the sum of €250 for Excise duty.*

**Figure 4: Licensing requirements 1947 - 2012 Ireland**

Source: (Auctioneers and House Agents Act, 1947 to 1973)





**Figure 5: Licensing requirements RoI pre-2012**

Until 6<sup>th</sup> July 2012 there were no experiential or academic requirements to be licensed as an estate agent in Ireland and therefore valuers who practiced under the same licence. Auctioneers and House Agents (the original term used in relation to property service providers) were required to be no more than solvent and tax compliant. Auctioneers and house agents generally supplied valuation services but also those who were members of societies such as the Royal Institution of Chartered Surveyors (RICS) and Society of Chartered Surveyors (SCS) acted as valuers, this included engineers and architects. Pre 2012, valuation services were supplied by persons who were acceptable to the end user. The end user controlled the instruction and acceptance of a valuer's opinion, therefore, if a lending institution required a valuation it was entirely at that particular lender's behest; valuers were chosen for many attributes, qualification through examination was not a requirement. A licence and/or membership of an association was acceptable. The crisis

occurred when loans were granted in excess of the capital value of the properties. In their survey Smolen & Casey Hambleton found that valuers were under a ‘shocking amount of client pressure’ (the client being the lenders in this case). Their article recommends regulated standards and peer review of valuers (1997).

Up to and including the property ‘boom’ (1999 - 2007) the providers of valuation services were not required by lenders, regulators, or some of the representative professional societies to have any experience or qualifications. Regulators depended on professional associations to control entry and professional associations used the regulatory requirement of a licence as a qualification for membership. There was no requirement to be a member of a professional association. This may have been problematic as there is some evidence in the literature of problems existing within the client/valuer relationship. Some client influence may be exerted on valuations, with information provision being central to this process (Baum et al., 2000).

In the RoI there were two professional associations of interest to valuers: The Irish Auctioneers & Valuers Institute (IAVI) established in 1922, which no longer exists in its original form, as it amalgamated with Society of Chartered Surveyors (SCS) in 2011 to become the Society of Chartered Surveyors (SCSI). The Institute of Professional Auctioneers and Valuers (IPAV) was established in 1971. The Society of Chartered Surveyors (SCS) had strong links with the Royal Institution of Chartered Surveyors (RICS), established 1868. The bulk of the membership of the SCS would have traditionally comprised of architects and engineers (Built Environment professionals). As membership of an Institution is a criterion for many lenders for appointment to valuation panels, entrance to membership could be expected to be controlled.

In 2011, before the merger, The Irish Auctioneers & Valuers Institute (IAVI) represented approximately 1,800 fully qualified auctioneers, estate agents, valuers and property professionals throughout the RoI. The Institute was founded in 1922 and was instrumental in the enactment of the primary act governing the profession, the Auctioneers & House Agents Act 1947. The IAVI was a member of The International Consortium of Real Estate Associations (ICREA); The European Property Agents Group (EPAG), and through it CEPI; The International Valuation Standards Committee (IVSC); and The European

Group of Valuers Associations (TEGoVA). Members of the IAVI and SCS sanctioned the merging of the professional bodies into a single body representing both organisations, the new organisation is named the Society of Chartered Surveyors of Ireland (SCSI) and became operational in January 2011. In Belgium, valuation has been regulated since the 16<sup>th</sup> century and since 1995 has established by charter the regulation of valuers and surveyors; however, the title of valuer, similar to RoI, is not yet legally protected. Membership of the SCSI is controlled, in order to become a MSCSI, members must have an accredited qualification and have successfully completed the APC. Professional Members of the Society of Chartered Surveyors Ireland are required to take up dual membership of the Royal Institution of Chartered Surveyors (RICS).

In February 2007, the IAVI produced a set of mandatory practice notes in respect of valuations for mortgage purposes, these only applied to its membership. The mandatory practice notes restricted valuers to undertake such valuations, only if a previous inspection had taken place and on the understanding that no significant changes (which would affect the value), had been made to the subject property. Mandatory Practice Notes were produced on an ad hoc basis to satisfy a perceived need by the Institute to give such guidance at the time. The notes also made mandatory reporting of certain incidences to the Financial Regulator and the Head of Lending in the offending banking institution. Reporting of incidences such as in note C:

A request made by a staff member of a lending institution or a mortgage agent or intermediary to increase a valuation figure beyond a level which the valuer is confident is appropriate to the relevant property (Irish Auctioneers & Valuers Institute, 2007).

The fact that the practice notes were produced, point to a valuation culture, one in which valuers were pressurised, on occasion to adjust the valuation figure.

The membership of the IPAV has traditionally been drawn from rural areas, holders of a licence are acceptable candidates. There are no educational or experiential requirements for acceptance to membership. Membership is voted on or accepted, by the Board. IPAV is a “TEGoVA Member Association” (TMA) since May 2013 and is awarded the right to confer Recognised European Valuer (REV) status on its members. REV status is a

guarantee that an IPAV (REV) Valuer is proficient in TEGoVA Minimum Educational Standards (MES) and can complete valuations to “Blue Book” standards. The membership application as of 2020 shows eligibility as;

Full Member: Using the Designatory Letters – MIPAV: A full member of the Institute shall be practising as an Auctioneer, Valuer, Estate Agent, Property Managing Agent, Letting Agent or Property Professional, and shall hold a current relevant licence from the Property Services Regulatory Authority, and satisfy Council of the Institute of Professional Auctioneers & Valuers as to their general character, experience, and suitability. (IPAV, 2020)

Since becoming a member of TEGoVA the IPAV continues to run courses for its members and aspires to restrict the areas practiced, dependant on qualifications. There is no public record of sanctions on any of its members for working outside these codes to date.

As the role of valuer in the ROI historically has been quite loosely classified as ‘qualified valuer’, there has been little or no incentive to improve the educational or professional abilities of valuers. For example, where a valuation is required by Irish Statute, many Acts use the declaration ‘Qualified Valuer’, as in the Succession Act, 1965, Section 55. S.I. No. 252/2010 of the Housing (Incremental Purchase) Regulations 2010 uses the term ‘independent valuation’ by a ‘suitably qualified person’; Section 47(6) of the 2009 Act provides that:

*If the purchaser does not agree with the market value of the dwelling determined by the housing authority/approved body, the market value shall be determined by an independent valuer nominated by the purchaser from a panel of suitably qualified persons, established by the housing authority, who are of a class or description prescribed in regulations by the Minister for the Environment, Heritage and Local Government. Section 47(6) also excludes the housing authority/approved body from liability for any expenses incurred by the purchaser in obtaining an independent valuation of the dwelling.*

There is no definition of suitably qualified person, likewise The Housing Act 2000 defined the necessary qualifications of valuer as a person who:

- (a) Holds an auctioneer’s licence or a house agent’s licence under the

Auctioneers and House Agents Act 1947 (No. 10 of 1947),

and

(b) Has knowledge of and experience in the valuation of dwellings or sites in a particular area, is suitably qualified, for the purposes of this Part, to determine the market value or current market value of a dwelling or site, as the case may be, in that area (Housing Act, 2009).

Section 29.7 of the PRA Practice Directions say:

*The Arbitrator may require the applicant to obtain an opinion of the market value from a reputable auctioneer or valuer and takes this opinion into consideration in deciding what sum is to be taken as the market value of the premises. He may also send a request to the Commissioner of Valuation for ‘a valuation, estimate or statement in respect of any particular matter relevant to the determination of the purchase price’ (Section 20(1) of the 1967 Act) (Property Registration Authority, 2009).*

Therefore, the authority who regulates the profession (PRA) adjudicated that both valuers and reputable auctioneers (estate agents) possessed the skills to give an opinion on market value. In line with other EU members, Irish-listed companies use international financial reporting standards (IFRS) issued by the UK Accounting Standards Board (ASB). In 1999 FRS 15 stated that a qualified (internal or external,) valuer is;

*person conducting the valuation who holds a recognised and relevant professional qualification and having recent post-qualification experience, and sufficient knowledge of the state of the market, in the location and category of the tangible fixed asset being valued. An internal valuer is a director, officer or employee of the entity. An external valuer is not an internal valuer and does not have a significant financial interest in the entity (Accounting Standards Board, 1999).*

The European Communities (now European Union) (1986) referred to a ‘proper valuation’ which is defined as:

*a valuation made by a qualified valuer not more than one year before the relevant date which determined the amount which would be realised at the time of the valuation, on an open-market sale of the land, free from any mortgage or charge.*

A qualified valuer is further defined as:

- (a) A person who is a fellow of the Society of Chartered Surveyors in the Republic of Ireland or the Royal Institution of Chartered Surveyors and either—
- (i) Has knowledge of and experience in the valuation of that particular type of land in that particular area, or
  - (ii) Has knowledge of and experience in the valuation of land and has taken advice from a valuer who he is satisfied has knowledge of and experience in the valuation of that particular type of land in that particular area, or
- (b) A person who is approved for the time being by the Minister for the purposes of these Regulations (European Communities, 1986).

In 2005 the European Union (EU) produced a Green Paper to discuss intervening in the mortgage/credit market to promote cross-border lending, with the intention of providing more choice and protection for consumers. The Commission intended to open a debate on the diverse topics involved, including property valuation. The opinions of the Member States, including Ireland, were discussed. The question-and-answer session (section on valuation) is reproduced in the Appendix 6.4. The proposition of a unified valuation process from the Commission was not accepted as possible; the Irish respondents felt that a standardised approach would be difficult in the context of differing housing markets. Property valuation is regarded by the European Commission on Mortgage and Credit as:

*central to the mortgage credit transaction and the way that it is used can directly affect the nature, the funding and the prudential rules applicable to the credit. Lenders, consumers and investors must have full confidence in the qualifications of the valuer, the valuation process and the resulting figure* (Commission of European Communities, 2005).

The Commission held that a single standard of valuation which coexisted with mutually recognised local standards was possible. The diversion between those representing the RoI and the Commission is on the standards necessary to produce valuations, with the Commission seeking some common ground in an effort to standardise valuation methods.

The National Asset Management Agency (NAMA) was established in 2009 as one of a number of initiatives taken by the Government to address the serious crisis in Irish banking which had become increasingly evident over the course of 2008 and early 2009 (NAMA,

2020). NAMA's Role is as a secured lender, facilitates development via funding under the control of its debtors and receivers. NAMA funds infrastructure works, to facilitate commercial and residential development. €3.3 billion has been advanced by NAMA to date, in capital expenditure for new and existing projects. Legislation produced in the RoI which included references to valuation methods, standards and qualifications was for the National Asset Management Agency (NAMA). This legislation acknowledged that in valuations for the purposes of NAMA the valuations should be "in accordance with international property valuation standards (the 'Red Book')" (National Assets Management Agency, 2010). There is room at this stage to ask why weren't international property valuation standards and the Red Book (Royal Institution of Chartered Surveyors, 2010) the regulatory requirement in place before NAMA? Reflecting the mood, a topical newspaper article Emmet Oliver, journalist, recounted:

*This security is often inadequate or not supported by the correct documentation due to loans being turned around too quickly by banks. Last year the chief executive of NAMA, Brendan McDonagh, said he feared loans were supported by what he called 'bespoke' documentation, and this is proving to be the case (Oliver, 2010).*

In 2007 estate agents were asked voluntarily to sign up to a new code of practice produced by the National Property Services Regulatory Authority (NPSRA). The code was intended to reflect the ethos of the profession and the spirit of the law governing it (National Property Services Regulatory Authority, 2007). Section 1.7 states (with respect to competence and professional development) that they (estate agents) should only engage in the provision of services for which they are qualified, not claim expertise they do not have, and keep skills up to date.

The role of valuer in the RoI needs to be redefined. Many government documents use the term 'independent qualified valuer' (Department of Finance, 1999), however there needs to be clarification as to who is considered appropriately qualified. The need and significance of qualified knowledge is a problem with respect to valuation in Ireland. The distinction between licensed estate agents and competent valuers has yet to be made. It has to be acknowledged that the wise professional will make good judgements, that is, 'professional judgements', however the differences in that knowledge between individuals can be immense (Eraut, 1994). As clients are unable to distinguish the 'adequately

knowledgeable' from the not so, they need to be protected by codes of conduct. Such codes also increase protection of the professional from unqualified competition (Rueschemeyer, 1983). These codes are essentially a list of professional 'traits' needed to justify the title (Millerson, 1964). It is generally accepted that certain professions are restricted to those who have formal training, for example, medical doctors. The accepted mode of knowledge procurement for valuers has been either through formal study or a form of on-the-job training, demonstration, practise, and feedback. Professional knowledge is a combination of both technical knowledge and trained knowledge, the 'knowing that' (the theoretical knowledge of physics to maintain balance) and the 'knowing how' (practical knowledge of how to ride a bike) are equally important (Polanyi, 1958). Mandatory Practice Notes for the IAVI included the instruction that "Members are expected to ensure valuations are only undertaken by qualified personnel" (Irish Auctioneers & Valuers Institute, 2007), however the IAVI could only regulate its members; non-members were free to practise as they saw fit.

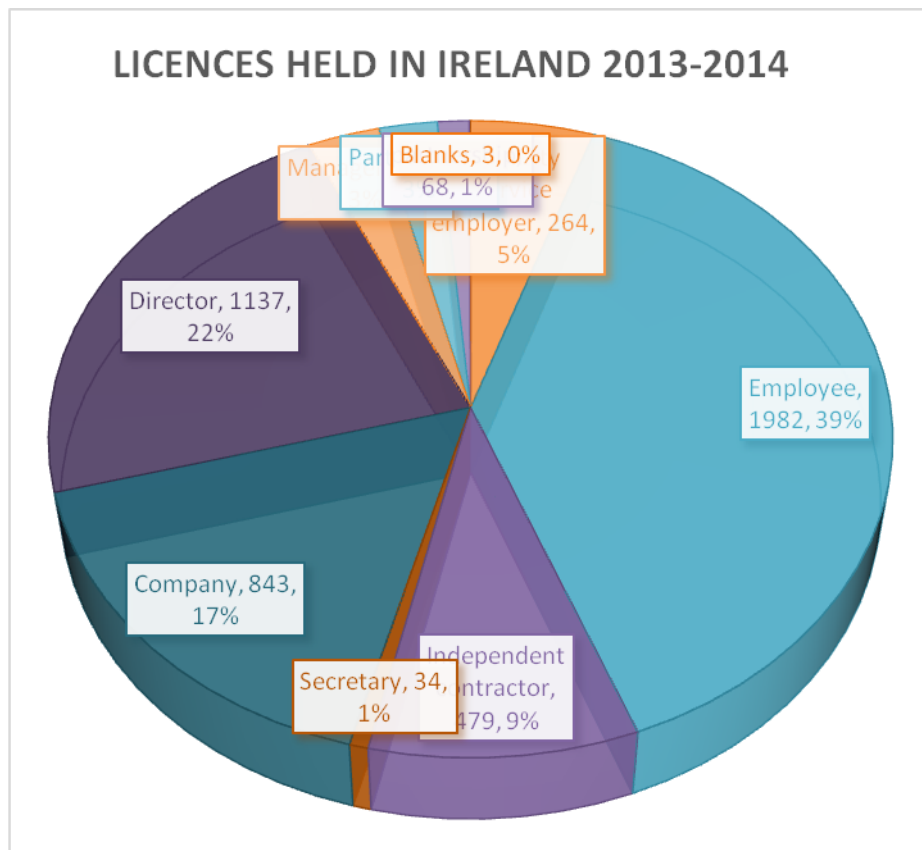
## **2.22. Reform**

The impact of the financial crisis on the Irish public finances was probably greater than for any other country in the OECD. The 2008 global financial crisis put the spotlight on the credibility of the banks, conduct in government, ethics, and professionalism. In 2007, economist Morgan Kelly gave evidence of over valuation in the Irish property market (Kelly, 2007). The financial crisis of 2008 demonstrated that the lack of valuation standards, particularly for the valuation of financial instruments, was a significant weakness in the global financial system (I.V.S Council, 2013). In the context of the Irish financial crisis, a lack of valuer professionalism was indirectly highlighted by the Central Bank of Ireland (2011), evidence that the professionalism of valuers in the RoI was an issue along with inadequate risk management of credit institutions. The scale of economic deterioration during the crisis was extraordinary in Ireland and has generated an appetite for substantial institutional reform to ensure that 'never again' will Ireland endure the avoidable costs of such volatility. Reform is needed to underpin future macroeconomic stability (Benetrix & Lane, 2012).

In July 2005, the Auctioneering/Estate Agency Review Group was established by the Minister for Justice and Law Reform, conceding that the existing statutory framework for



the industry was “outdated, inappropriate and inadequate for the present day market,” while making no provision for any ongoing official supervisory, disciplinary or consumer redress system (2005). Presently, post 2012, the primary authority for the regulation of property service providers in the RoI is the Property Services Regulatory Authority. The Authority aims to “achieve uniformity and transparency in licensing, regulation and provision of information to the public” (2012). The regulators’ primary responsibility is to bring transparency to the services provided by what are now termed ‘Property Services Providers’. Associated policies are enacted within this context. In 2014 there were 4060 individuals licensed under the new system as Property Services Providers. Figure 6 illustrates the types of licences held (extrapolated from the research and the register of licences held).

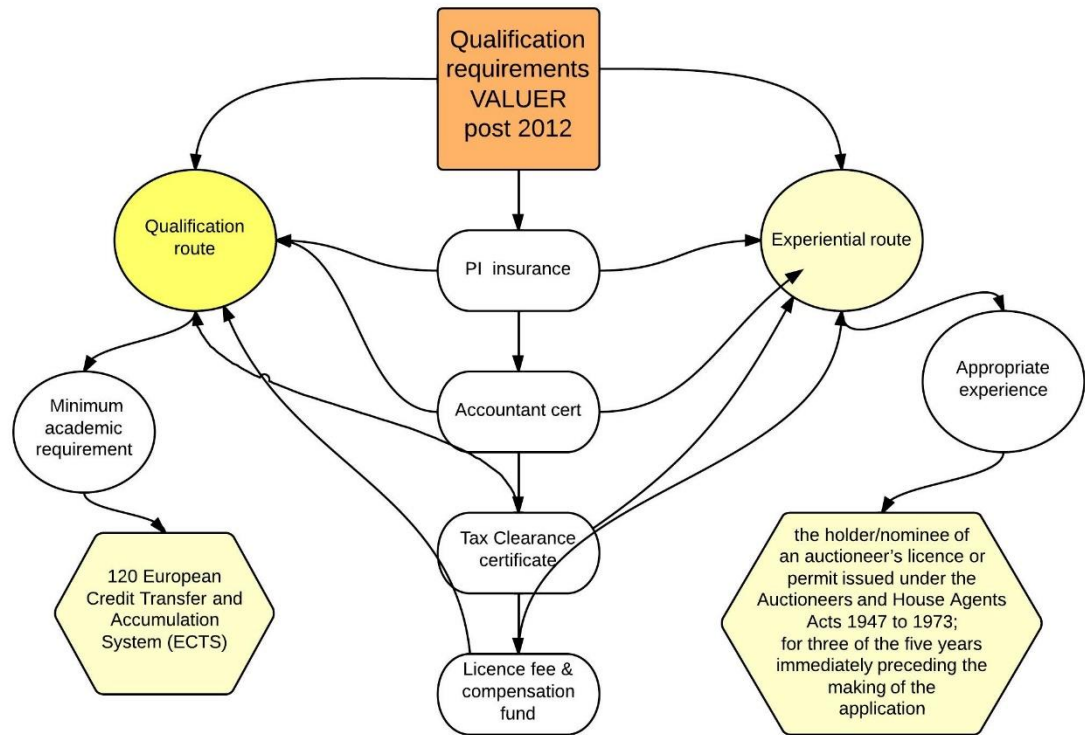


**Figure 6: Number of licences held 2013-2014**  
**Source: (Property Services Regulatory Authority, 2012)**

Understanding professionalism in context, requires that attention be given to the sociological, political, and economic dimensions of the concept at both the individual and institutional levels, rather than a focus on checklists of appropriate attitudes and

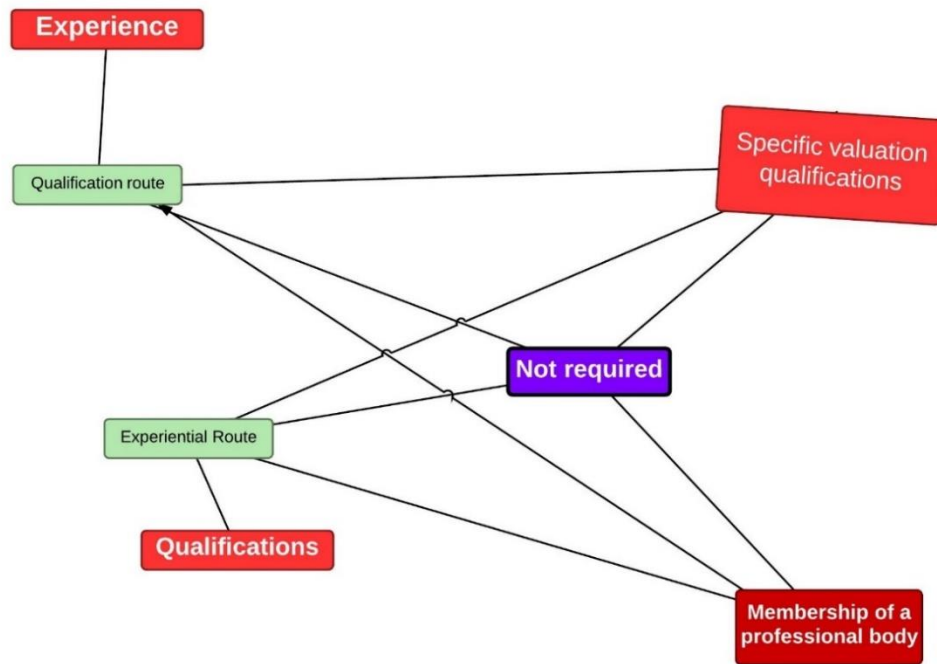
behaviours. There is interdependence between theory and practice with regard to valuation techniques, standards and education, and in theory techniques and education should already be more or less standardised across Europe; in practice the evidence for that is lacking. In real-life situations, problems arise. Solving minor day-to-day tribulations becomes second nature to professionals. Something rather more is required to unravel the systemic unpredictability of the role of the valuer in the RoI. Access to finance is a major determinant of market activity, consequently valuers are considered to occupy an influential position in terms of the overall lending decision (Real Estate Initiative, 2009). A lack of regulation of valuation services contributed to the causes of recession (2008) through the ensuing overzealous valuation of housing and commercial property stock (Central Bank Of Ireland, 2011).

Post 2012, licences were awarded to those who already had held them for three of the five years, previous to the new licensing laws. Although this is now the law, licences have been issued to those that have been discovered to be acting as an estate agent, without a licence or qualification, after a fine, and a conviction, in Appendix G, Press Release and Appendix H, subsequent licence in 2020. Appendix I, is a record of all the convictions achieved in relation to 403 complaints of unlicensed property agents, up to 2018, of these, 117 cases were dropped when it was determined that the subject had obtained a licence. This should be resisted by the profession, as it allows those who have acted unprofessionally in the past, to be licensed. Figure 7 lays out the various paths to a licence from 2012 to 2014. Technically after 2012, it should have been illegal to act as an agent, without a licence, so therefore the experiential route should be closed, and only those with 120 ECTS can become licensed.



**Figure 7: Qualification as a valuer RoI**

Figure 8 shows, that for valuers, not much has changed, there are no experiential requirements, however from 2014 onwards, valuers, new to the profession of Property Service Provider, will be required to hold 120 ECTS as a minimum.



**Figure 8: Not required for valuers RoI.**

The RICS Registered Valuer scheme became mandatory for all SCSi members in February 2016. IPAV have signed up to the TEGoVA and the “Blue Book” since 2016, it is not clear from the website if this is mandatory. The path to the designation, RICS Registered Valuer is immensely different to the path to the IPAV’s Rev Valuer, in relation to commercial valuation and lending in RoI, these professional designations are seen to be equivalent. That is, many instructions require either a ‘Red book’ or ‘Blue book’ valuation. Membership of a professional body is not a legal requirement in RoI.

### **2.23. Is valuation a bone fide profession?**

In some countries, property valuation is believed to be a profession. Historically, the term ‘professional’ implied a standard of conduct ensuring ethical behaviour (Plimmer, 2002). Surveying (valuation) education and its structure is different throughout Europe (Mattsson, 2001). In Denmark both a licence and a professional qualification are required. In the UK valuations are regulated by professional liability case law and guidance from the main professional organisations: The Royal Institution of Chartered Surveyors (RICS) and the Institute of Revenue, Rating and Valuation (IRRV).

*...(a) matter of great importance is how the competence necessary to qualify*

*people as members of a profession should be described and assessed. How this is related to the profession's control of its affairs and its accountability to clients, and how it relates to conceptions of the knowledge and expertise used in professional work and of professional learning, are among the complex and contentious issues involved (McIntyre, 1994).*

The key aim of these professional associations is to support professional development and share best practice (IRRV, 2010). The list of requirements for membership of the IRRV include the minimum requirement as a student, studying for IRRV qualifications. The requirements for membership of the RICS, as seen in the next section include a specific amount of experience, which may allow a route without formal examination but require a high level of expertise in relevant areas. An EU Directive on mutual recognition of professional qualifications presumes the surveyor (valuer) is not only a professional but also holds an appropriate academic qualification (Plimmer, 2002). Although in the UK there is no licensing or academic requirements in place to become an estate agent, the profession of valuation is not a subset of the estate agent grouping. Land or property valuers are regulated by the RICS and there are particular levels of academic qualifications required and to practise as a valuer and there is the further requirement to be an RICS registered valuer, with specific valuation competencies.

Can valuation services in the RoI, be classified as a bone fide profession? How do valuation services in Ireland, stack up against Millerson's (1964) definition of a profession? Valuation services in the RoI is a definitive higher-grade, non-manual occupation, with both subjectively and objectively recognised occupational status; however legally there is no requirement to undertake a well-defined area of study, advanced training and education and many do not. Although the RICS/SCSI and IPAV have in recent years established specialities within their memberships. Membership of either of these bodies is not a requirement by law, therefore those who hold a licence are free to practice as they please. Anecdotally, there are those who although they are members of either RICS/SCSI or IPAV still practice as valuers without any specialisation or sanctions. It is clear that valuation services have a questionable status as a profession – all 'the trappings' and lacking some of the substance, an illusion (a distortion of reality that is shared in general) as they do not hold up against definitions of profession established as far back as the 1960's. There are professional valuers in the RoI, those who exhibit some of the traditional traits of professionalism, without the requirement to do so. In 2014 there

were 95 RICS Registered Valuers, less than 2% of licensed Property Service Providers (RICS, 2014).

There are 5,849 PSP's (Property Service Providers or those licenced to act as a property professional) (Property Services Regulatory Authority, 2020). Presently of the 3,972 members of SCSi there are 972 who are listed as valuation surveyors but confusingly there are only 419 of them RICS Registered Valuers (that is the mandatory standard). 43% of the valuers who are member of SCSi/RICS in RoI appear to be are fully compliant - less than half. Many of the members of the SCSi are other than PSP's (e.g. Engineers or others), once these have been accounted for there appears to be a membership of 2383 property service providers. After excluding the 1300 members of IPAV the total number of PSP's in RoI without membership of either IPAV or SCSi/RICS is 2179 or 37%.

To date, as a TEGoVA Member, IPAV has trained and awarded 62 of its valuers to "REV" status, who are now using the "Blue Book" valuation standards with pride and excellence (IPAV, 2020)

However, there are 170 listed as REV members and a further 270 listed as having the designation TRV members. Anecdotally, there is confusion between the two designations with lending institutions appointing valuers from both institutions in an equal manner. The criteria to be acceptable to IPAV in conjunction with TEGoVA as a candidate for Registered European Valuer (REV) course for IPAV members, (the REV status enables members to complete both commercial and residential valuations to Blue book standard) varies greatly with the RICS Registered Valuer status. Valuer Registration (VR) was introduced by the Royal Institution of Chartered Surveyors (RICS) in 2010 and became mandatory for RICS members carrying out Red Book valuations in RoI on a mandatory basis at the end of February 2016.

IPAV: REV Course - Members only

- Currently hold the TEGoVA Residential Valuer (TRV) status
- Have 10 years proven commercial valuation experience and
- Can furnish the completed application form and supporting documents requested. (IPAV, 2020)

An example of the online application form in Appendix 6.6, exhibits 5 course days of 7.5 hours (including breaks). A total of 37.5 hours of tuition at a fee of €795.00. To hold a TEGoVA Residential Valuer (TRV) there is a course provided, to be accepted on the course one must have 6 years proven residential valuation experience and can furnish the completed application form along with a residential valuation report that was completed by the applicant in the last 12 months, (it must be noted that here, it is required that a person who has no qualification is required to produce a valuation report completed in the previous 12 months), the application form in Appendix 6.6, requires a list of 12 valuations completed. The course similarly over 5 days, for 8 hours including breaks, a total of 40 hours tuition. Therefore, to complete Blue Book valuations requires 77.5 hours of tuition. There is no requirement for any form of ‘grandfathering’ (on the job experience with a qualified mentor).

#### RICS: Registered Valuer Status

Members who qualified prior to 01 January 2012

Any person who qualified as an RICS member prior to 01 January 2012 can join the scheme by supplying the necessary information and paying the annual fee.

Members who qualify on or after 01 January 2012

Members who qualify on or after 01 January 2012 will only be eligible to join if they have qualified at final assessment with competency in valuation (to level 3 for chartered members (MRICS or FRICS), or to level 2 for associate members (AssocRICS)).

There are seven routes to becoming a Chartered Surveyor; Graduate Route 1 is for candidates with an RICS/SCSI accredited degree and limited experience (less than 5 years), or no prior relevant experience. Graduate Route 2 is for candidates with an RICS/SCSI accredited degree and at least five to ten years’ relevant experience. Graduate Route 3 is for candidates with an RICS/SCSI accredited degree and at least ten years’ relevant experience. The Adaptation Route is for those applicants with 10+ years’ experience and a non-accredited degree or a relevant professional qualification and 450 study hours from the final year of an RICS/SCSI degree before applying for Final Assessment. RICS/SCSI offers a route to membership specifically designed for senior professionals, able to demonstrate a good range and length of leadership and management

of people and resources, at an organisational level — rather than the day-to-day operation of a small-to-medium sized team and have worked at this level of seniority for a period of time. The Research route is for surveyors specialising in the area of industry research and analysis, who are engaged in relevant employment. Candidates must be approved for this route before commencing the Assessment of Professional Competence (APC). The Research route through the APC is a 24-month period of structured on-the-job training and experience and culminates in the Final Assessment process of submission of documentation and a 1-hour competency-based interview. The Academic route is for surveyors working in the academic sector, who are engaged in relevant employment. An accredited degree minimum over 4 years can be completed full time or part time. The course takes place at DIT Bolton Street, Dublin 1, every second Saturday between 10 am and 5 pm, September until May. In addition to the annual end of year exams which take place in June, those that complete the honours degree must also undertake a dissertation at the end of fourth year, 952 hours, exams and thesis, followed by 2 years APC (mentoring) (B.Sc in Property Studies, 2019).

Against Millerson's definition of professionalisation, valuation services in the RoI, is in the *process* of transformation into a profession. Moving towards the requirement to be a member of an association that enforces established and acknowledged standards of competence and integrity. However, there is still no defined background of knowledge required. A university degree is required by one institute while the other administers the courses themselves. There are presently two organisations for Property Service Providers in the RoI: SCSi (Society of Chartered Surveyors of Ireland) and IPAV (Institute of Professional Auctioneers and Valuers). Entry requirements into these organisations vary greatly. It is possible to be elected a member of IPAV and avoid any educational requirements.

*A Full Member of the Institute shall be practising as an Auctioneer, Valuer, Estate Agent, Property Managing Agent, Letting Agent or Property Professional and have obtained a current relevant licence from the Property Services Regulatory Authority (PSRA) and satisfy the Council of IPAV as to their general character, experience and suitability. (IPAV, 2013)*

In the RoI there is no requirement to be a member of either association, generally (apart from the profession of law) membership of an association is not a compulsory requirement



(Millerson, 1964). Some credit institutions have recently made it a requirement for panel members to be a member of one or other of RICS/SCSI or IPAV to complete valuations.

## **2.24. Increased Competency**

Professional competence is defined by its component parts: knowledge competence, cognitive competence, ethical competence, and business competence (Kennie, Green, & Sayce, 2000), but does a relevant education and qualification result in increased competency? Is there a relationship between qualifications, experience, and competency? As far back as 2005 (in the RoI) 94 per cent of IAVI members believed that only those with relevant academic qualifications should be able to describe themselves as valuers (Irish Auctioneers and Valuers Institute, 2005). Internationally it has been accepted that there are minimum qualifications and experience required to practice as a valuer (surveyor). The EU have acknowledged a correlation and with Directive 2006/48/EC of 14<sup>th</sup> June 2006 there are consequences for property valuation for lending purposes, with definitions of value, criteria for assessment, monitoring and revaluation as well as requirements with respect to the qualification and independence of valuers. The standards as set out in the Blue Book are applicable to those who are qualified (TEGoVA, 2010).

In RoI we have two tiers, with the investment market using international standards (the Red Book) and indigenous valuers working locally (Adair et al., 1996). What are the optimum characteristics needed in a competent valuer? Is there a list of professional ‘traits’ needed to justify the title? (Millerson, 1964). The IVSC believes

*..because valuation requires the exercise of skill and judgment, it is a fundamental expectation that valuations are prepared by an individual or firm having the appropriate technical skills, experience and knowledge of the subject of the valuation, the market in which it trades and the purpose of the valuation. For complex or large multi asset valuations it is acceptable for the valuer to seek assistance from specialists in certain aspects of the overall assignment, providing this is disclosed in the scope of work (International Valuation Standards Council, 2010).*

The combination of academic education and professional training should be appropriate for qualified surveyors (valuers) as required by many countries in Europe (Plimmer, 2002).

### ***2.24.1 Should valuations be reviewed?***

In the aftermath of the property crash of 1990 (United Kingdom) the Mallinson Report (1994) became the catalyst for reforms, which included the Red Book. There are parallels in the RoI, post-crash 2007. Theoretically adoption of a framework based on the key components implemented and identified by the literature could apply to Ireland and prevent further and future losses due to the valuer's role: "Common professional standards and methods should be developed for measuring and expressing valuation uncertainty" (Mallisson, 1994). A review of valuations undertaken in the RoI could help to highlight the lack of 'common professional standards' still prevailing and identify those who are professional as;

Even before the global financial crisis, valuation clients had been expressing concerns about the difficulty in identifying reliable valuers with up-to-date knowledge and appropriate experience (TEGoVA, 2005).

A valuation review is when one valuer impartially looks over the work of another. To ensure accuracy, appropriateness and quality of valuation reports guidelines were drafted by the International Valuation Standards Committee (IVSC). In 2002 a draft report suggested that valuations should be checked for adequacy and relevance of information, appropriateness of methods, techniques employed, opinions and conclusions. It was expected that valuations would be completed only where there would be due diligence, compliance with regulations and be within the valuer's jurisdiction (International Valuation Standards Committee, 2002). Reviewing valuations impartially could point to the areas in need of modification as it is of the utmost importance that, along with the changes in the property market, valuation standards evolve (McPharland, Adair & McGreal, 2002).

### ***2.24.2 The need for regulation of valuers in RoI***

Professionals are required to make judgements based on their knowledge, experience and understanding of any given situation. Frequently, there are many variables and numerous satisfactory solutions; valuers must be able to identify and evaluate possible alternatives, considering that others may be significantly affected by the ultimate decisions taken. Many factors contribute to good quality, uniform market valuation; however, the focus of this

research is on the valuer.

Experience and expertise should mean a more thorough and accurate investigation, and all things being equal, bias would likely lean towards the professional with excellent qualifications and experience; however, those valuers encumbered with fewer regulations are oftentimes faster to turn around instructions (having less regard for international valuation conventions) and are therefore less expensive. During the ‘Celtic Tiger’ years there were weaknesses in the appointment, utilisation, and performance review of valuer panels by credit institutions. This included the utilisation of valuers without appropriate experience, qualifications, and professional indemnity insurance for the particular assignment (Central Bank of Ireland, 2011). Lenders in the RoI had tended to avail of the least expensive advice. Role conflict occurs when self-imposed demands and expectations clash with demands and expectations of clients (Sutherland & Cooper, 1988). There may be conflict when the level of discretion that a valuer has is influenced by the client’s expectations, more particularly those without either education or experience. Formally trained workers are likely to have higher professional expectations than those without degrees (Wallace, 1995).

Einstein, a theoretical physicist who had an exceptional capacity for the complicated, also had a gift for simplicity and clear views which are evidenced in the many quotes attributed to him. One such quotation, ‘Nothing happens until something moves’, inspires action. Tacit professional awareness of gaps in valuation standards becomes explicit knowledge through research and documentation; it is through ‘knowledge creation’ and dissemination that standards are improved (Nonaka, 1991). The nature of enquiry into intended future research is to produce two outcomes: knowledge for critical evaluation and knowledge for action (Wallace & Wray, 2006). The following section introduces professionalism, its main themes and framework through the literature.

It has been established that bankers and other financial services professionals play a fundamental role in determining the economic fortunes, stability, and sustainability of modern economies. Ethically responsible conduct gives rise to trust and reputational outcomes that contribute positively to developing the effective informational frameworks which are part of the essential underpinnings of a sound financial system (Decker & Sale,

2009). Trust is a functional prerequisite. In general, valuation practices have undergone modifications and changes throughout history, which reflect economic and political shifts. In recent years the media, among others, have highlighted problems with accountability and transparency, balanced with confidentiality and proper procedures. Beyond the borders of the RoI the distinction between the area of practice covered by estate agents and valuers has long been recognised. Internationally the practice of valuers is generally covered by either regulation or professional codes. RICS Valuation – Professional Standards 2014 (the 'Red Book') is published by the Royal Institution of Chartered Surveyors (RICS) in the UK and is used by surveyors (members worldwide) as guidance in the area of valuation practice, process and bases. The Red Book (4<sup>th</sup> ed., published in 1993) recommends that mandatory standards of education should be required for those undertaking 'Red Book' valuations and that valuers should be “educated as necessary” to meet that demand. Previous to that, Mallison (1994) in the UK concluded that all valuers were to demonstrate “relevant experience”.

In the UK, property valuations are subject to a rigorous code of practice commonly known as the Red Book (RICS, 2014). Valuations in that context are based on the theoretical concept that as an estimation of the exchange price in the marketplace, in a perfect world, all valuations of the same property at the same time would be the same. One facet of concern is the degree of independence of valuations from the market and that (unregulated) valuations may not be the perfect surrogate for prices (underlying this research). Research conducted by Baum *et al.* on the interaction between commercial valuations and valuers describes conflicts of interest as:

- When acting for a purchaser, investment agents may have an incentive to provide a confirmatory valuation since their fee income depends upon completion of the transaction.
- Valuers will be motivated to retain the client's business, and the implications of lost clients both for individual careers and for success at firm level may encourage valuers to keep clients happy.
- Additionally, where appointed as external valuer the firm often provides non-valuation services to clients, providing an incentive for that firm to respond positively to client influence.
- Where valuation fees are calculated as a per centage of the property or portfolio value, there may be an incentive for the valuer to confirm an agreed purchase price as the completed

- transaction will add to portfolio value.
- Fund managers have clear incentives to attempt to influence valuations since they are used in the measurement of performance.  
(Baum, et al., 2000).

With valuations and valuers playing such an integral part in the property market in the absence of regulation professionalism is required.

### **2.25. Research Problem**

A discipline or profession is established by development of a body of knowledge which is unique - that body of knowledge is produced through research. Research is expected to add something of value to that body of knowledge this means that a question or unsolved problem is identified and studied to find a solution to that problem (Amaratunga, et al., 2002). Regulatory concerns aside, reputation is recognised as an intangible asset as it directly affects all of those who practise within the property services area. While professionalism is widely displayed in the RoI by the signage and advertising of property services providers, its adoption at operational level is less obvious. With terms misunderstood and misused, there is an absence of documented proof of professionalism in practice. This research is undertaken to fill this knowledge gap as a tool of enhancing knowledge and performance in this area. Valuers are important in the provision of services to mortgage lenders and they are also critical as a catalyst for economic growth and well-being of the country.

### **2.26. Research approach**

The research approach is justified as that which best reflects the research question. Academic research in the built environment is a process of enquiry and investigation, systematic and methodical, increases knowledge and often uses quantitative methodologies, relying on facts, experience, data, concepts, constructs, hypotheses, conjectures, principles and laws (Amaratunga, et al., 2002). Future research using this study as a baseline may use a pragmatic (what works) paradigm using both numeric and narrative data in the research (Creswell & Plano-Clark, 2010). Mixed research philosophy lies between the extremes: Plato (quantitative research) and the Sophists (qualitative research) (Johnson et al., 2007); a solution that meets in the middle attempting to respect

both viewpoints. Mixed method research has been described by Tashakkori and Creswell (2007) as an approach that collects and analyses data, integrates the findings and draws inferences from both the qualitative and quantitative. Valuation as a discipline, could be described in much the same way: an approach to knowledge that considers multiple viewpoints, perspectives, standpoints and positions, a research paradigm which has arisen in response to current theses (Johnson et al., 2007). The quantitative component of this study is aimed at identifying factors that significantly predicts professionalism. Research into professionalism has a history of the use of surveys to establish its tenets or indicators in 1986 (Howell & Dorfman) used a questionnaire to test leadership behaviours and their substitutes, (a measure of individual professionalism to the extent that people scoring above a score were rated as professional). The seven-item scale included education, expertise and the need to act autonomously. Chapter Three includes an examination and defence of the quantitative approach as an appropriate methodology for this research subject.

### **2.27. Research scope and limitation**

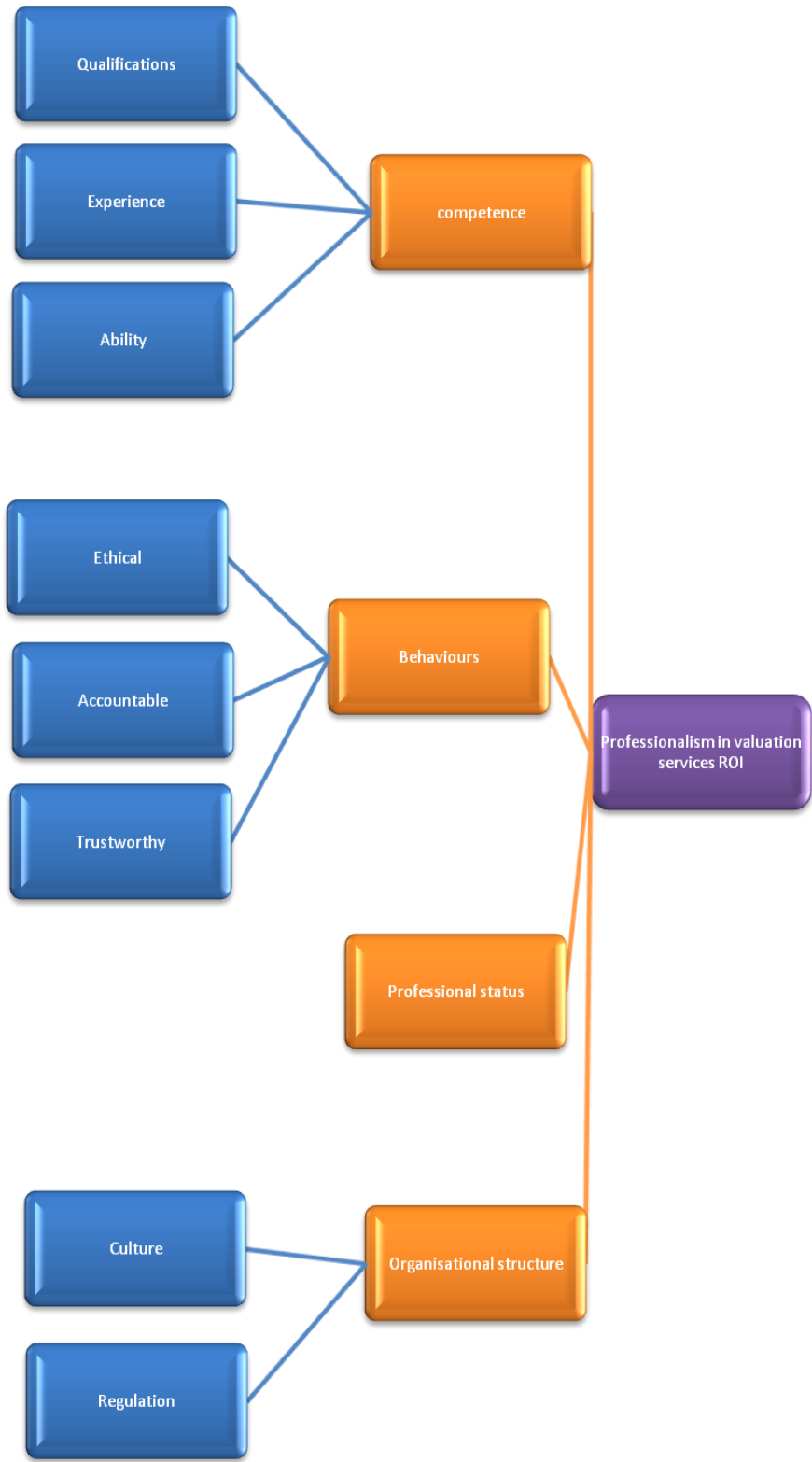
The central issue of the research is the professionalism of valuers in the RoI up to 2007/08 financial crisis. Professionalism is a presumed antecedent of a range of positive outcomes such as service quality and an attitudinal socially constructed concept. Professionalism is important, the quality of delivery is linked to the professionalism of the deliverers, however this appears to be a complex and contentious issue for Valuers in RoI. Post the financial crash in 2007, a clear link appeared between weak bank governance and loose risk management, this contributed to the crisis through several channels. Security was often inadequate or not supported by the correct documentation. There appeared to be difficulty in identifying reliable valuers with up-to-date knowledge and appropriate experience. The problem is how the competence necessary to qualify individuals as members of a profession should be described and assessed.

Geographically the study is concentrated on RoI. Ireland's economy struggled during an intense period of financial crisis caused by a boom-and-bust cycle (2002 – 2007), which is the main catalyst for the research. The research uses the regulatory framework within which property services providers exist as a focus for examining the professionalism of valuers in the RoI. The territory covered by the research does not extend beyond the RoI

as a focus but does at times refer to the use by other relevant jurisdictions of policy, practice, research and literature by way of contrast, context and information. The population size and characteristics are determined and limited by the geographical location (RoI). The study is focused on valuers as property service providers in the RoI; this study does not include other disciplines under the property services umbrella as they have been specifically licensed under the recent 2012 Act (Property Services Regulatory Authority, 2012).

### **2.28. Pattern or Framework**

As an emerging profession there is a pressing need to identify and develop suitable traits, attributes and skills that need to be possessed by the modern-day valuer. The framework that has emerged from the literature review is represented in Figure 9. Professionalism based on competence, professional behaviours, professional status, and organisational structure. Competence which comes from an agreed level of qualification (not yet standardised even by the institutions representing property professionals). A length of experience that needs to be agreed as a reasonable length of time working under the stewardship of a colleague who has already attained the required professional qualification and experience in the relevant competencies. The ability to provide a professional service. Valuers should be required to agree, understand, and display behaviours, which are appropriate to the profession, ethical, trustworthy, and accountable. The professional status of valuers can be improved or disimproved, by the ability to act professionally or show professionalism. The organisational structure in RoI has been a barrier to professionalism, as regulation up to 2012 was more of a ‘rubber stamp’, rather than an actual framework, along with a culture of light touch regulation within the banks.



**Figure 9: Emerging framework**



## **2.29. Summary**

It is clear there was a problem around the provision of valuation services in RoI. Although no system is perfect, the lack of direction from any one influential source, be it the government, the representative institutes, the banks, or the profession itself, allowed a gaping hole in the framework for valuers. It has been expected that valuations are a good proxy for sale prices, but as there were no clear required skills, and unfortunately a licensing regime that gave the appearance of competencies, the opinions of those who were actual professionals, and those who weren't, had the same value. This caused a feedback loop, that encouraged over valuation (or sale price confirmation) and assisted in the overheating of the property market which caused severe financial stress, to almost everyone in the country, post-crash. In 2012 a new regime was written into law; however, valuation services are not recognised as a specialisation. Valuation to date, has not been recognised as a profession of itself, practised by those with a precise body of knowledge, experience, and aptitude.

## Chapter Three: **Research Methodology**

### **3.1. Introduction**

Chapter Three considers the research methodology and methods to justify the selection of the quantitative method. The methodology for addressing the research questions is developed in this chapter. After an in-depth review of the literature, which is informed by the research problem, the research philosophy, approach, and technique are linked. The review of the literature illustrated that although there is research into the mechanics of valuation for example, accuracy, there are no specific studies to assess the profession, professionalisation and professionalism of valuers themselves. This could be because there had been very few public challenges to the professionalism of valuers. In RoI from 2012 onwards there have been attempts to professionalise property service providers as a cohort through new licensing laws, but there is no indication that has filtered through to valuers and valuation services. Although some of those who practice as valuers are attempting to follow modern valuation standards, others are not. There are certain agreed indicators of a profession. Professions develop typical strategies to advocate for the profession and to promote ethical practice and quality of service.

Indicators of a profession are:

1. The development of a common body of knowledge.
2. Training.
3. A professional association with a code of ethics.
4. Accreditation and certification and licensing (closure of the profession).
5. Robust body of literature centred on practice of the profession, and methods of education.

To address the aims and objectives of the research, empirical data is required. The indicators of a profession are utilised in the online study (Chapter Four), to evaluate the role of the valuation profession in the 2008 financial crisis in RoI, and to illustrate the differences in the underlying regulatory framework used by the two existing institutions (which are intended to give direction to valuers). Although the term ‘valuer’ was well understood by some (and this is mostly aligned with evolving international standards) for

others, valuation historically, was an additional service provided by a licensed agent (which includes those who worked primarily in sales and rentals of property). The framework is not in place to correctly educate the general public as to what qualifications, experience and aptitude should be minimally required by valuers. Robust research provides questions and answers and a catalyst for change.

To solve the research problem the researcher is required to match philosophical perspectives and methodological approaches by making several core assumptions (Holden & Lynch, 2004). To make any real contribution, the research should have certain characteristics: it should be carried out within an explicit philosophical framework and should adopt and justify an appropriate methodological approach (Easterby-Smith et al., 2008). Research into the built environment can be multifaceted due to both its interdisciplinary and multidisciplinary nature (Chynoweth, 2006). To appreciate complexity in this area and the diversity of research methods available, it is necessary to be aware of the potential alternative and relevant methodologies in this context. Each methodology brings with it philosophical baggage (assumptions) of which the researcher must be conscious (Gill & Johnson, 2010). The epistemology (how) depends on the ontology (what) and axiology (why).

The study uses a cross sectional survey design to assess professionalism across a sample of Property Services Providers (PSP's) who provided valuation services in the RoI up to 2008. This research explores the differences between groups of two or more across a range of constructs designed for the study.

## **3.2. Paradigms**

Research paradigms are often explained in terms of certain characteristics, a. ontology, b. epistemology, c. methods or methodology d. axiology.

### ***3.2.1 Ontology***

To understand the way the world works we make assumptions. The way we make these assumptions determines how valid our knowledge production is to others. Quantitative research offers techniques that measure reality as it exists.

### **3.2.2 Epistemology**

Epistemology concerns itself with the relationship between the knower and the known, perceived as either objective or subjective (Creswell & Plano-Clark, 2010).

### **3.2.3 Axiology**

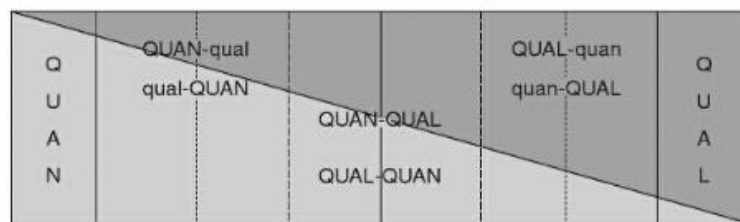
Distilling an objective view of the system that valuers worked under and the resultant standards, requires independent research, using a large sample which is structured. Based on their values, postpositivist researchers believe causes probably determine outcomes, with a corresponding need to identify the cause (Creswell, 2009).

### **3.2.4 Methods**

Paradigms are useful structures for the setting of parameters for research. There are two main research philosophical approaches: interpretivism and positivism. It was the opinion of Creswell (2003) that there was a strong link between the paradigm of scientific inquiry (the philosophical basis for the research) and the design of the study (the approach used in solving a particular research questions). Some argue that as paradigms embody assumptions about the nature of the world there is incompatibility in mixed-method evaluation designs, in which the qualitative (interpretive) and quantitative (postpositivist) methods are conceptualised and implemented within different paradigms, therefore mixing is not possible (realist versus relativist ontologies) (Lincoln & Guba, 1985): "We are led to vastly diverse, disparate, and totally antithetical ends" (Guba, 1990). However, the practical demands of the problem are primary, and our understanding of a given inquiry problem can be significantly enhanced by exploring convergences in stories, generated from alternate paradigms, so inquirer flexibility and adaptiveness are needed to determine what will work best for a given problem (Kidder & Fine, 1987).

The choice between qualitative and quantitative methods will bring strengths and weaknesses, either choice will be a compromise (Amaratunga, et al., 2002) . Choosing qualitative research as a philosophical paradigm may be a starting point which avoids the reductionist and positivist approach of understanding people by decreasing aspects of human psychology to numbers (Clark-Carter, 2010). The researcher has a part to play and

will interact with the research, there is an inherent danger in denying the importance of individual subjectivity (McGrath, 2008). As the psychology of buyers and sellers helps to determine prices, the property market is complex and inefficient, therefore the role of real estate agents and valuers becomes more important than that of stockbrokers (Evans, 1995) and in order to understand person-situation interactions it is also important to understand situations and context (Johns, 2006). Valuers and other stakeholders research the property market on the ground by employing a version of mixed methods research techniques, combining both quantitative (objectively comparing price) and qualitative (subjectively comparing properties) data to make inferences (concluding that something is true, in light of something else being true, or seeming to be true). Ontologically (relating to nature of reality) and epistemologically (relating to theoretical perspectives, methodology, and methods of research) this research is quantitative (the general philosophical orientation and interpretation the researcher holds, is grounded in traditional forms of empirical research). Once data has been collected, then something must be done with it in order to make it mean something, this can only happen if researchers make it happen. “Researchers make decisions about collecting data, and then shape and interpret it using concepts and theories, their own and others” (Burnett, 2009). Once completed, research generalisation suggests that there is a reasonable expectation that a knowledge claim already believed to be true in one setting, is highly likely in others (Seddon & Scheepers, 2012). Figures 10 and table 1, show where quantitative research lies on a continuum of a mixed methods qual-quant integration. Each method has its own merits.



**Figure 10: mixed methods as a continuum of qual and quan integration**

Source: (Teddlie & Tashakkori, 2009)

**Table 1: Research Continuum (Teddlie & Tashakkori, 2009).**

**Table 5.3** Multidimensional Continuum of Research Projects

<i>Sphere of Concepts: Purposes, Questions, Objectives</i>		
Deductive questions	←————→	Inductive questions
Objective purpose	←————→	Subjective purpose
Value neutral	←————→	Value involved
Confirmation	←————→	Understanding
Explanatory	←————→	Exploratory
<i>Sphere of Concrete Processes (Experiential Sphere)</i>		
Numeric data	←————→	Narrative data
Structured/close-ended	←————→	Open-ended
Preplanned design	←————→	Emergent design
Statistical analysis	←————→	Thematic analysis
Probability sample	←————→	Purposive sample
<i>Sphere of Inferences and Explanations</i>		
Deductive inference	←————→	Inductive inference
“Objective” inferences	←————→	“Subjective” inferences
Value neutral	←————→	Value rich
Politically noncommittal	←————→	Transformative
Etic representation	←————→	Etic representation
Nomothetic	←————→	Ideographic

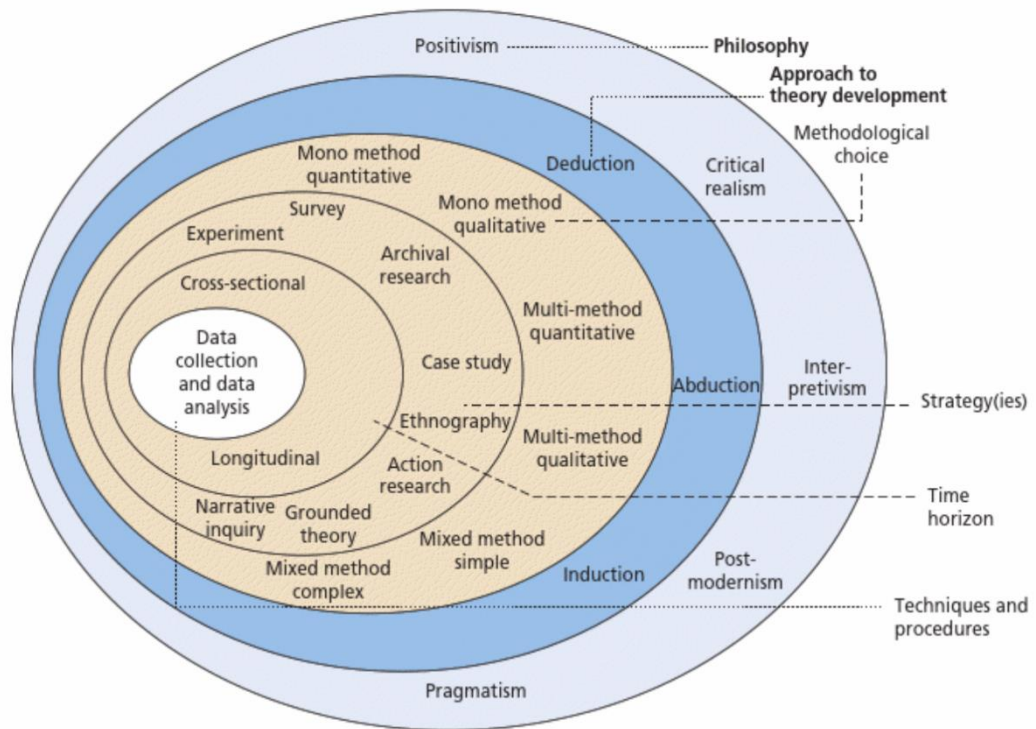
Note: Most QUAN research is closer to the left side of this table, whereas most QUAL research is closer to the right side. For the sake of diversity, we intentionally put QUAN on the left side, whereas most other tables and figures in this text have QUAN on the right side.

*“The choice of a particular epistemological base leads to a preference for a particular method on the grounds of its greater appropriateness given the preceding philosophical deliberations” (Bryman, 1984).*

The positivism paradigm (supports quantitative methods) views knowledge as rational based on pure observation having an objective component with quantitative data in the form of statistical inference that must measure up to standards. Quantitative research would appear more precise than qualitative design and analysis by limiting the variables of interest, measuring in prescribed ways, and specifying the relationships that are to be investigated, by “putting distance between the observer and the observed” (Bryman, 1984). The use of a background narrative gives context through assumptions, that may not be as objective but allows the analysis to be more trustworthy and dependable. Human

behaviour is complex. Quantitative researchers construct arguments based on their evidence, with alternative interpretations of the data possible. Statistical analyses are merely instances of mechanical inferences in a much larger set of knowledge claims, assumptions, and instances of nonmechanical inferences (Howe, 1988).

Pragmatism and transformative paradigms reject the ‘either/or’ approach (believing that research at any given time falls somewhere within the inductive-deductive cycle) and the forced choices between positivism and Postpositivism (Teddlie & Tashakkori, 2009) as epistemologically issues exist on a continuum (not opposing poles) and to answer complex questions researchers may need to interact with the participants and obtain the understanding necessary to appreciate the participants’ subjective experiences (Mertens, 2003). The pragmatic view of Miles and Huberman (1984) and Reichardt and Cook (1979) is that epistemological purity does not get research done and paradigms can be mixed and matched, in conjunction with method choices, to achieve the combination most appropriate for a given inquiry problem because paradigm attributes are logically independent. The research onion is a research analogy developed by Saunders *et al*, which describes the stages that must be covered when developing a research strategy, moving from the outside in, each layer details a research process rather than ‘peeling’ from the centre. Research is affected by the beliefs and assumptions of the researcher, with each approaching their decision making in different ways, including choices on methodologies used. Consequently, there are important outer layers that need to be understood, rather than just peel away the outer layers and throw them away (2009). The research onion is illustrated in Figure 10 and shows the elaborate process of research design in a simplified manner by peeling each layer developing a strong and stable structure for the research. Each methodology is particular to its intended use.



**Figure 11 : The research 'onion'**  
 Source: Saunders et al. (2009)

### 3.3. Philosophical Position of the Research

Deductive research questions move from general theories to the particular and inductive research questions move from the particular to general theories. Quantitative data is numeric, countable, and measurable. Quantitative data analysis on nominal, ordinal, interval, and ratio levels of measurement in data, including questionnaires, quantify it and put it into numeric terms. The approach to research involves philosophical assumptions as well as distinct methods or procedures (Creswell, 2009). With a reductionist intent, research paradigms remain separate, however research shows they also can be mixed into another research paradigm, as the combination of methods and ideas could assist the framing and addressing of research questions (Johnson et al., 2007). A 'pragmatism of the middle' supports paradigm integration and helps mixed research to peacefully coexist with the philosophies of quantitative and qualitative research, around the ideas of Charles Sanders Peirce, William James, and John Dewey (Johnson & Onwuegbuzie, 2004). Postpositivism offers a logical epistemological justification for quantitative research



methods, to understand the world in an unbiased manner. In quantitative data analysis, the researcher seeks to identify trends and relationships among the variables of interest. When research needs to be rigorous, unbiased and precise then deductive research methods are the best solution (Lune & Berg, 2017). To reduce ideas into a set of ideas to be tested (variables) requires the development of numeric measures so we can understand the world, in this case, where on the continuum was the professionalism of valuers in 2008? These analyses allow space to make arguments about the relationships between/among the variables of interest, through explanation, prediction, description and/or exploration. This philosophical approach allows the collection of information to question if the professionalisation of valuers was still ongoing and if that was causal in part, to the property crash, 2008.

### **3.4. Competing research methods**

Qualitative research has been in use for several centuries using interpretive techniques to understand human behaviour (Bryman & Bell, 2003). Mixed methods research, now understood as the third research paradigm, has a very recent history of development (Johnson et al., 2007), between 1950 and 1980 finding momentum and continuing to advance. In 1988, Bryman established connections within the two traditions, quantitative and qualitative as a highly inclusive research method presenting a topical overview (Teddlie, 1998; Tashakkori and Teddlie, 1998). Johnson and Onwuegbuzie positioned mixed methods research as a natural complement to traditional qualitative and quantitative research (2004) that attempts to consider multiple viewpoints, perspectives, positions, and standpoints (synthesis that always includes the standpoints and ideas of qualitative and quantitative research). In 1973, Sieber outlined reasons to combine quantitative and qualitative research effectively at the research design, data collection, and data analysis stages of the process.

Greene *et al.* (1989) defined mixed method designs as those that include at least one quantitative method (collect numbers) and one qualitative method (collect words), where neither type of method is inherently linked to any particular inquiry paradigm. If all methods have integral biases and limitations the use of one method will unsurprisingly yield biased and limited results and in the use of two or more methods that have offsetting

biases where the results of these methods converge or corroborate one another, then the validity of inquiry findings is enhanced (Greene et al., 1989).

A multiparadigm approach such as triangulation (which seeks convergence of findings) or facilitation complements the study, as "...audiences such as policy makers, practitioners, and others in applied areas need multiple forms of evidence to document and inform the research problems" (Creswell & Clark, 2010). A mixed method researcher "collects, analyses, mixes, and draws inferences from both quantitative and qualitative data in a single study or a program of inquiry" (Creswell, 2006). Creswell extols three ways of 'mixing the data,' reproduced in Table 2. Though there are sceptics, lingering debates and issues - mixed methods research, termed the 'third methodological movement' by Tashakkori and Teddlie (2003), has evolved. Creswell has concluded that the complexity of research problems call for answers beyond simple numbers in a quantitative sense or words in a qualitative sense, reasoning that through mixed methods, researchers can situate numbers in the contexts and words of participants, and they can frame the words of participants with numbers, trends, and statistical results (2006).

**Table 2: Development of mixed methods research (Creswell, 2006)**

Stage of Development	Authors (Year)	Contribution to Mixed Methods Research
Formative period	Campbell and Fiske (1959)	Introduced the use of multiple quantitative methods
	Sieber (1973)	Combined surveys and interviews
	Jick (1979)	Discussed triangulating qualitative and quantitative data
	Cook and Reichardt (1979)	Presented 10 ways to combine quantitative and qualitative data
Paradigm debate period	Rossmann and Wilson (1985)	Discussed stances toward combining methods—purists, situationalists, and pragmatists
	Bryman (1988)	Reviewed the debate and established connections within the two traditions
	Reichardt and Rallis (1994)	Discussed the paradigm debate and reconciled two traditions
	Greene and Caracelli (1997)	Suggested that we move past the paradigm debate
Procedural development period	Greene, Caracelli, and Graham (1989)	Identified a classification system of types of mixed methods designs
	Brewer and Hunter (1989)	Focused on the multimethod approach as used in the process of research
	Morse (1991)	Developed a notation system
	Creswell (1994)	Identified three types of mixed methods designs
	Morgan (1998)	Developed a typology for determining design to use
	Newman and Benz (1998)	Provided an overview of procedures
	Tashakkori and Teddlie (1998)	Presented topical overview of mixed methods research
	Bamberger (2000)	Provided an international policy focus to mixed methods research
Advocacy as separate design period	Tashakkori and Teddlie (2003a)	Provided a comprehensive treatment of many aspects of mixed methods research
	Creswell (2003)	Compared quantitative, qualitative, and mixed methods approaches in the process of research
	Johnson and Orwuegbuzie (2004)	Positioned mixed methods research as a natural complement to traditional qualitative and quantitative research

Further, Johnson *et al.* (2007), define mixed methods research as a powerful third paradigm.

*An intellectual and practical synthesis based on qualitative and quantitative research; it is the third methodological or research paradigm (along with qualitative and quantitative research) ... which provides the most informative, complete, balanced, and useful research results.....*

- (a) *Partners with the philosophy of pragmatism in one of its forms (left, right, middle);*
- (b) *Follows the logic of mixed methods research (including the logic of the fundamental principle and any other useful logics imported from qualitative or quantitative research that are helpful for producing defensible and usable*

*research findings);*

*(c) Relies on qualitative and quantitative viewpoints, data collection, analysis, and inference techniques combined according to the logic of mixed methods research to address one's research question(s);*

*(d) Cognizant, appreciative, and inclusive of local and broader socio-political realities, resources and needs.*

*(e) Provides superior research findings and outcomes.*

Mixed methods research is thought to logically offset the weaknesses of both quantitative and qualitative research as the combination of quantitative and qualitative approaches provides a better understanding of research problems than either approach alone. Mixed methods research follows a natural process: the narrowing of the research problem into purpose statements, research questions, and hypotheses; collecting and analysing data to address these questions and hypotheses; and using a writing structure that best fits the problem and the methods (Creswell, 2006). Creswell has identified the underlying philosophical assumptions as a guide to research approaches:

” Mixed methods research is a research design with philosophical assumptions as well as methods of inquiry. As a methodology, it involves philosophical assumptions that guide the direction of the collection and analysis of data and the mixture of qualitative and quantitative approaches in many phases in the research process. As a method, it focuses on collecting, analysing, and mixing both quantitative and qualitative data in a single study or series of studies. Its central premise is that the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone.” (Creswell, 2006)

As social, behavioural, and human sciences researchers Creswell believes that to make a choice between quantitative and qualitative only serves to narrow the approaches and collaboration to inquiry.

Research that is “flexible, emergent” and “designed as it is being done” can be consistent with professional practice (Gephart, 2004; Maanen, 1998), as a reliance on overly regimented plans of action can cause barriers to the extraction of personal beliefs and attitudes and human behaviour cannot be studied in the same manner as physical phenomena because each human being is unique and their behaviour is subjective (Gill &

Johnson, 2010). Burnett (2009) agrees, while questioning when conducting research on human behaviour: “Should we collect the numbers of the newly divorced or ask the newly divorced how they feel about it? Each method will tell us something which the other one does not: yet neither method will tell us everything.”

Both qualitative and quantitative research brings its own benefits. For the researcher collecting data in an adaptive manner is an attractive feature of the qualitative type of research methodology. A qualitative research approach into the attitudes of stakeholders, which are complex, interwoven and personal, could capture the context of the boom and bust and establish meaning from the views of a culture-sharing group (Creswell, 1994). However, Silverman (2011) believes that this leads to interpretation of perceptions rather than seeking quantitative proof. This in-depth knowledge of the participant’s perceptions, which Dewey recognised as “integral with the course of the experience itself” (1929), forms a basis for further decision making. The use of questionnaires makes collecting data numerically quite flexible answering questions like ‘How many?’, with the focus on measuring, this makes quantitative research quite rigid for social research if the question is ‘Why?’ On the other side of the philosophical divide, quantitative research helps to make comparisons with a degree of standardisation and control with defined variables (Flick, 2011).

### **3.5. Quantitative Research Methods and Professional Practice**

Positivism searches for causal explanations and fundamental laws and generally reduces the whole to the simplest possible elements in order to facilitate analysis (Easterby-Smith, et al., 2008). There are various methods for collecting and collating evidence and there is no commonly accepted and understood mechanism for reviewing and assessing the credibility of built environment research (Pati, 2011). Practical usefulness, for the researcher, is an important element of effective research, measured by its contribution to the profession. Research completed by a practising professional in the field with an insight into real world professional problems needs to be rigorous to discover if Irish valuers were slow to adapt to modern professional standards. The adoption of the literature review and quantitative findings (drawing theory and findings together) is envisaged to inform and bring recognition to the need for one set of educational standards and a specified length of

experience required to practice autonomously with an established expectation of professionalism. The positive impact of quantitative data and analysis should translate in valuable knowledge.

### **3.7. Quantitative Method and the Built Environment**

The problem determines the method, and one technique is likely to be more useful in some contexts than others in the opposite some are not appropriate (Bryman, 1984). The built environment is a diverse field attracting a wide variety of researchers approaching their object of study from different disciplinary and methodological perspectives. The question concerning the process of knowledge acquisition and its limits are fundamental to methodology in all areas whether legal, technological, social or economic. A fundamental question confronting anyone doing Social Research is for them to construct a philosophical position an orientation towards their inquiry (Knight & Ruddock, 2008). The confusion of philosophical issues (as they relate to questions of epistemology, i.e., the appropriate foundation for the study of society and its manifestations) and technical issues (the consideration of the superiority or appropriateness of methods of research in relation to one another) can cause difficulties (Bryman, 1984).

Quantitative investigation of the world has existed since civilisation began to count objects. Auguste Comte's positivist framework is the modern idea of the quantitative process. Comte believed that depending on the state of knowledge in economic, cultural and social conditions, all effect each other and the development of society mirrors the development of intellect (theological, metaphysical and positivist) (Stokes, 2007). Quantitative research is appropriate to examine the behavioural component of the Built Environment because it tends to measure how much and how often, investigating “elemental properties and empirical boundaries” (Amaratunga, et al., 2002) (Nau, 1995). The social survey is typically seen as the preferred instrument of research because it can be readily adapted to definitions, objectivity, replicability, and causality. Through questionnaire items, concepts can be operationalised; objectivity is maintained by the distance between observer and observed along with the possibility of external checks upon one's questionnaire; replication can be carried out by employing the same research instrument in another context; and the problem of causality has been eased by the

emergence of path analysis and related regression techniques to which surveys are well suited (Bryman, 1984) .

### **3.8. Quantitative Research in the context of the research**

Initially, to objectively establish if there is a problem, numbers assist to find out facts about the world and if methods employed can be used as a proxy for the paradigm adopted, then the use of an online questionnaire reflects a rational solution to a complex problem. Quantitative data can play a role in providing baseline information and help to avoid “elite bias” (talking only to high-status individuals). The research requires that there is an interim definition and measurement of professionalism. The logical way to do that is by abstracting the data as it stood between 2008 and 2012 (post bust and before the new licensing regulations). As an instrument of the study, the researcher needs access to the subject. Unwillingness to provide access to sensitive but potentially interesting information can prove insurmountable. Ironically the most rewarding research topics are often those which are the most inaccessible and need ingenuity and persistence to succeed (Gill & Johnson, 2010). It is the researcher’s belief that the timing of this research is excellent. High feelings surrounded the financial crisis in Ireland. The researcher practises within the focus area of the research and in theory has knowledge of, and access to key resources and personnel. The researcher has an inquisitive and persistent nature and is willing to ask probing questions based on the literature review. According to Strauss (1987), generative questions stimulate the line of investigation towards potentially important and possibly unexpected problems. Furthermore, quantitative researchers can “celebrate richness, depth, nuance context, multi-dimensionality and complexity rather than being embarrassed or inconvenienced by them” and can have the capacity to put forward explanations as to “how things work in particular contexts” (Mason, 2002).

### **3.9. Quantitative data collection**

Quantitative research has its philosophical foundation in positivism, to what can be observed. There is a real world of which we are a part and both observable and unobservable features can be known by proper use of scientific methods (Little, 2013). By confirming a proposition by two or more independent measurement processes, the uncertainty of its interpretation is greatly reduced and the use of the survey method is an

effective and efficient way to study many social phenomena and to assess experiences, therefore it is used often across many fields that study human social phenomena (Webb, et al., 1966), (Little, 2013).

### **3.10. Justification of approach for this research**

Creswell argues that audiences such as policy makers, practitioners, and others in applied areas need multiple forms of evidence to document and inform the research problems. The collection of quantitative data for this research follows the literature review and helps to establish whether there is a problem surrounding the professionalism of valuers. Increased sophistication of evidence leads to a collection of quantitative data for diverse audiences to assess the respondent's experiences. A survey administered at one point in time captures the process of professionalisation as it is. The survey can be an extremely useful tool for studying human attitudes, behaviour, cognition, emotion, perceptions, personality, values, and many other variables. Captured at an individual level, then aggregated to reflect characteristics of collectives (Little, 2013). As the population is large, a questionnaire administered online is the best method to accumulate large numbers of experiences and opinions that can be assessed against the measures available for other professions. Quantitative data facilitates the assessment of generalisability of the findings.

### **3.11. Research Strategy**

The social survey is typically understood to be the preferred instrument of quantitative research because of its adaptability, replicability, and objectivity. Surveys are seen as instruments for elucidation of research (Bryman, 1984). Research designs are plans which are informed by the researcher's worldview assumptions (set of beliefs that guide actions), the nature of the problem and the audience. Research design involves the intersection of philosophy, strategies of inquiry and specific methods. The problems studied by postpositivists reflect the need to identify and assess the causes that influence outcomes, such as found in experiments (Creswell, 2009).

Survey research can be a tool that provides a quantitative description of trends, attitudes, or opinions, of a population (or sample of that population). It can include the use of questionnaires, for data collection, with the intent of generalising, from a sample, to a



population. To plan a research project, researchers identify which approach is consistent with their assumptions or worldview. The choice of method, which is categorised in Table 3, turns on whether the intent is to specify the type of information to be collected, in advance of the study, or allow it to emerge from participants in the project. A study can be more quantitative or qualitative and graduates from one towards the other with mixed methods towards the centre. The researcher tests a theory, by specifying narrow hypotheses, and the collection of data, to support or refute the hypotheses (Creswell, 2009).

**Table 3: Alternative Strategies of Inquiry (Creswell, 2009)**

Quantitative	Qualitative	Mixed Methods
<ul style="list-style-type: none"> <li>• Experimental designs</li> <li>• Nonexperimental designs, such as surveys</li> </ul>	<ul style="list-style-type: none"> <li>• Narrative research</li> <li>• Phenomenology</li> <li>• Grounded theory</li> <li>• Ethnographies</li> <li>• Case study</li> </ul>	<ul style="list-style-type: none"> <li>• Convergent</li> <li>• Explanatory sequential</li> <li>• Exploratory sequential</li> <li>• Transformative, embedded, or multiphase</li> </ul>

The purpose of the survey research is to generalise from the sample population, so that inferences can be made about the attitudes, and resultant behaviours, of valuers in RoI. The survey method has advantages which include making use of the connectivity of the internet and email, allowing access to the population to be studied. Identified attributes of the sample can be extended to the general population of valuers. The survey was cross sectional, with data collected at one point in time through a questionnaire administered online. The low cost of data collection and data analysis was a strength of the survey method.

### **3.12. Research Stages**

A substantive critical review of the literature formed the initial stage of the research. The literature review satisfies objective one (investigate and identify the various theories underpinning professionalism and establish how theories of professionalism are translated into practice) and two (identify cultural and organisational structures that have an impact on professionalism in RoI). The second stage of the research fulfils objective three (investigate and identify the application of professionalism in the delivery of valuation services for secured lending, in the context of the 2008 financial crisis) and four (to develop

a clear set of traits/tenets for the professionalism of valuers in the RoI, to allow the development of a future scale for measurement) conducted through a quantitative questionnaire which assessed the experience of those on the ground, ending the reliance on anecdotal evidence, to collate research, that makes a strong case for change. The questions are designed to capture some interaction between cause and effect to allow the production of logical connections and conclusions exposing any weakness in the present system and document how they affect the participants. The final stage reviews the research, summarises research findings and outlines areas for future research, making appropriate recommendations for the future professional practice of valuers in the Republic of Ireland.

### **3.13. Research Ethics**

The researcher acknowledges that when interacting with human participants there will be issues such as informed consent along with anonymity, confidentiality, and access to the completed research (Burnett, 2009). To facilitate research, whilst protecting the University of Salford, ethical approval is required to ensure that the methodology is sound and scientific, and that the recruitment approaches, information sheets, informed consent, data protection, anonymity and confidentiality are appropriately controlled. The process was challenging and delayed the administration of the online survey. Ethical approval was received in April 2014. The online questionnaire was piloted as soon as ethical approval was received.

### **3.14. Proposed survey questions**

The research objectives and the research purpose shape the formation of research questions. The goal was to link research questions to quantitative data analysis techniques, which should occur logically and sequentially (Onwuegbuzie & Leech, 2006). Both quantitative research questions and qualitative research questions give direction and focus to their respective components' study, but they differ somewhat with respect to their structures (Johnson & Christensen, 2004).

### **3.15. Survey Study**

The size of the population was large (all of the estate agents practising in RoI in 2012)

therefore logistically using modern technology was the most effective method, the questionnaire was distributed by email. Audiences interact with technology in their own way. Estate agents use the internet daily as a tool of the trade and have internet connection, therefore potential respondents have access to the internet (the method of conducting the survey). Most estate agents put heavy emphasis on their own website for business, with many enquiries from their websites interacted through email. By default, property services providers would have access to the internet, would be comfortable using it, and have the skills to complete the survey. Ninety per cent of consumers now start their real estate journeys on the web, according to the National Association of Realtors and 81 per cent of households in Ireland now have internet access (Central Statistics Office, 2011). Over 92 per cent of Irish businesses have internet access (European Commission, 2013).

Insufficiently motivated respondents may provide inaccurate, random, careless or inconsistent responses when data is obtained using online or traditional paper-and-pencil surveys, which can be particularly vulnerable to an understated yet insidious threat to data quality; however the identification and removal of inconsistent responding may enhance the criterion-related validity of measures (McGrath, 2010) Validity can be improved through methods for reducing and pinpointing inconsistencies such as Pinsoneault's (1998), which matches inconsistent item pairs and compares the response on one item to the response on the other item. Item pairs are created in three ways, including (i) direct item repetition, (ii) rational selection, and (iii) empirical selection. During the process of compiling the survey instrument for the online survey cognisance will be given to research by Costa and McCrae (2008), who questioned the validity of response patterns (a string of similar answers). Lucas and Baird (2005) recommend the use of similar questions in different sections of the survey to validate responses, while Wise and Kong (2005) found that response time converged significantly with self-reported effort and person-fit statistics in indicating response effort. The covering email will highlight the importance of the survey and will encourage the respondent to give the survey their full attention. The subject of valuation professionalism will be of interest to some of the respondents as it is a field that they practice in (the respondents will be recruited from licensed property services providers).

Although the design of a research study and subsequent data analysis and reporting is time

consuming, the investment is worthwhile. The use of the quantitative method protects the research from subtle inconsistencies.

### ***3.15.1 Online Study***

The purpose of the study was to investigate the professionalism of valuers in RoI up to 2012. The population was therefore defined as valuers in RoI, acknowledging that valuers are a subsection of Property Service Providers (who generally complete valuations anyway). The population of interest was all those licenced in 2012 (after carefully going through each licence, which was accessed online via an email address) the information was collected into a spreadsheet and uploaded to survey monkey. The questionnaire was sent via survey monkey to 3,560 respondents, the email included a description of the research and an assurance that participation was anonymous. 1,152 of the email addresses 'bounced' back as being no longer in operation, therefore 2,408 were actually reached. Of the 2,408 being 262 surveys were returned. The response rate was 10.88 per cent. The geographical spread was widespread and the number itself was acceptably high from a statistical standpoint, therefore the researcher was satisfied that the sample and the data returned was representative. There can be many reasons for the non-return of surveys including respondents who are unable or unwilling to provide accurate information or when the respondent has limited knowledge or feels challenged by the questions (professionalism may be a bridge too far for some). On completion of the online study, the data was analysed using Statistical Product and Service Solutions software (SPSS). SPSS is a popular tool for data analysis because of its ease of use, flexibility, scalability, and accessibility, and employed by users of all skill levels. Hypothesis testing and reporting enhances the exploration of data collected.

### ***3.15.2 Research Instrument***

There are various ways to administer surveys, the most common being: postal, face-to-face interviews, and telephone surveys. Interviews (face-to-face or telephone surveys) allows questions that may be more complicated, as with the researcher present, it can be ensured that the respondent understands the meaning of the questions and only answers the appropriate questions, routing the respondent to skip questions depending on the answers to previous questions. Postal or self-completion may be more appropriate when asking sensitive questions. The design of the online questionnaire needed to be cognisant

of the specific implications for each type. For online (self-completion) surveys, both the sequence of the questions in the questionnaire and the layout of the questions, need to be easy to understand, straightforward, and easy to complete. If the respondent has difficulty filling in a self-completion questionnaire, they may leave some questions unanswered or abandon the questionnaire altogether.

### ***3.15.3 Question types***

The types of question used in the survey, are a combination of questions defined as open-ended (allow respondents to answer questions in their own words) or closed. Question 36 has an element of an open-ended question used in the design. The questionnaire design in this research is predominantly closed questions, which have two types: dichotomous (yes/no) and multi-choice. It was important to avoid ambiguous terms or phrasing, technical terms, leading questions or asking more than one question at a time or overly long and complex questions. Questions are clear and not proxies. The first question was relevant to all respondents.

### ***3.15.4 Pilot questionnaire***

One of the main aims of the pilot study was to validate the choice of questions. To test the questions and the questionnaire it was necessary to conduct a field/pilot study, an essential stage of questionnaire development. A small-scale survey replicating the exact conditions of the full survey immediately highlighted any issues with the routing in the questionnaire, unanswered questions, and the ‘don’t know’ and no opinion answer options which were reviewed. The pilot study included a respondent debriefing session. During the survey debrief the questions were read through slowly, asking if the participants encountered any problems with each question, identifying which questions were difficult to read or understand. The questionnaire checklist in Appendix 7.1 was used. A copy of the questionnaire is in Appendix 7.3.

The pilot online questionnaire was sent to four respondents. It was originally decided that the pilot questionnaire would be short (10 questions); this was for logistical reasons. It became apparent that the questionnaire was over simplified, and the researcher needed to add back key questions. Ten questions were too short and some of the questions were not

effective, asking respondents ethical-type questions which were likely to get a ‘canned’ response.

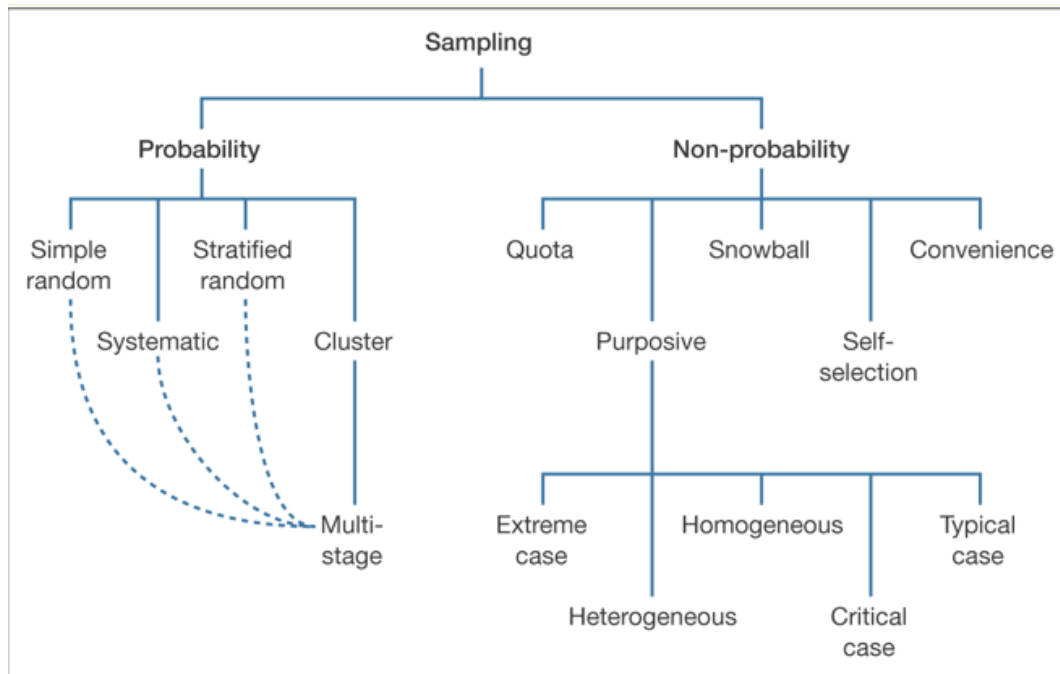
Problems detected in questions, were examined carefully to see if they were too complicated or difficult to understand, with a view to simplifying them. Testing continued, repeating the review process after changes to the questionnaire to ensure that the changes resulted in genuine improvements, and did not introduce any new problems.

### ***3.15.5 The questionnaire***

The survey begins with the baseline questions: Question 1 (Personal) ascertains if the respondent is male or female; this enables an exploration as to whether there are differences in attitudes or behaviour based on gender. Questions 2, 3, 4, 5, 6, 7 and 8 (profession / services provided / experience / education / professional qualifications / type of licence held / size of office / office location) establish the professional background of the respondent along with if they are a property service provider or not (non-property service providers are automatically directed to the next appropriate question) or if a provider of valuation services. This will aid the drawing of inferences around the rural/urban divide, with differing opinions towards valuation professionalism. Questions 9 to 19 probe attitudes towards professional behaviours, qualifications, and educational standards. Question 20 is a ranking question which asks respondents to judge which is the most important aspect of a valuation; this could be expected to be ‘accuracy’, The ranking of this question should be interesting as it speaks to the attitude of valuers. Question 21 asks respondents to rank the traits of professionalism in order. The traits included in this research are an amalgamation of traits used in studies for professions (not property related – as there were none available). It was envisaged a clear top 5 (with a big per centage drop to the remaining traits) will be identified, this will allow the building of a framework. Question 22 is a ranking question and asks respondents to rank from most important to least important the tenets of professionalism in valuation services. This question is intended to cross validate the previous question as professionalism in valuation services is the main focus of the study. The remaining questions (23 to 36) explore behaviours and opinions in an attempt to determine if the attitudes and behaviours of the respondents correlate and investigate whether those attitudes translate into behaviours. A copy of the questionnaire is in Appendix 8.3.

### 3.15.6 Selection of online survey participants

The sampling strategy of the research included those who had a knowledge and an interest in the professionalism of valuers, and to include all of that population.



**Figure 12: Sampling techniques**

Source: Saunders et al. (2009)

The term ‘census’ is used, when it is possible to obtain and analyse data, from every group member. Sampling is employed when there are restrictions to the data available (for example, access). The types of sampling techniques, as in Figure 12 are divided into two sampling procedures and then further sub divided along those groupings. Probability sampling is largely employed for quantitative studies, and involves, “selecting a relatively large number of units from a population, or from specific subgroups (strata) of a population, in a random manner where the probability of inclusion or every member of the population is determinable” (Teddle & Tashakkori, 2003). This type of sampling allows generalisation to that group, in the case of the research, the population is all the Property Services Providers in RoI, to achieve representativeness, to accurately represent the entire population. Labaw argues that you should ask respondents questions that they can truthfully answer based solely on their knowledge and past behaviour (1980). As not all attitudes or opinions are necessarily of equal value a more accurate perspective will be

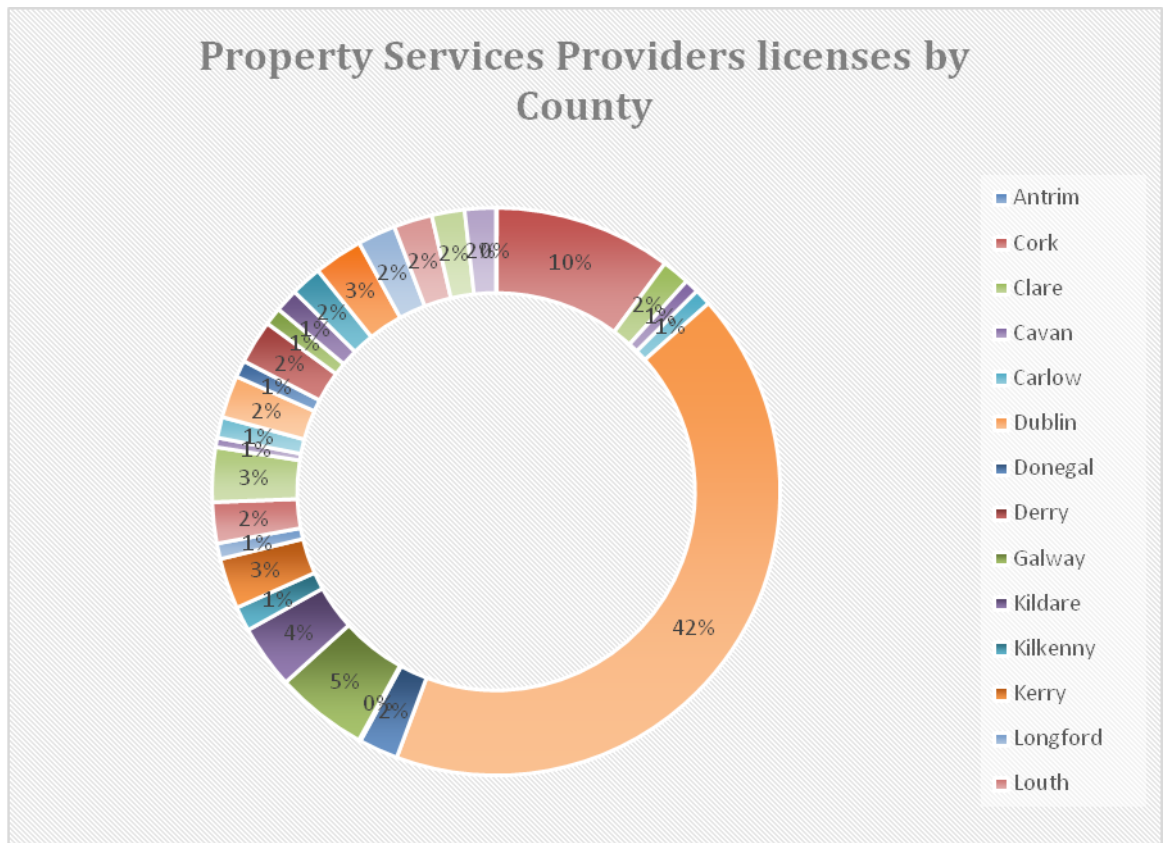
realistically extracted from populations with first-hand experience of the phenomena to be researched. Labaw stresses the significance of past behaviour as a predictor of future behaviour as respondents are likely to tell you what they have done compared to what they might do, which aids in discovering attitudes. Since the power of the computer and the internet can be exploited to access large audiences it was the researchers aim to reach as many of the population as possible, this made identification of the sampling pool simple. To identify a representative group from a population requires a sampling method, which can be either probability (randomly) or non-probability (based on subjective judgement). Non- probability sampling methods include quota sampling, purposive sampling, self-selection sampling, and snowball sampling. After considering factors such as the research question, the study

methodology, knowledge about the population of interest, the size of the population of interest, the amount of time and financial constraints, along with generalisability, purposive sampling was used as this sampling technique relies on the researcher's judgment for selecting persons. Purposive sampling strategies move away from any random form of sampling and are strategies to make sure that specific kinds of cases of those that could possibly be included are part of the final sample in the research study (Campbell, et al., 2020). As the researcher has knowledge and expertise in the field, the sample will be easier to identify.

### ***3.15.7 Research population***

The population for the online study was all the property service providers licensed to act as such in the RoI in 2012. Valuers, are as yet, an unquantified subsection of the property service providers in the RoI. In 2020 there are 5859 licences issued (including companies), of which, 4422 are individuals licensed in RoI. In 2012, there were 5090 licences issued in Ireland. Of these, 968 were to companies and partnerships, the remainder, 4122, were licensed individuals in the RoI (Property Services Regulatory Authority, 2012). The entire population for the purpose of the online survey is 4060 (4122 minus those who, although licensed, do not practice). The participants were therefore selected based on having a valid email address available online, it would be normal for practising property service providers to have a presence online. As each individual (those who had an online presence) had an equal probability of being selected from the population, the sample would be considered random and representative.





**Figure 13: Licences held by county.**

In 2012 there were 4060 individuals licensed as property services providers in 28 counties, with 42 per cent of the licences held in County Dublin as 27.74 per cent of the total population of the RoI (4,588,252) were resident there. Figure 13, represents the division in terms of the percentage of licences held in each county, as extrapolated from the register of licences (Property Services Regulatory Authority, 2012). The online survey was emailed 3560 licenced, which is 87.7 per cent of the total population. Email addresses were painstakingly gathered from each and every available website and listing. 12.3 per cent of the total population were either no longer practising (they would not take up a licence in 2013) or they did not have an online presence. Some websites do not list an email address but rather have a ‘contact us’ form which is routed through a third-party provider. Effectively the questionnaire was sent to all those who were firstly a licensed property provider and secondly had access to email.

#### **3.15.8 Collection**

The underpinning theory is that valuation is not a fully formed profession in RoI but rather

in the professionalisation stage, therefore there was a question as to what level of skill was in existence during the period up to the crash and could that be measured against a degree of professionalism as to be a reasonable surrogate for professional judgement.

A second pilot study was conducted prior to the online study proper. The questions were formulated to meet the research objectives. The online study was designed on survey monkey, which is a subscription online survey and questionnaire tool. Appendix 7.3 is a copy of the online questionnaire. A link to the survey was emailed to 400 participants with a description of the research and an assurance that participation was anonymous. Forty-five surveys were returned. The response rate was 11.25 per cent.

Some interesting trends came from the pilot and also problems with some questions. Questions were skipped more often than expected, therefore the questionnaire was revisited. The new version was sent to the remaining population – 3,560 respondents. It was not possible to reach the entire population as some do not list their email address in an accessible manner. The trend did not follow the response rate of 11.25 per cent which would have been 406 respondents. A link to the survey was emailed to 3560 participants with a description of the research and an assurance that participation was anonymous. 2,408 were reached. 262 surveys were returned. The response rate was 10.88 per cent. The geographical spread was reasonable therefore the researcher was satisfied that the sample and the data returned was representative. The research can only be representative of the opinions and experiences of those who were willing to participate in the study, so therefore it cannot profess to be anything other than a sample.

The survey itself was designed to meet the objectives of the research. It was a questionnaire distributed by email to estate agents. The analysis was completed using Statistical Package for the Social Sciences later Statistical Product and Service Solutions (SPSS). The analysis is set out in chapter four with the research conclusions in Chapter Five.

### **3.16. Data Analysis**

Quantitative data analysis techniques begin with analysis of the raw data to search for patterns, so hypothetical relationships can be established. The purpose of the analysis is to

provide information about the variables and the relationship between them. Statistical evidence of relationships and their strengths come from quantitative research combined with theory and the literature (Amaratunga, et al., 2002).

### ***3.16.1. Scale Development – Reflective and Formative constructs***

The development of scales for a study requires the following considerations:

1. A crucial starting point in developing new scales is to clearly define each construct for which a scale is to be developed
2. Generate statements that reflect the construct under consideration using a 5-point Likert scale.

If the statements are expected to be highly correlated with each other (i.e. if the respondent answers favourably to one statement then we would expect the respondent to respond favourably to the remaining statements that represent the construct), then the scale generated is considered to represent a reflective construct. If the statements are not necessarily expected to be correlated with each other (i.e. If the respondent answers favourably to one statement then the respondent may or may not respond favourably to the remaining statements that represent the construct), then the scale generated is considered to represent a formative construct.

### ***3.16.2. Scale reliability for reflective constructs***

Reliability refers to the ability of a measure to produce consistent results, the quantitative questionnaire is a tool that can be easily administered to large populations, relatively inexpensive and non-invasive. The questionnaire can be administered in its same form to test reliability. Questionnaires are the preferred tool to measure attitudes to professionalism. To establish scale internal reliability i.e. the extent to which a bunch of statements, that are proposed to represent a construct, hang together. The appropriate indicator of internal reliability, the Cronbach's alpha, ought to achieve a value of at least 0.7 or greater.

### ***3.16.3. Validating Formative Constructs***

Validity indicates that the instrument measures what is proports to measure. The validation

process for formative constructs embraces procedures is in stark contrast to the validation of reflective constructs. Formative constructs ought to be validated using, for example, Smart PLS 3 software.

#### ***3.16.4. Validating a reflective latent construct for scale purposes***

Reflective constructs ought to be validated using both an exploratory factor analysis (EFA) using IBM SPSS and a confirmatory factor analysis (CFA) using SEM software such as IBM Amos

Reflective construct: Perceived professionalism (Generic) Cronbach's Alpha = .725

1. Participation in market/professional research surveys are an essential part of professionalism
2. Improvement initiatives are an important part of professionalism (mechanisms to overcome lack of knowledge about the nature, structure, and regulation of the profession)
3. Service providers should be familiar with the ethical standards required for their profession
4. Service providers should maintain professional competence throughout via through CPD
5. Service providers should report significantly unprofessional colleagues to the relevant professional bodies

Formative construct – Perceived professionalism in valuation (Formative Construct)

1. Property service providers should encourage the promotion of valuation as a speciality practised by those who have reached specific standards
2. Valuation should be added as a category under the new system of PSRA licensing
3. Service providers should be familiar with the ethical standards required for their profession
4. Service providers should maintain professional competence throughout via through CPD
5. Service providers should report significantly unprofessional colleagues to

the relevant professional bodies

### **3.17. Methodology for inferential testing**

Once an inferential procedure has been identified, a decision must be reached on whether to adopt the parametric or non-parametric version of that procedure. The parametric test procedure requires the data to adhere to normality. The following determination applies to the inferential tests that follow:

1. An assessment for normality deemed the Mann-Whitney U test appropriate for the comparison of two groups
2. An assessment for normality deemed the Kruskal-Wallis H test appropriate for the comparison of more than two groups

#### Statistical Inferences

A bunch of statements were developed to represent constructs to be tested. The following hypotheses were explored using inferential test procedures:

1. To test whether there were differences between males and females (IV) with respect to perceived professionalism (DV) in general. Test used: Mann -Whitney U Test.
2. To test whether there were differences between males and females (IV) with respect to perceived professionalism (DV) in valuation. Test used: Mann -Whitney U Test.
3. To test whether there were differences between males and females (IV) with respect to perceived professional behaviour – Advancement of profession (DV). Test used: Mann -Whitney U Test.
4. To test whether there were differences between males and females (IV) with respect to professional behaviour - Biased toward client (DV). Test used: Mann -Whitney U Test.
5. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional in valuation (DV). Test used: Mann -Whitney U Test.
6. To test whether there were differences between those with higher educational

attainment and those with lower education attainment (IV) with respect to perceived professionalism (DV). Test used: Mann -Whitney U Test.

7. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to customer clarity on valuation services (DV). Test used: Mann -Whitney U Test.
8. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional behaviour – Advancement of the profession (DV). Test used: Mann -Whitney U Test.
9. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional behaviour – Biased towards the client (DV). Test used: Mann -Whitney U Test.

### ***3.17.1 Descriptive statics***

Statements are made about the degree or amount of relationship in tables (percentage differences).

### ***3.17.2 Summated Rating Scale***

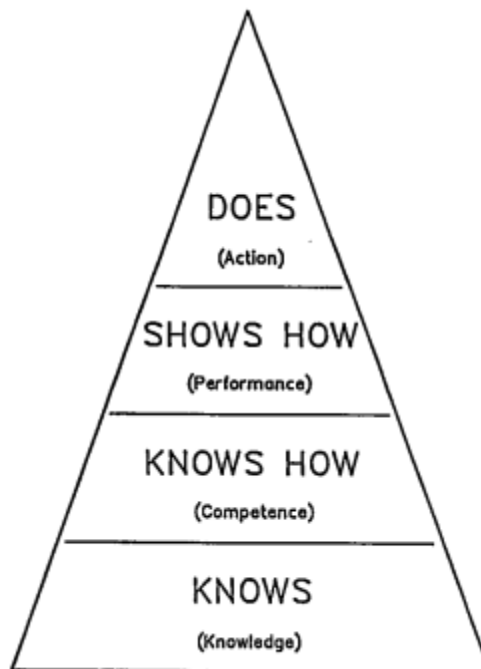
Designed for the measurement and assessment of attitudes, the summated rating scale is a device for the calculation of many different types of constructs that can vary along a quantitative continuum. In addition to attitudes, this type of measure can be used to measure and assess behaviour and opinions. There are four properties that characterise a summated rating scale.

1. Multiple items: each of which represents the underlying construct of interest. The items are combined either by summing or averaging responses to them.
2. Items must reflect a property of something that can vary quantitatively from low to high or from negative to positive. An item from an attitude scale, will be a statement that either reflects a favourable or unfavourable opinion about the attitude object. Agreement with a favourable item will reveal a favourable attitude, whereas disagreement suggests an unfavourable attitude. A five-point Likert response set was employed in the survey design.
3. Respondents are asked to make ratings for each item along a continuum that typically has between four to seven choices. Generally, the continuum represents agreement, evaluation, or frequency.
4. Summated rating scale items have no correct answers, which distinguishes

them from multiple choice exams and measures of cognitive abilities (e.g., mathematical aptitude). (Spector, 1992)

### **3.18. Testing the traits/tenets against professional valuation services post 2012**

Miller suggested a framework to assess judgement of anything as complex as the delivery of professional services (in that case physicians), a triangle; at the base KNOWING what is required to carry out professional functions effectively (knowledge), then comes the KNOW HOW, practical skills (competence). The next level is SHOW HOW (performance). Finally at the top DOES, most difficult to measure, (action) (1990).



**Figure 14: Delivery of Professional Services**

The bottom half being the cognitive element and top half the behavioural aspects. This gives a visual understanding of what can be measured. To explore whether valuation is a profession of itself in RoI, the researcher has used this framework. The pyramid requires standard sets of knowledge, competences, performances, and actions for an occupation to be viewed as a profession. The research will analyse responses in relation to educational attainment, experience, and training against Miller's (1990) framework to consider if valuation is a profession. The analysis of question 20 and 21 will set traits/tenets for

professionalism. How does valuation measure up to these basic requirements?

### **3.19. Summary**

This research uses a quantitative research methodology in the form of a survey administered online. Testing objectively gives data that can be analysed using statistical procedures. Quantitative research is appropriate for this study to investigate the problem around valuation services in RoI. A better-informed society requires professional standards, research establishes if practising valuers are up to those standards. To establish whether those who practice as valuers are qualified, experienced, and skilled. Professionalism bridges the gap between society and the interests of valuers. The research identifies the tenets and traits that are agreed to be those that can be incorporated into a framework for the professionalism of valuers in RoI so valuers can participate in shaping the future of the profession.



## Chapter Four: **Analysis and Discussion**

### **4.1. Introduction**

As stated in Chapter One, the principal aim of the research is to investigate the role of professionalism in the delivery of valuation services for secured lending in the RoI in the context of the 2008 financial crisis. Chapter Two identified the various theories underpinning professionalism, which are studied in Chapter Four to establish how those theories are translated into practice. The objective of the current chapter is to record the outcome of data analysis, and address the research question within the analysis strategy, considered in Chapter Three. Chapter Four investigates and identifies the attitudes, and professional behaviours of valuers in the context of the 2008 financial crisis, and presents the quantitative research findings, which is used to explore linkages between the attitudes, and behaviours of property services providers in the RoI. Forgas *et al.* (2011) argues that by distilling social experiences, individuals acquire social expertise, and attitudes (individualistic, intrapsychic characteristics), which in turn regulate behaviour.

*One of the most striking characteristics of human beings is our ability to effortlessly and automatically construct elaborate plans and form predispositions and behavioural intentions based on our past experiences, media exposure and other forms of socially supplied information. (Forgas, et al, 2011)*

The study of attitudes, and the measurement of their effects, promotes understanding, and may also bring to light inconsistencies between beliefs and actions. The process of data collection began with ethical approval.

#### **4.1.1 Statistical Inferences**

A collection of statements was developed to represent constructs to be tested. The following hypotheses were explored using inferential test procedures:

1. To test whether there were differences between males and females (IV) with respect to perceived professionalism (DV) in general.
2. To test whether there were differences between males and females (IV) with respect to perceived professionalism (DV) in valuation.
3. To test whether there were differences between males and females (IV) with

- respect to perceived professional behaviour – Advancement of profession (DV).
4. To test whether there were differences between males and females (IV) with respect to professional behaviour - Biased toward client (DV).
  5. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional in valuation (DV).
  6. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to perceived professionalism (DV).
  7. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to customer clarity on valuation services (DV).
  8. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional behaviour – Advancement of the profession (DV). Test used:
  9. To test whether there were differences between those with higher educational attainment and those with lower education attainment (IV) with respect to professional behaviour – Biased towards the client (DV). Test used

#### ***4.1.2 Descriptive statistics***

Statements are made about the degree or amount of relationship in tables (percentage differences).

### **4.2. Key Areas to be addressed.**

The key areas addressed in the survey were the attitudes and behaviours of property service providers to professionalism who held licences up to 2012, in the provision of valuation services and whether valuation is a profession or is still in the professionalisation stage. Question 5 determines the level of education attained by the respondents and their resultant perceived professionalism.

#### ***4.2.1 Is valuation bone fide a profession?***

Millerson (1973) identified two ways an occupation can be recognised as a profession. The researcher has used these to test against in relation to valuation and valuers.

1. By working towards a set of attributes that defines a profession
2. By providing evidence of professionalisation.

Moving towards a profession requires a body of knowledge that is specific to that profession or specialisation, experience and training and test of the skills required.

#### ***4.2.2 How are valuers in RoI regulated?***

Up to 2012, valuers were regulated under a framework that was not intended to regulate the occupation of valuation specifically. The impact of globalisation on the property market in RoI was financial but also should have caused a change in valuation standards and professional standards, judgement and behaviours, however the system in place did not track advancements and enabling valuers to remain entrenched in old practices. Valuers as a subset of estate agent licensing were self-regulated. Self-regulation is one of the typically cited traits of professionalism (Davies, 2008) but did self-regulation fail, under a framework that did not include standards with no encouragement for valuers to diligently follow International Valuation Standards. Could sub-optimal practitioners go undetected? The research establishes who acted as valuers up to 2012 to establish if valuation was a profession.

#### ***4.2.3 Was that regulation appropriate?***

The property market is important within which considerable power and trust is given to those who are part of how it functions. Too much regulation threatens to impede how the market functions, however, a balance must be struck. Under pressure from the legislature along with social and political elements, the regulatory framework in place up to 2012 was deemed in need of reform and a new licensing system was put in place.

#### ***4.2.4 Is the new system appropriate?***

The Property Services Regulatory Authority (PSRA) has been established under the Property Services (Regulation) Act 2011 (the Act) to regulate Property Services Providers (i.e., Auctioneers/Estate Agents, Letting Agents and Management Agents). There are four different property services namely: A: the auction of property other than land, B: the purchase or sale, by whatever means, of land, C: the letting of land, and D: property management services. There has been no acknowledgement that valuation is a specialised service supplied by property service providers. This validates those who believe valuation

is a service that can be provided by those who are licensed.

The current system, a form of self-regulation continues to require intervention after the occurrence of a breach, where a valuer is sued by an aggrieved third party. Do valuers contribute and respond to past failures by insisting that under the new licensing system there would be no room for unprofessional valuers which they would report? After 2012, did the regulation of property service providers cause valuation to become a profession? There is a perception that one valuer is the same as another. How do valuers acquire their knowledge and expertise, is it from their own experiences rather any training they received? Do valuers have skills that are picked up without formal training? Are licensees required to complete yearly self-assessments to judge their compliance with international standards? Is there one consistent and acknowledged level of educational attainment required by valuers which may prevent professional misconduct. Is there a framework for valuers to assess their skills, knowledge, and experience against? Is there a training regime required which regulates the amount of experience required to complete valuations? Is there a further need for structural reforms to professionalise valuers?

#### ***4.2.5 Framework for professionalism in valuation services***

The research establishes the traits/tenets which should be included in a framework for the valuation profession and the professionalism of valuers. A framework that requires a higher standard of professional practice with consequential benefit to the valuation profession.

#### ***4.2.6 Reliability***

There are two aspects of reliability, internal consistency, and test-retest. Internal consistency is how items in a scale represent the same construct. If this is true respondents' replies would be consistent. Cronbach's coefficient alpha is the most often used static Alpha typically ranges in value between 0 and 1.0, with higher values indicating greater reliability. A generally accepted standard for alpha of 0.70 has emerged. Test-retest reliability is where repeated tests yields the same score, assuming no change in the underlying construct (Little, 2013).

#### 4.2.7 *Construct validity*

Reliability is considered a property of a measure and construct validity is not, but it is an interpretation of what construct is represented by scores on a measure. To support construct validity, evidence is required; for each of the following: convergent, discriminant, factorial, criterion-related, (statistical tests) face, and content (human judgement). Convergent validity is the idea that independent measures of the same construct should converge—that is, be highly related. Discriminant validity, measures of different constructs should not be highly related or at least should not be as highly related as measures of the same constructs. Convergent and discriminant validity are assessed relative to one another, so that one shows higher correlations between measures of the same construct than between measures of different constructs. Factorial validity refers to the factor structure among items of a multiple-item measure and whether statistical analyses will show that items form the factors that are expected based on the proposed structure of the scale. Factorial validity is assessed using exploratory and confirmatory factor analysis, relationships among items—either correlations or covariances—are analysed to find item groupings or factors based on strength of interitem relationships. Items that are strongly related to one another will tend to load together onto the same factors. Criterion-related validity links the measure in question to other “criterion” variables to which it is theoretically expected to relate or not relate. Face validity is the extent to which the underlying construct presumed to be assessed by a given measure is transparent. For measures of attitudes, we ask respondents to indicate their agreement with items using a five-point Likert response that ask directly about the attitude object in a way that is obvious. Content validity is a judgment that the items in a measure do an adequate job of representing the entire domain of a construct (Little, 2013).

### 4.3 Analysis

A copy of the instrument used to complete the survey, the questionnaire, is in Appendix C.

#### 4.3.1 Male or Female

Where n=the number of those who answered the question.

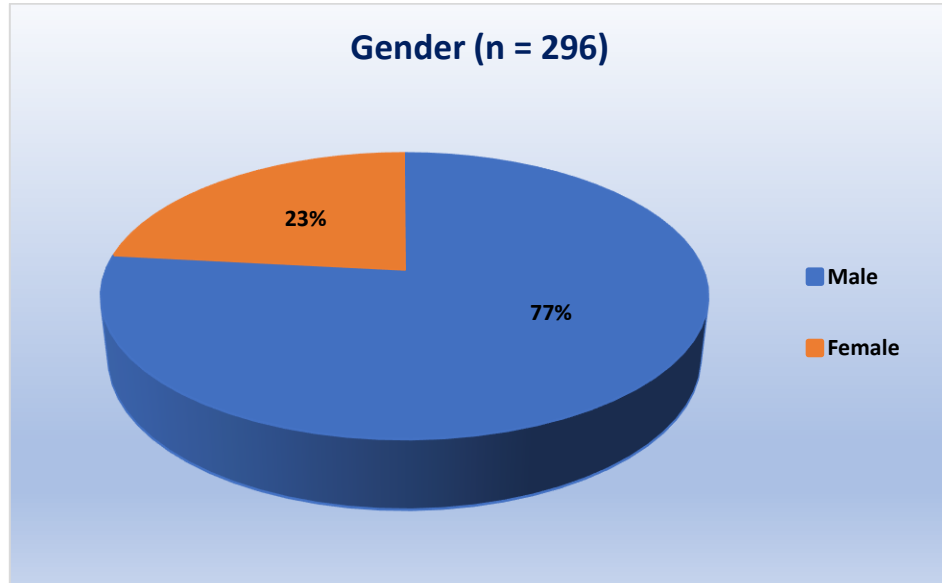


Figure 15: Male or Female

Table 4: Male or Female

		Male/Female			
		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Male	227	75.4	76.7	76.7
	Female	69	22.9	23.3	100.0
	Total	296	98.3	100.0	
Missing	System	5	1.7		
Total		301	100.0		

According to the Central Statistics Office, Ireland, 45.87 per cent of the entire work force of RoI in 2014 were females. The return rate may demonstrate that there are far fewer female participants in property services in RoI in relation national average of overall employed in general. In 2012, 0.21 per cent of all persons employed in Ireland were

licenced for property services, based on the response rate of question 1 that would translate into 934 licensees being female (7.4 per cent responded to the questionnaire).

### 4.3.2 Experience (years I have practised as a Property Service Provider)

Of the respondents, 3 per cent had less than the training acceptable to the RICS for competency in property services. 93 per cent were well experienced.

**Table 5: Experience**

		Experience			Cumulative Per cent
		Frequency	Per cent	Valid Per cent	
Valid	0 to 2 years	7	2.3	2.9	2.9
	3 to 6 years	10	3.3	4.2	7.1
	7+	223	74.1	92.9	100.0
	Total	240	79.7	100.0	
Missing	System	61	20.3		
Total		301	100.0		

**Table 6: Higher Education cross tabulated with Experience.**

		Experience * EDUC_HL Crosstabulation			
		EDUC_HL		Total	
		Higher Educational Achievement	Lower Educational Achievement		
Experience	0 to 2 years	Count	5		1
		% within Experience	83.3%	16.7%	100.0%
Total		Count	5	1	6
		% within Experience	83.3%	16.7%	100.0%

**Table 7: Grand fathered cross tabulated with Experience**

**Experience \* Were you overseen by a trained valuer during your first year acting as a valuer?**  
Crosstabulation

		No	Yes	Total
Experience 0 to 2 years	Count	1	2	3
	% within Experience	33.3%	66.7%	100.0%
Total	Count	1	2	3
	% within Experience	33.3%	66.7%	100.0%

For the study cohort with at most two years' experience, 83.3 percent had higher education. This is the minimum requirement to become an RICS Registered valuer. Of those who had less than two years' experience 33.3 per cent had not been overseen by a trained valuer.

#### 4.3.3 Education and Professional Qualifications

It has been recognised that valuation experts develop in different ways dependent on culture, statute, and convention. International valuation standards require that level of competence should be set at the threshold level sufficient to protect the public interest with the overall objective of valuation education to develop competent professional valuers. In RoI presently the minimum requirement for a licence is level 6, however the RICS qualification requirement is level 8. 21.4 per cent of respondents did not have a level 6 education, however they were the holders of a licence and practiced as valuers.

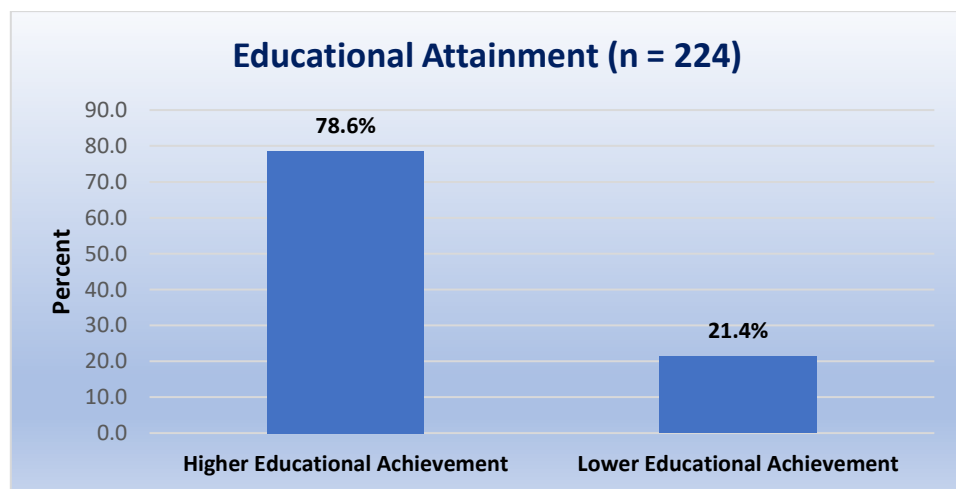


Figure 16: Education and Professional Qualifications

Table 8: Educational Attainment and Professional Qualifications

Educ & Prof Qual



		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	BSc Property studies/Real estate	93	30.9	41.5	41.5
	Higher Certificate Property studies/Real estate	83	27.6	37.1	78.6
	Junior certificate or equivalent	6	2.0	2.7	81.3
	Leaving certificate or equivalent	42	14.0	18.8	100.0
	Total	224	74.4	100.0	
Missing	System	77	25.6		
Total		301	100.0		

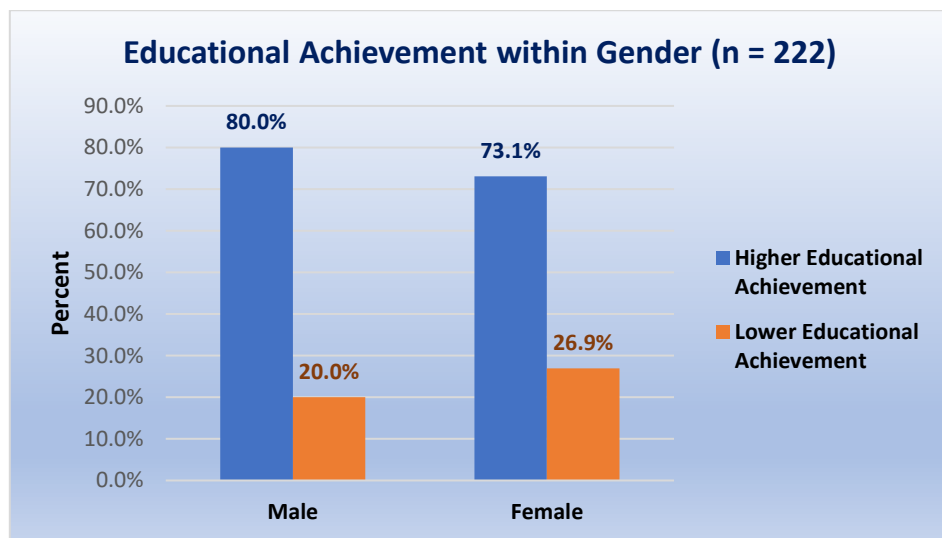


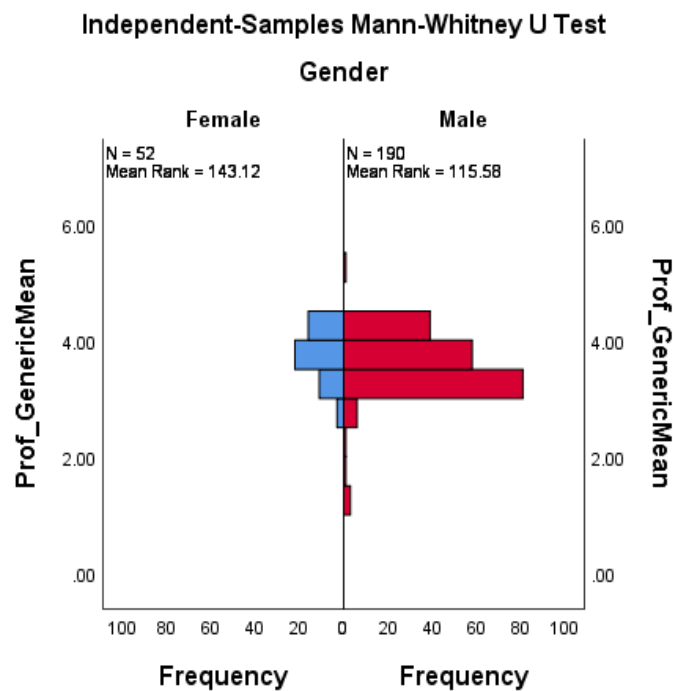
Figure 17: Educational Achievement within Gender

#### 4.3.4 Exploring differences across Gender

Statistically significant difference detected – perceived professionalism (Survey Questions - 12/14/15/16/19) in Appendix C.

A Mann-Whitney U test was run to determine if there were differences in perceived professionalism scores between males and females. Distributions of the perceived professionalism scores for males and females were similar, as assessed by visual inspection. Median perceived professionalism score was statistically significantly higher in females (3.6) than for males (3.5),  $U = 6064$ ,  $z = 2.526$ ,  $p = .012$ , using an exact sampling distribution for U (Dineen & Blakesley, 1973). The probability of superiority of .6137 suggests that 61 per cent of the time, a randomly sampled perceived professionalism score from the female population is higher than a randomly sampled perceived professionalism

score from the male population.



**Figure 18: Statistically significant difference detected – perceived professionalism.**

Statistically non-significant difference detected - perceived professionalism in Valuation (Survey Questions - 9/10/11/13/18)

A Mann-Whitney U test was run to determine if there were differences in *professionalism in valuation* scores between males and females. Distributions of the *professionalism in valuation* scores for males and females were similar, as assessed by visual inspection. Median *professionalism in valuation* score for females (4.33) and males (4.25) was not statistically significantly different,  $U = 5374$ ,  $z = .913$ ,  $p = .361$ , using an exact sampling distribution for U (Dineen & Blakesley, 1973).

In addition, statistically non-significant differences across *gender* were detected for each of the following comparisons:

Professional behaviour – Advancement of profession (30/34)

Professional behaviour – Biased toward client (30/34)

### 4.3.5 Exploring differences across Educational Attainment

Exploring differences across Educational attainment. Statistically significant difference detected – Perceived professionalism in valuation (Survey Questions - 9/10/11/13/18)

A Mann-Whitney U test was run to determine if there were differences in professionalism in valuation scores between those with higher educational attainment and those with lower educational attainment. Distributions of the professionalism in valuation scores for higher educational attainment and lower educational attainment were similar, as assessed by visual inspection. Median professionalism in valuation score was statistically significantly higher in higher educational attainment (4.4) than in lower educational attainment (4.1),  $U = 2677.5$ ,  $z = -1.960$ ,  $p = .050$ , using an exact sampling distribution for U (Dineen & Blakesley, 1973). The probability of superiority of .599 suggests that 60 per cent of the time, a randomly sampled score from the higher educational attainment population is larger than a randomly sampled score from the lower educational attainment population.

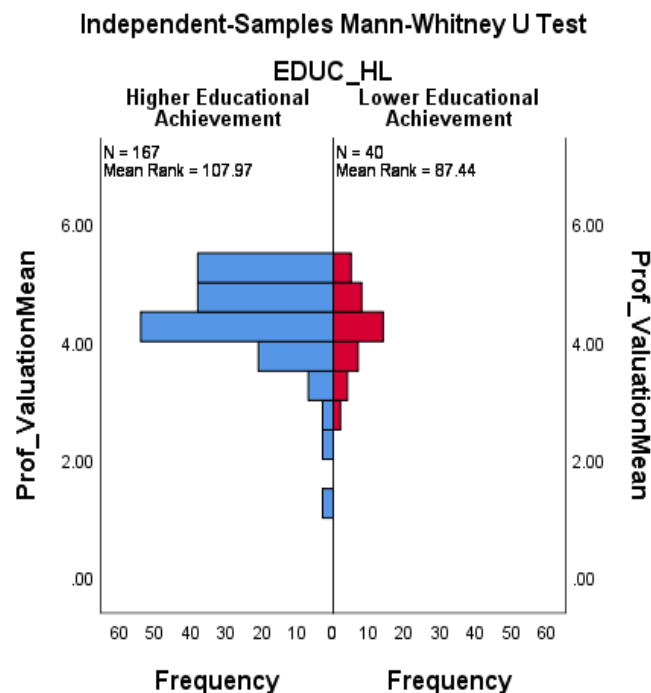


Figure 19: Exploring differences across Educational Attainment.

In addition, statistically non-significant differences across educational attainment were

detected for each of the following comparisons:

Perceived professionalism (Survey Questions – (12/14/15/16/19)

Customer Clarity on valuation services received (Survey Question – 24)

Professional behaviour – Advancement of profession (Survey Questions - 30/34)

Professional behaviour – Biased toward client (Survey Questions - 30/34)

#### 4.3.6 Type of licence held.

Interestingly, self-employed property service providers were almost equally male and female but otherwise principal officers were 3 times more likely to be male than female and conversely employees were more likely to be female.

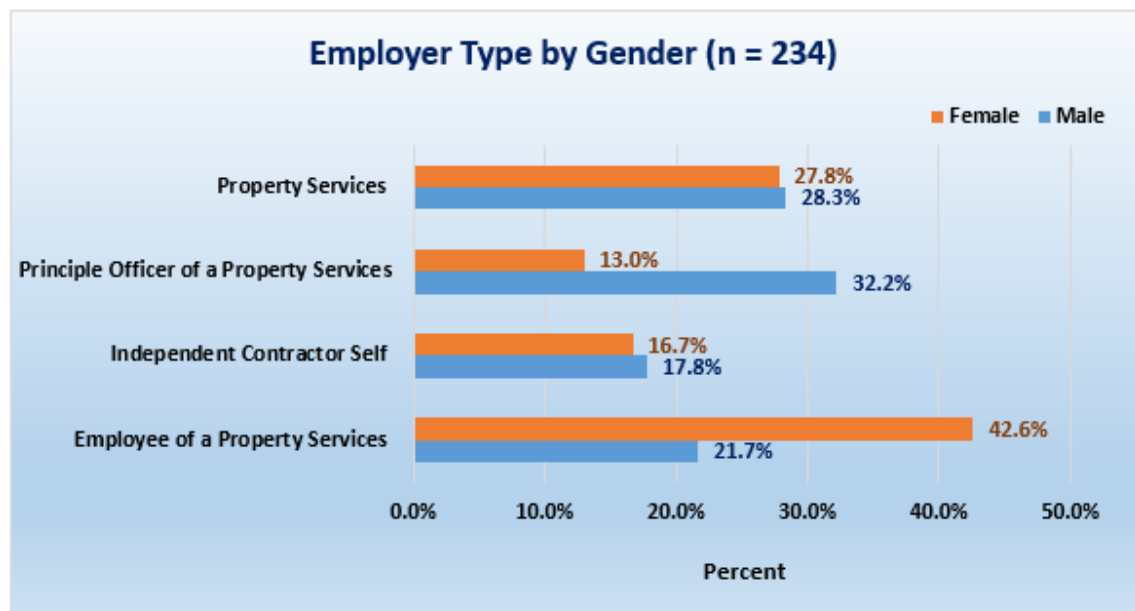


Figure 20: Type of licence held

#### 4.3.7 Office location

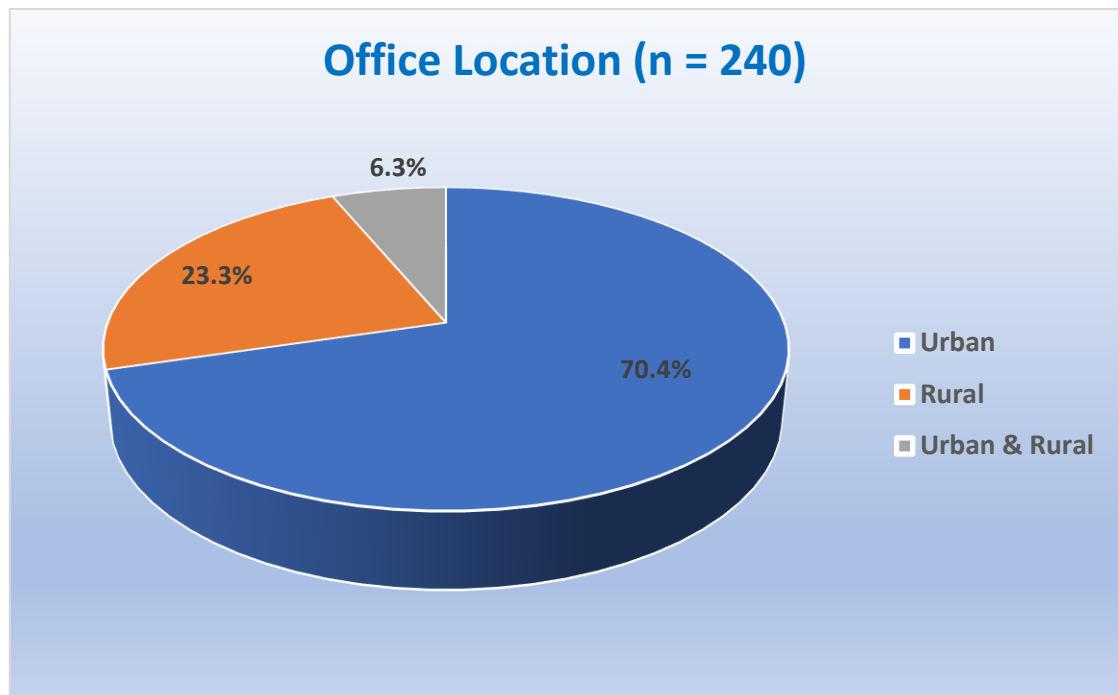


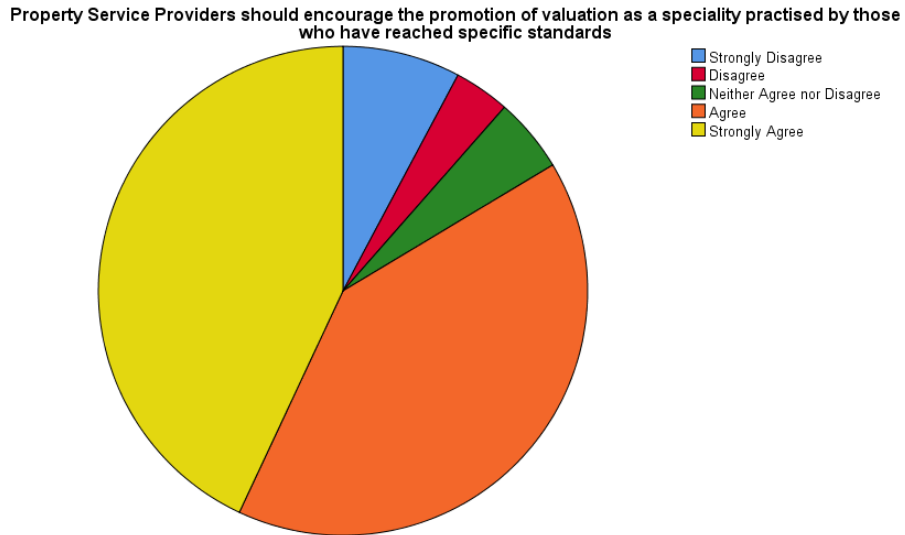
Figure 21: Office Location

70 per cent of respondent's offices were in urban areas with remainder in small towns and villages. It is in the small towns and villages that the shift to valuation as a specialisation will be the most difficult because of restricted economies of scale. Many estate agents provide services over a range of activities ie, sales, rentals, and valuations.

Table 9: Urban/Rural

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Urban	169	56.1	70.4	70.4
	Rural	56	18.6	23.3	93.8
	Suburbs	15	5.0	6.3	100.0
	Total	240	79.7	100.0	
Missing	System	61	20.3		
Total		301	100.0		

**4.3.8 PSP's should encourage the promotion of valuation as a speciality practised by those who have reached specific standards.**



**Figure 22: PSP's should encourage the promotion of valuation as a speciality practised by those who have reached specific standards.**

**Table 10: PSP's should encourage the promotion of valuation as a speciality practised by those who have reached specific standards.**

Property Service Providers should encourage the promotion of valuation as a speciality practised by those who have reached specific standards

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	19	6.3	7.8	7.8
	Disagree	9	3.0	3.7	11.5
	Neither Agree nor Disagree	12	4.0	4.9	16.4
	Agree	99	32.9	40.6	57.0
	Strongly Agree	105	34.9	43.0	100.0
	Total	244	81.1	100.0	
Missing	System	57	18.9		
Total		301	100.0		

Although internationally it would be expected that valuation is a speciality, with valuations services provided by only those who are professionals in the practice of valuation, those who are specifically knowledgeable, skilled and trained, 43 per cent of respondents

strongly agree and 41 per cent agree with the statement “Property Service Providers should encourage the promotion of valuation as a speciality practised by those who have reached specific standards”. 16 per cent either had no opinion or disagreed that valuation is a specialisation, therefore a service that can be provided by those who do not have a specific qualification in valuation.

#### **4.3.9 Valuation should be added as a category under the new system of PSRA licensing.**

**Table 11: Valuation should be added as a category under the new system of PSRA licensing.**

**Valuation should be added as a category under the new system of PSRA licensing.**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	24	8.0	10.0	10.0
	Disagree	33	11.0	13.7	23.7
	Neither Agree nor Disagree	39	13.0	16.2	39.8
	Agree	79	26.2	32.8	72.6
	Strongly Agree	66	21.9	27.4	100.0
	Total	241	80.1	100.0	
Missing	System	60	19.9		
Total		301	100.0		

When it came to regulating valuation through licensing, 60 per cent of the respondents agreed. In light of the financial crash and the request by the Central Bank Of Ireland in 2010, that valuations be regulated as they were a contributing factor in the losses that occurred, progress is slow and in light of the culture in the country, regulation may be the only logical step to improve standards.

**4.3.10 Valuation services to lenders should be provided by only those who have a qualification to provide valuation services.**

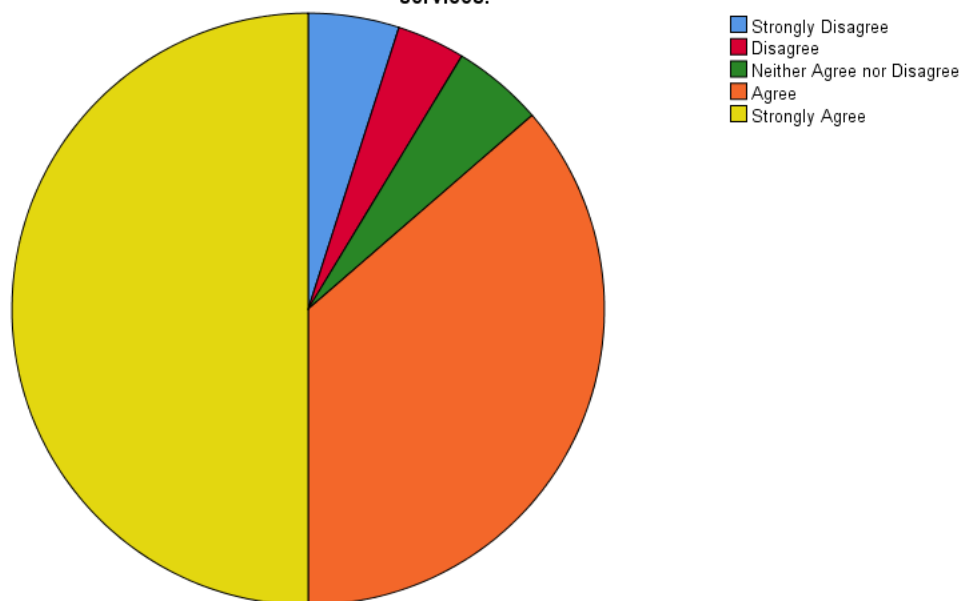
**Table 12: Valuation services to lenders should be provided by only those who have a qualification to provide valuation services?**

**Valuation services to lenders should be provided by only those who have a qualification to provide valuation services.**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	12	4.0	5.0	5.0
	Disagree	9	3.0	3.7	8.7
	Neither Agree nor Disagree	12	4.0	5.0	13.6
	Agree	88	29.2	36.4	50.0
	Strongly Agree	121	40.2	50.0	100.0
	Total	242	80.4	100.0	
Missing	System	59	19.6		
Total		301	100.0		

Question 11 was similar in nature to question 9, a slightly higher proportion of respondents revealed in question 11 that valuation was a specialisation: 86 per cent as against 84 per cent in question 9. It was a strongly held view that valuation it should be a specialisation, however it must be noted in RoI, it is not.

**Valuation services to lenders should be provided by only those who have a qualification to provide valuation services.**



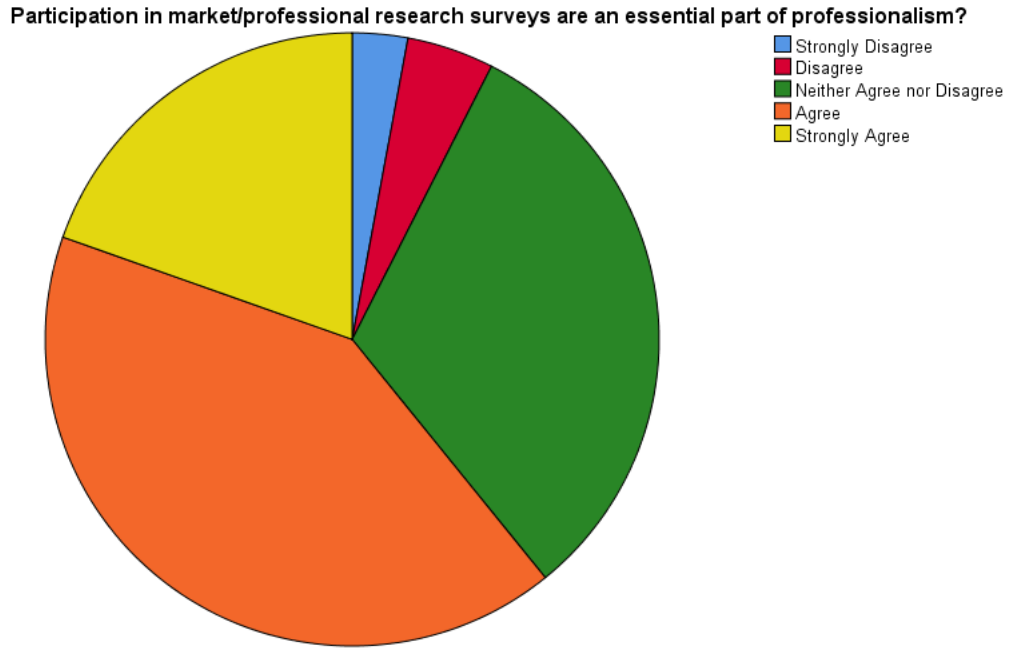


**Figure 23: Valuation services to lenders should be provided by only those who have a qualification to provide valuation services.**

Overall, 16.4 per cent were not sure if property valuation is a specialist skill, nearly 40 per cent did not agree that valuation should be regulated under the licensing system and nearly 14 per cent believe that you do not need a qualification to provide valuation services.

***4.3.11 Participation in market/professional research surveys are an essential part of professionalism.***

It is difficult to influence or change entrenched opinions if they are not understood. To understand or quantify the extent to which professional attitudes would predict professional behaviour, a strategy based on existing attitudes would be beneficial. When a large proportion of the intended target do not believe that voicing their opinion is of any benefit to them, they are unlikely to participate and then there is a problem. A commitment to quality should be firmly grounded in the professional identity of valuers early on in the education and training process. 39.2 per cent of the respondents to the survey fell short of agreeing that participating in professional surveys were an essential part of professionalism, this must be viewed in light of the fact that those were the respondents to the questionnaire for the research. It is possible to infer that those who did not complete the questionnaire would have the same or a more strongly held opinion, by their actions (not completing the questionnaire).

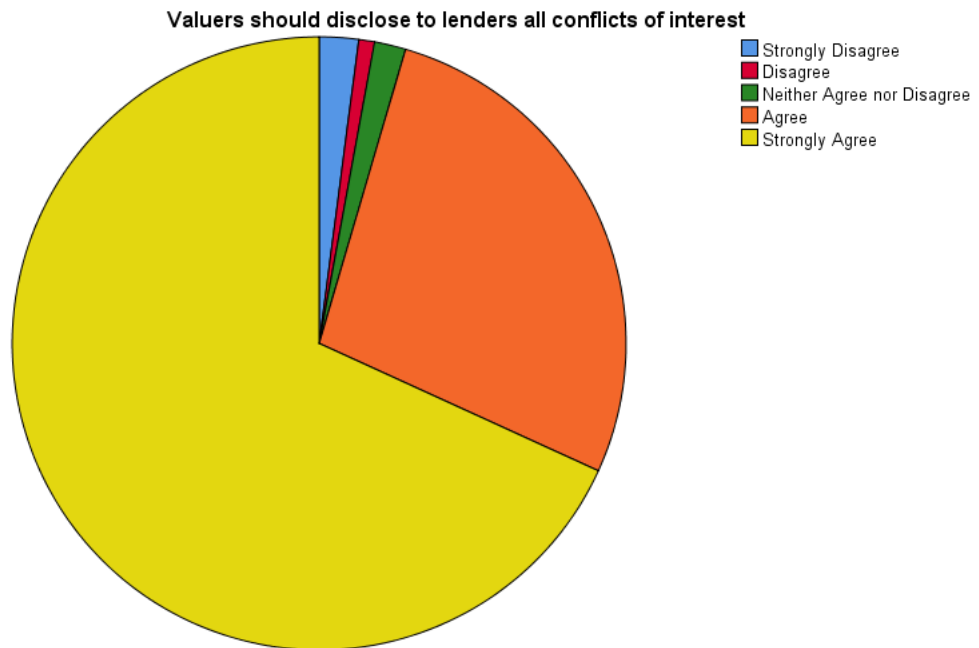


**Figure 24: Participation in market/professional research surveys are an essential part of professionalism.**

***4.3.12 Valuers should disclose to lenders all conflicts of interest.***

Effective identification and management of conflicts of interest is an essential component of professionalism.

*‘...act with integrity and avoid conflicts of interest and avoid any actions or situations that are inconsistent with its professional obligations.’ (RICS, 2020).*



**Figure 25: Valuers should disclose to lenders all conflicts of interest.**

Although a large proportion of respondents did agree or strongly agreed with the statement ‘valuers should disclose to lenders conflicts of interest’, 4.5 per cent did not agree with this basic component of professionalism. It is a fundamental expectation when applying standards, that appropriate procedures are in place to ensure a necessary degree of objectivity in the valuation process so that the results are free from bias.

**4.3.13 Improvement initiatives are an important part of professionalism (mechanisms to overcome lack of knowledge about the nature, structure, and regulation of the profession).**

**Table 13: Improvement initiatives are an important part of professionalism.**

**Improvement initiatives are an important part of professionalism (mechanisms to overcome lack of knowledge about the nature, structure, and regulation of the profession)**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	5	1.7	2.1	2.1
	Disagree	2	.7	.8	2.9
	Neither Agree nor Disagree	18	6.0	7.5	10.4
	Agree	124	41.2	51.5	61.8
	Strongly Agree	92	30.6	38.2	100.0
	Total	241	80.1	100.0	
Missing	System	60	19.9		
Total		301	100.0		

Quality improvement activities including “mechanisms to overcome lack of knowledge about the nature, structure, and regulation of the profession” had approximately 90 per cent of respondents in agreement with the statement.

**4.3.14 Property Services Providers should be familiar with the ethical standards required for their profession.**

**Table 14: Property Services Providers should be familiar with the ethical standards required for their profession.**

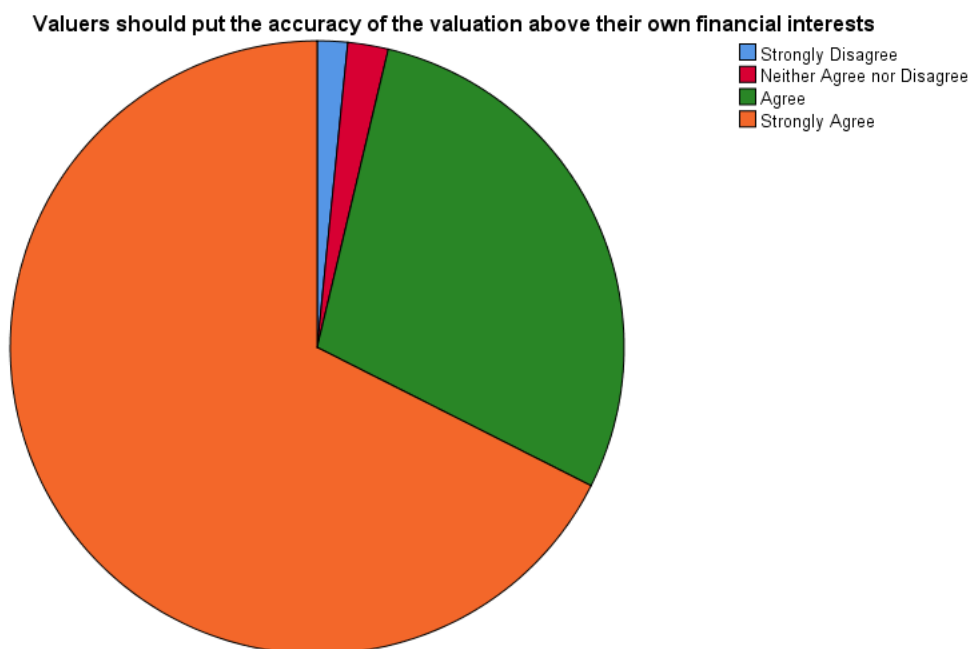
**Property Services Providers should be familiar with the ethical standards required for their profession**

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	Strongly Disagree	4	1.3	1.6	1.6
	Disagree	1	.3	.4	2.1
	Neither Agree nor Disagree	1	.3	.4	2.5
	Agree	82	27.2	33.7	36.2
	Strongly Agree	155	51.5	63.8	100.0
	Total	243	80.7	100.0	
Missing	System	58	19.3		
Total		301	100.0		

2.1 per cent did not believe that PSP's should be familiar with ethical standards. Although 97 per cent of the respondents agreed a commitment to quality firmly grounded in ethical standards should be universal.

**4.3.15 Valuers should put the accuracy of the valuation above their own financial interests.**

The prospect of future work and referrals can present conflicts within the practice of valuation as the valuers own future financial interests become an issue. The existence of (or significant risk of) this indirect consequence may be enough for there to be a conflict, there does not have to be actual directly visible harm to anyone's financial interests. It would be good professional practice that a valuer would obtain consent before proceeding in that particular case. Generally, the respondents agreed with the statement 'valuers should put the accuracy of the valuation above their own financial interests'; however it must be recognised that for 3.7 per cent, an accurate valuation did not come before their own financial interests. Accuracy was however high on the list of tenets/traits of professionalism with almost 4 per cent of respondents inclined to act unprofessionally in relation to their own financial interests.

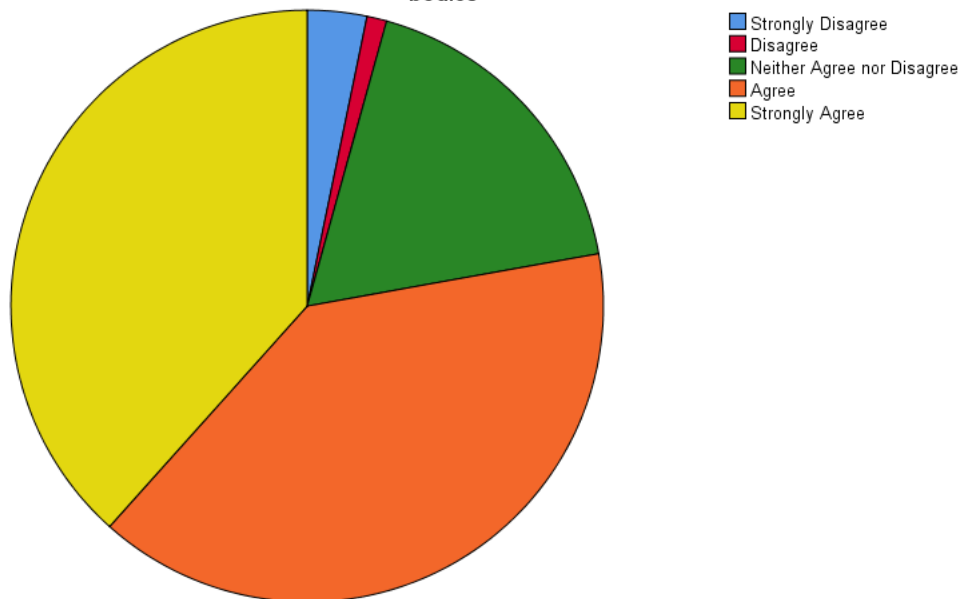


**Figure 26: Valuers should put the accuracy of the valuation above their own financial interests.**

**4.3.16 Property Services Providers should report significantly unprofessional colleagues to the relevant professional bodies.**

Nearly 30 per cent of respondents were not sure they should report significantly unprofessional behaviour. Between 2012 and 2018 the Property Services Regulatory Authority (PRSA) had 1205 vexatious (did not proceed) complaints against PSP's. Unlicensed property service provision is an offence under section 28 of the 2011 Act and During 2017, the Authority received 329 complaints, a 15 per cent increase on the 285 complaints received in 2016.

**Property Services Providers should report significantly unprofessional colleagues to the relevant professional bodies**



**Figure 27: Property Services Providers should report significantly unprofessional colleagues to the relevant professional bodies.**

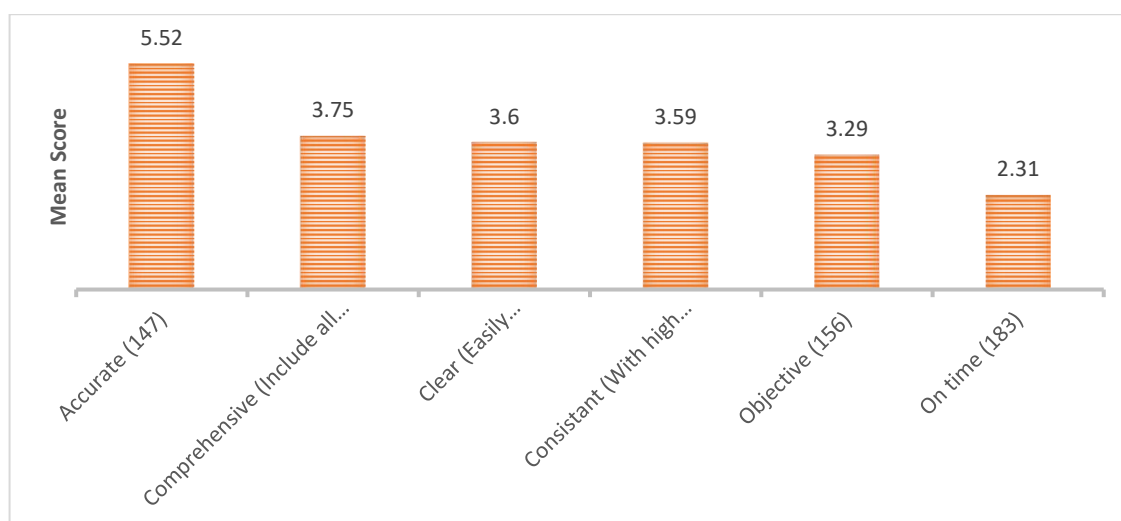
It is important that the valuation profession itself stands at the gate to protect society from unprofessional behaviour. When such a large proportion of respondents do not see it as a professional duty to report unprofessional behaviour, there must be a disconnect between what could be regarded as professionalism. If the profession was held to a higher standard, the reporting of those that are unprofessional could be included as an indicator of professionalism as there would not be a tolerance for it.

#### 4.3.17 Valuations should be...(ranking question).

This ranking question was in the context of attitudes towards professional behaviours. Accuracy was ranked the most important with comprehensive, clear, consistent, objective and on time following respectively.

**Table 15: Valuations should be...(ranking question).**

Valuations should be ... (Rank from 1 to 7) 1 = Least Important to 7 = Most important	Total Mean Score	Rank
Accurate (147)	5.52	1 <sup>st</sup>
Comprehensive (Include all relevant information) (148)	3.75	2 <sup>nd</sup>
Clear (Easily Understood) (143)	3.6	3 <sup>rd</sup>
Consistent (With high standards) (147)	3.59	4 <sup>th</sup>
Objective (156)	3.29	5 <sup>th</sup>
On time (183)	2.31	6 <sup>th</sup>



**Figure 29: Valuations ranked**

#### 4.3.18 To what extent do you think residential valuations were accurate during the years 2000-2008? (inside the margin of error which could be properly expected from a competent valuer using reasonable skill and care)

In previous questions accuracy was ranked highest by the respondents however, 52.2 per cent of respondents to this question did not believe valuations were accurate during the

boom. If nearly half of the respondents who are professionals providing valuation services in the property market during the boom, consider that valuations were not accurate, then something needs to change.

To what extent do you think residential valuations were accurate during the years 2000-2008? (inside the margin of error which could be properly expected from a competent valuer using reasonable skill and care)

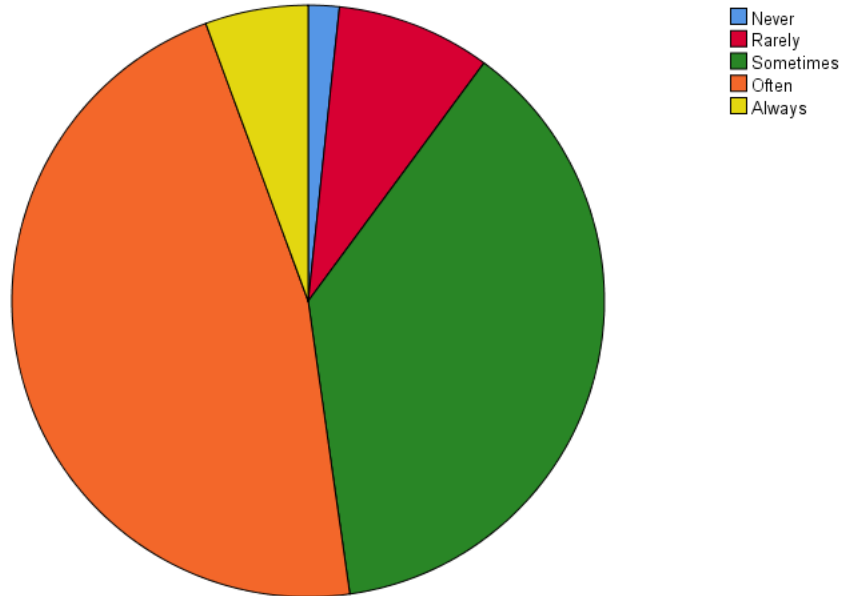
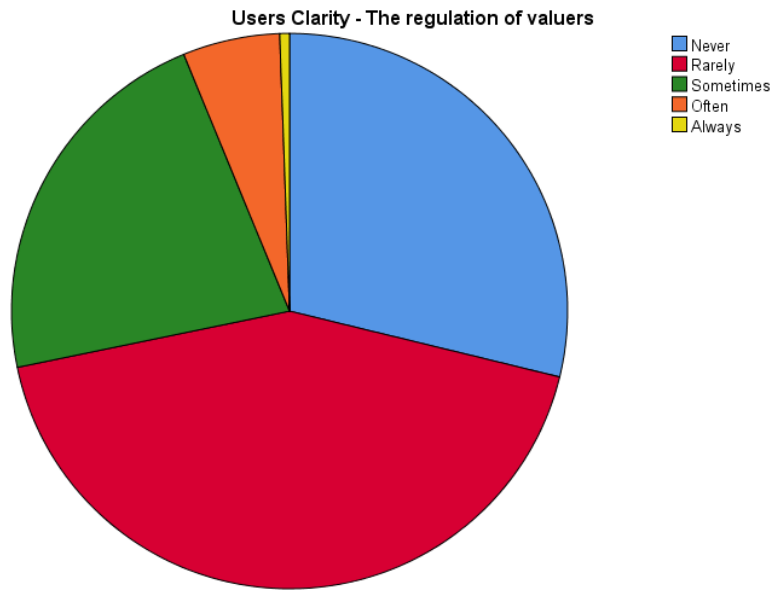


Figure 28: To what extent do you think residential valuations were accurate during the years 2000-2008? (inside the margin of error which could be properly expected from a competent valuer using reasonable skill and care)

#### 4.3.19 The clarity users had around valuation services.

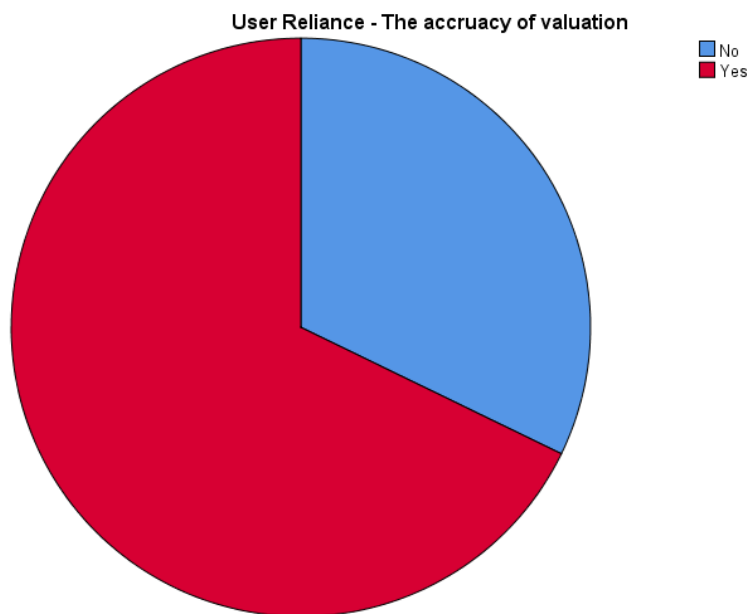
Only 36 per cent of respondents believed users of valuation services were clear around the accuracy of the valuation and only 20 percent understood the valuer's qualifications. Nearly 97 percent were of the opinion that users understood the regulation of valuers.





**Figure 29: The clarity users had around valuation services.**

#### *4.3.20 User Reliance - The accuracy of valuation*



**Figure 30: User Reliance - The accuracy of valuation**

32 per cent did were of the opinion that users did not relied on the accuracy of valuations. Therefore, on the whole respondents reported that users of valuation services generally, did not understand the service, regulation or qualification of the valuer appointed and did not always rely on the valuation report. This points to a weak professional attitude. If it is

the opinion that valuations are not relied upon, then the need to be accurate is reduced.

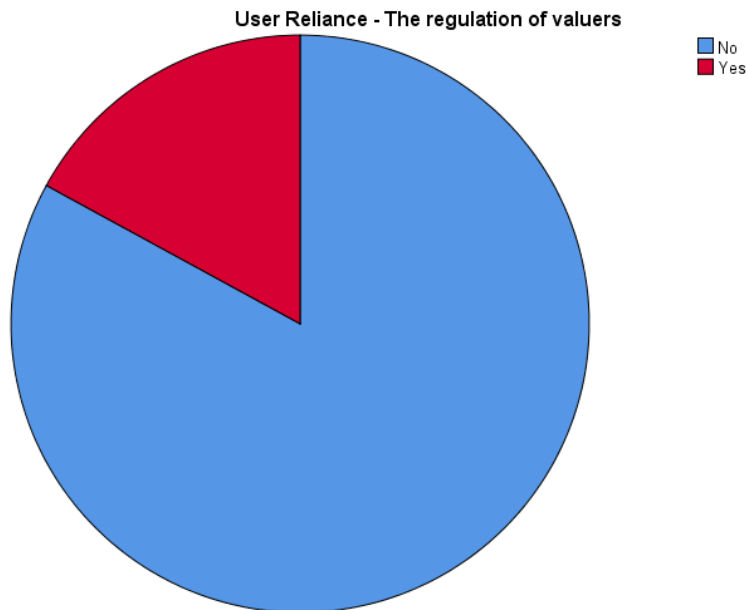


Figure 31: User Reliance - The regulation of the Valuer.

*4.3.21 Were you overseen by a trained valuer during your first year acting as a valuer?*

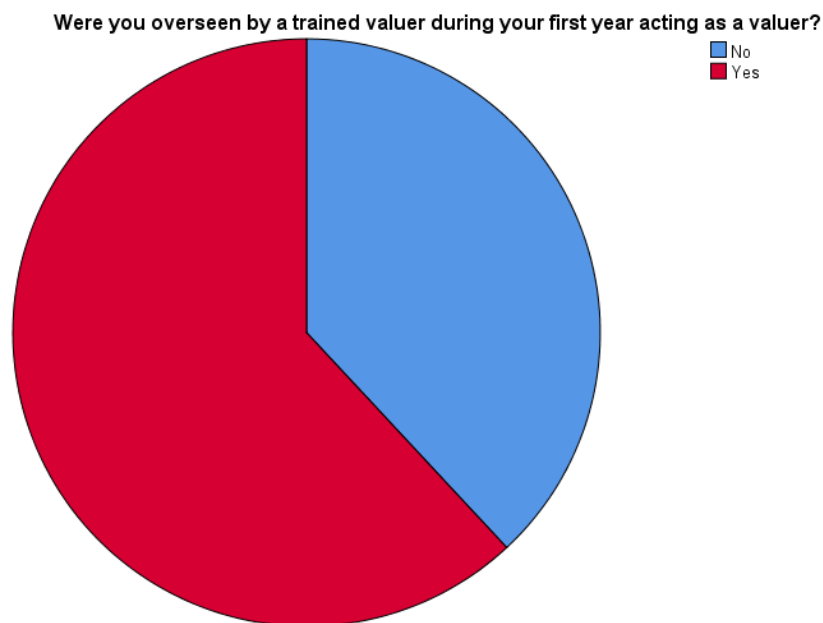


Figure 32: Were you overseen by a trained valuer during your first year acting as a valuer?

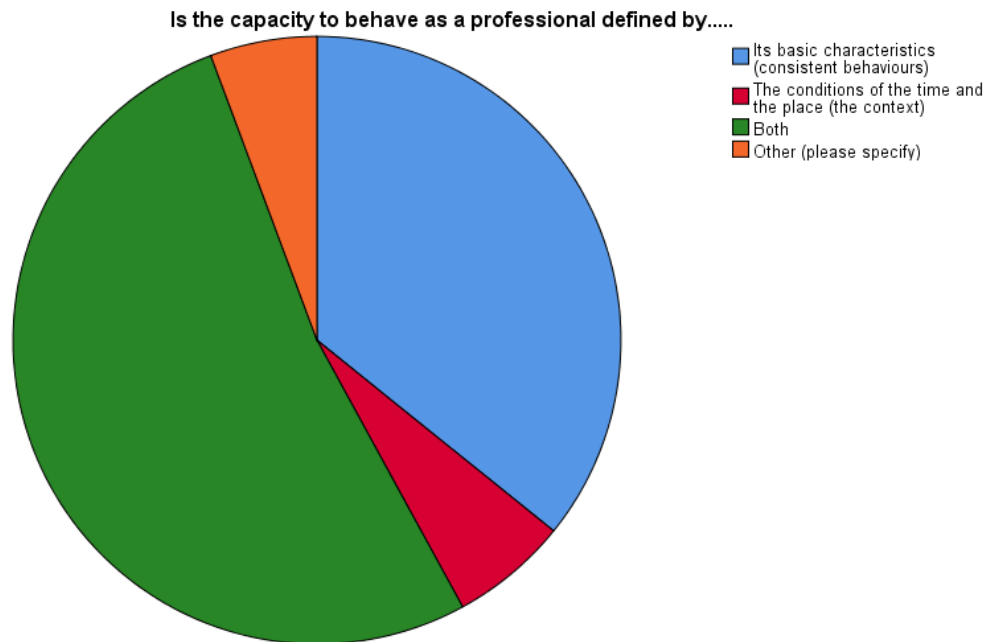
**Table 16: Were you overseen by a trained valuer during your first year acting as a valuer?**

Were you overseen by a trained valuer during your first year acting as a valuer?

		Frequency	Per cent	Valid Per cent	Cumulative Per cent
Valid	No	67	22.3	38.1	38.1
	Yes	109	36.2	61.9	100.0
	Total	176	58.5	100.0	
Missing	System	125	41.5		
Total		301	100.0		

**4.3.22 Is the capacity to behave as a professional defined by .....**

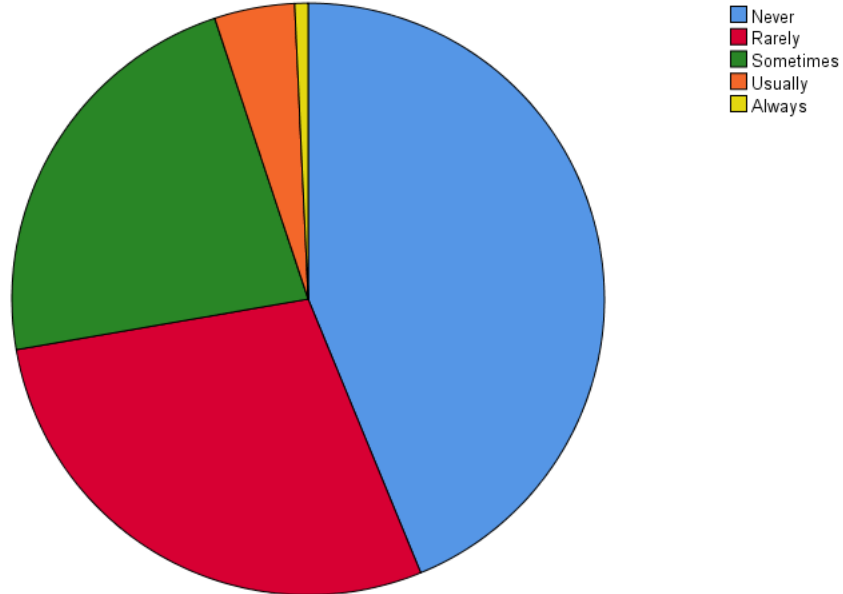
3.7 per cent of respondents reported that acting in a professional manner could be effected by the context. 21per cent of respondents believed in behaving professionally consistently regardless of the circumstances.



**Figure 33: Is the capacity to behave as a professional defined by .....**

**4.3.23 *In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer.***

In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer.



**Figure 34: In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer.**

Less than half of the respondents said that they would not adjust a valuation to benefit a customer.

**Table 17: EDUC\_HL \* In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer. Crosstabulation**

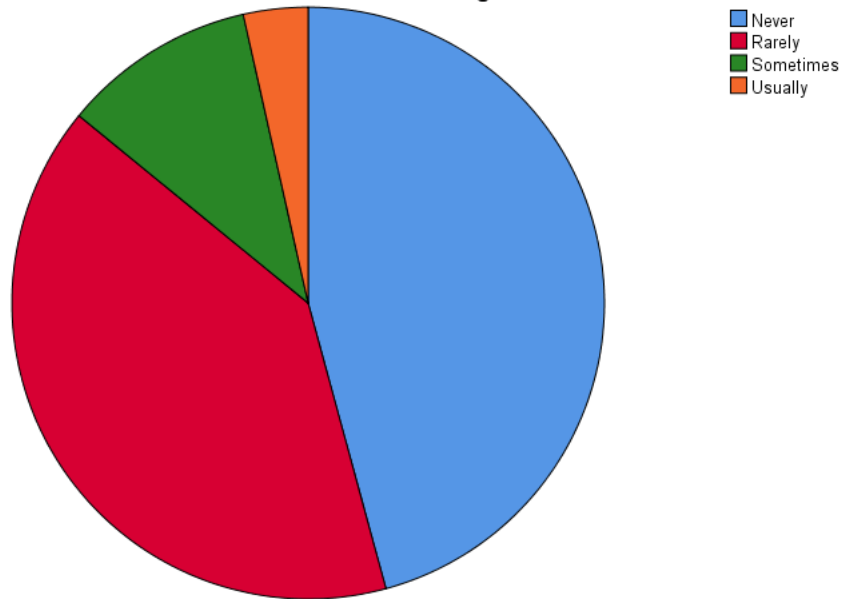
**EDUC\_HL \* In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer. Crosstabulation**

		In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer.					Total
		Never	Rarely	Sometimes	Usually	Always	
EDUC_	Higher	Count	46	30	24	4	105
HL	Educational Achievement	% within EDUC_HL	43.8%	28.6%	22.9%	3.8%	100.0%
	Lower	Count	8	7	6	1	22
	Educational Achievement	% within EDUC_HL	36.4%	31.8%	27.3%	4.5%	100.0%
Total		Count	54	37	30	5	127
		% within EDUC_HL	42.5%	29.1%	23.6%	3.9%	100.0%

In respect of customer influence 57.5 percent of the respondents were influenced at one time or another by the customer. 43.8 per cent of the respondents with a Higher Education Achievement responded that they would never err to benefit the objectives of the customer as against 36.4 percent of Lower Educational Attainment. Client influencing the valuation figure is a problem.

**4.3.24 *In the past maintaining good relationships with the clients has been a factor which has influenced the final valuation figure.***

In the past maintaining good relationships with the client has been a factor which has influenced the final valuation figure



**Figure 35: In the past maintaining good relationships with the clients has been a factor which has influenced the final valuation figure.**

15 per cent of respondents said they have been influenced by the relationship with the client.

#### 4.4 Traits and Tenets of Professionalism

Questions 21 and 22 fulfil objective four: To develop a clear set of traits/tenets for the professionalism of valuers in the RoI, to allow the development of a future scale for measurement. Questions 21 and 22 are ranking questions, which are aimed at allowing respondents to order a list of answers, and present a list of traits and tenets, that the respondents (who are practising valuers) believe represent professionalism for them. The items used in the questions were traits and tenets that already existed in the literature; however, they were not specifically developed for valuers or the valuation profession. The traits have been extensively researched into various areas including, the theory of professionalism, scales, and measurement. The researcher amalgamated the most often occurring of the traits and tenets seen through the literature review, pertaining to other professions. As there were no existing questionnaires for valuers the researcher developed two ranking questions which were similar in nature, to validate the responses. The top six tenets/traits are graphed, therefore a scale can be developed and measured against.

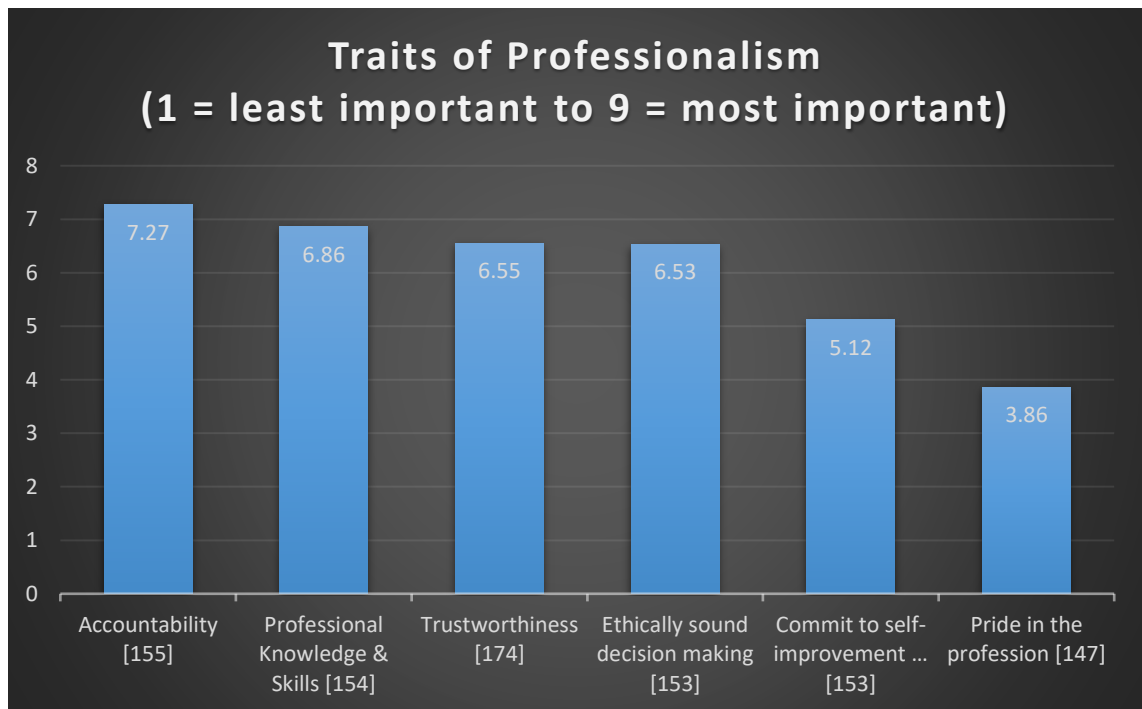
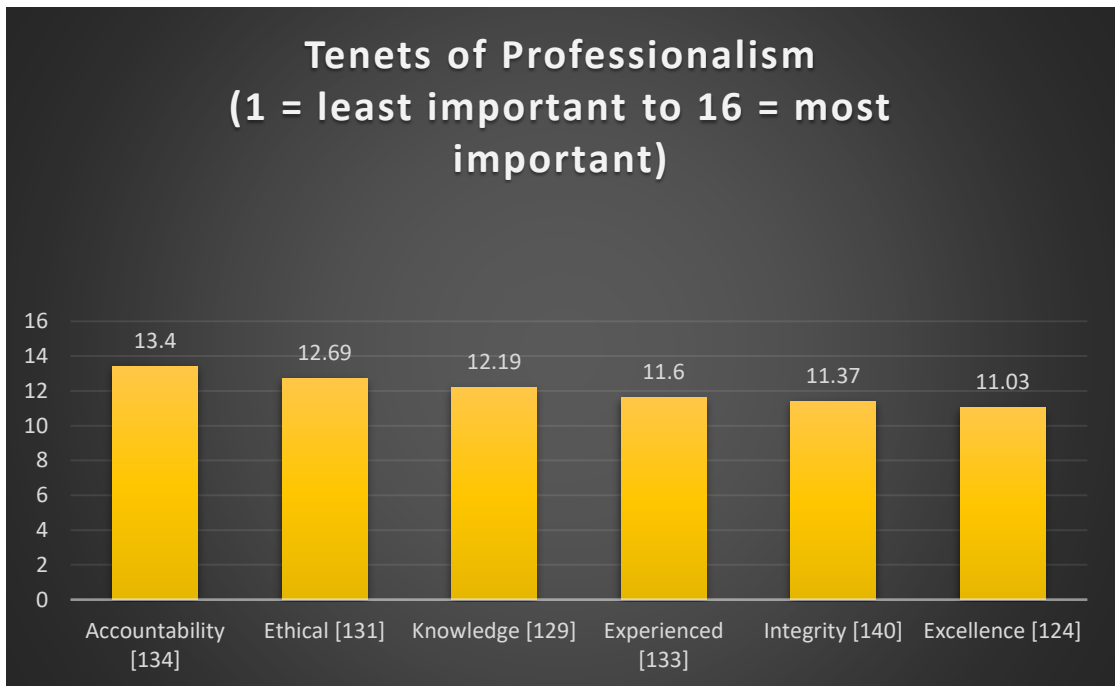


Figure 36: Traits and Tenets of Professionalism.

When the ranking of traits is compared to the ranking of tenets, there appears to be similarities, which have been merged to form the basis of a framework for the

professionalism of valuers in RoI and a future scale to measure the professionalism of valuers.



**Figure 37: Tenets of Professionalism**

**Table 18: Tenets and Traits compared.**

Traits (From 9)	Rank	Tenets (From 16)	Rank
Accountability [155]	1 <sup>st</sup>	Accountability [134]	1 <sup>st</sup>
Ethically sound decision making [153]	4 <sup>th</sup>	Ethical [131]	2 <sup>nd</sup>
Professional knowledge and skills	2 <sup>nd</sup>	Knowledge [129]	3 <sup>rd</sup>
Commitment to self-improvement of S&K	5 <sup>th</sup>	Experienced [133]	4 <sup>th</sup>
Trustworthiness	3 <sup>th</sup>	Integrity [140]	5 <sup>th</sup>
Pride in the profession [147]	6 <sup>th</sup>	Excellence [124]	6 <sup>th</sup>



When the two questions are compared and then merged a list appears. The research confirms the six items are:

<b>Professionalism of Valuer in Rol</b>
<b>Accountability</b>
<b>Ethically sound decision making /Ethical</b>
<b>Professional knowledge and skills / Knowledge</b>
<b>Commitment to self-improvement of Skills and Knowledge/ Experienced</b>
<b>Trustworthiness/Integrity</b>
<b>Pride in the profession/ Excellence</b>

Figure 38: Combined Tenets and Traits

Once the traits/tenets were established they could then be included in the updated Framework for Professionalism.

## 4.5 Framework for professionalism

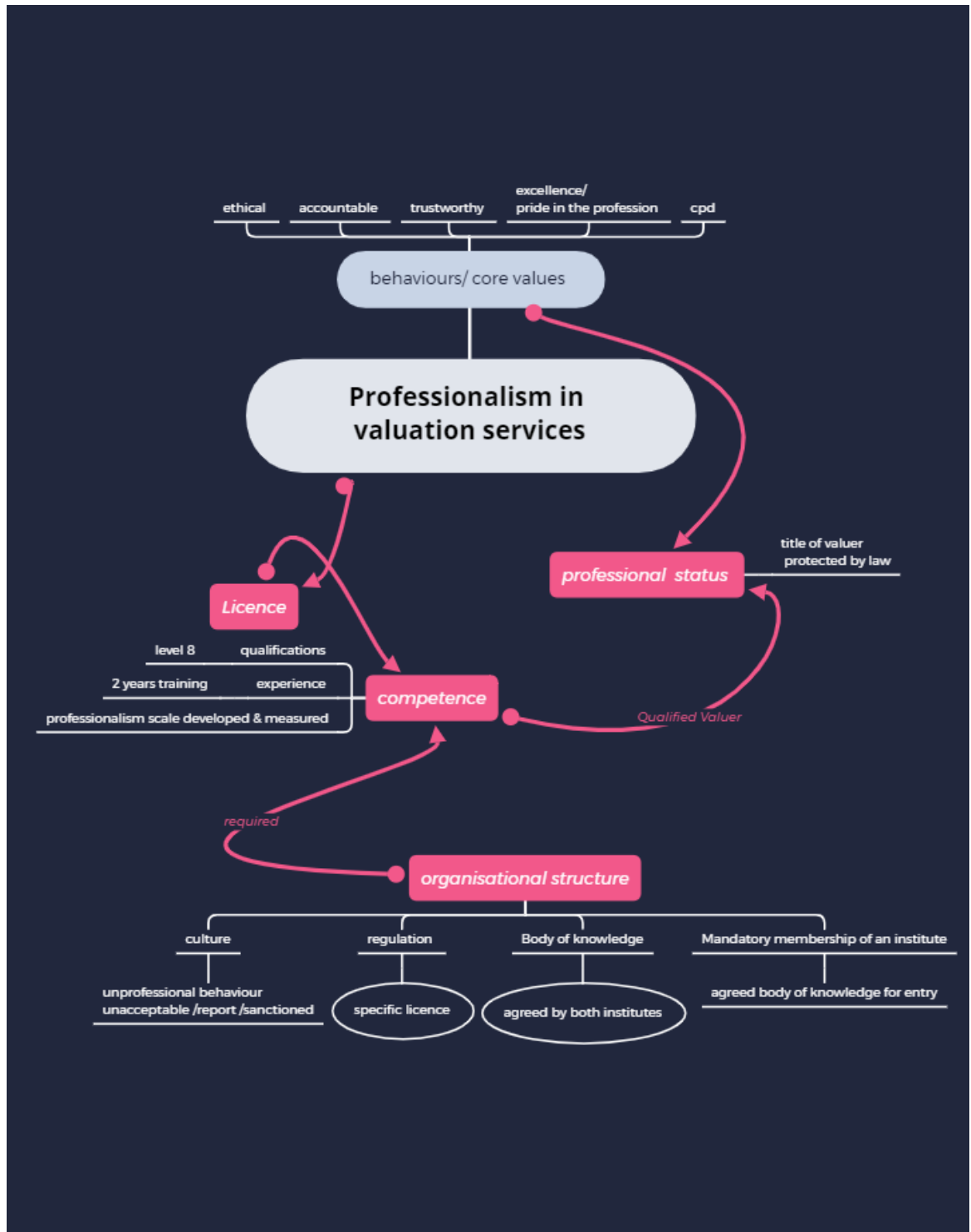


Figure 39: Framework for Professionalism in Valuation Services

There are competencies required to be a professional valuer, a level of knowledge and technical skills. The title of valuer should be protected, and it should be an offence to use it as a professional status if the user has not progressed through the agreed framework for the profession. A minimum requirement needs to be universally agreed as the basic starting point for licensing. After the foundational education has been attained (degree which includes valuation) there is the intermediate stage of training (adjudicated to be at least two years for membership of the RICS) which needs to be agreed universally as a basic level to possess for fitness to practice. During the qualification stage the concept of professionalism needs to be addressed as a competency of itself, along with core values that are measured and anticipated. Once there is an agreed progression path, for all those who profess to be valuers it can be reassessed if valuation is a profession in RoI.

#### 4.6 Valuation Profession and Millers Definition

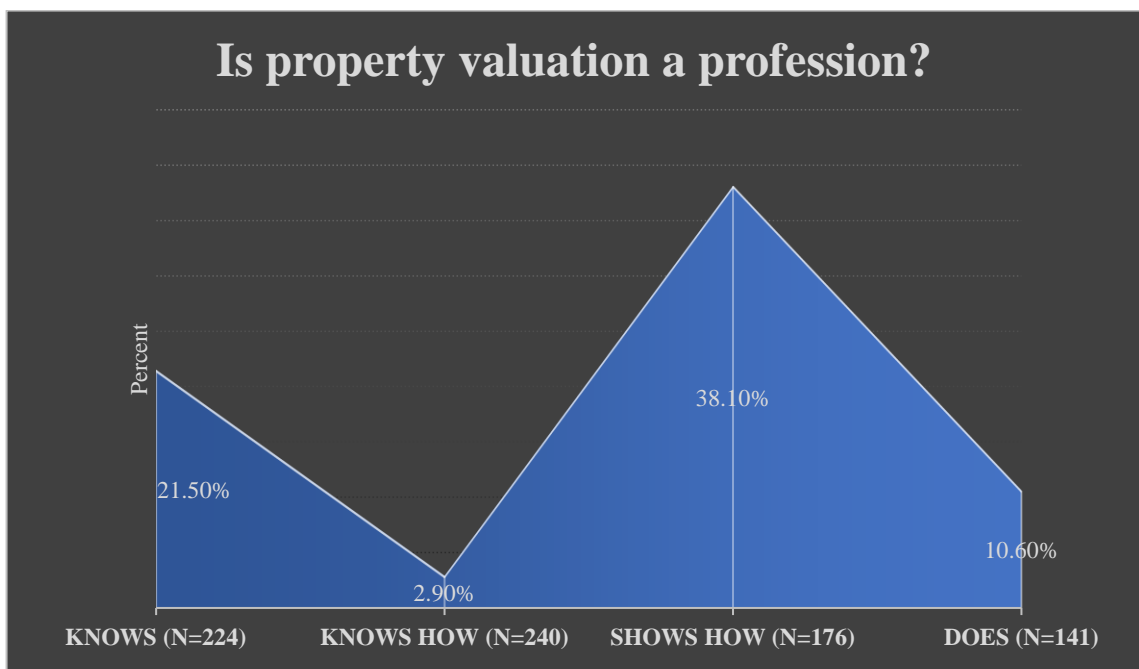


Figure 40: Valuation Profession and Millers Definition

##### 4.6.1 Knowledge

The base of a professional service is the specific body of knowledge. This standard is not congruent throughout the country, institutions, and regulators. Level 8 is required to become a member of the RICS, however there is no requirement in the case of IPAV. Although there are minimum requirements by law, there is a section that allows licensing

without qualifications, which has allowed as recently September 2020, those who acted illegally outside the law for many years to now become fully licenced.

### **Becoming a RICS member**

Complete a RICS accredited undergraduate degree (or postgraduate degree).  
Join a firm as a trainee surveyor, get experience and take your APC structured training (sometimes in conjunction with a postgrad course). ...  
Complete your APC and take the APC final assessment.

### **Programme code: DT110**

Qualification awarded: BSc (PROPERTY ECONOMICS) **Level 8**

Duration of programme: 4 years

Type of programme: Honours Degree

Number of places: 30 approx.

Location: DIT Bolton Street

The IPAV requires no professional qualification, however if one wishes to complete Blue Book valuations one is expected to complete a part time one-year course.

There is no specific valuation licence but to be eligible for a licence to work as a Property Services Provider requires the following.

### **The Property Services for which a licence is required**

There are four different property services namely:

- The auction of property\* other than land\*\*.
- The purchase or sale, by whatever means, of land.
- The letting of land.
- Property management services\*\*\*.

### **The Statutory Requirements for obtaining a licence**

- Qualifications,
- Professional Indemnity Insurance,
- Accountant's Report,
- Tax Clearance,
- Certificate of Incorporation,
- Business Name Certificate,
- Declaration,
- Licence Fee,
- Compensation Fund Contribution.

### **Minimum Academic Qualification**

(a) the applicant has, in respect of the subject areas specified in Column (1) of the Schedule, successfully completed a course of studies which has led to the awarding to him or her, by a nationally recognised awarding body or awarding bodies, of –

(i) at levels **6 to 8** of the National Framework of Qualifications, **120 ECTS**

compatible higher education and training credits calculated by adding together the number of credits received for subject areas specified, which credits shall not, for the purpose of calculating the number of ECTS required under this subparagraph, be less than the minimum number or greater than the maximum number of credits specified in Column (2) of the Schedule opposite the mention of the subject area in Column (1), or

(ii) at levels 9 and 10 of the National Framework of Qualifications, 90 ECTS compatible higher education and training credits calculated by adding together the number of credits received for a subject area specified, which credits shall not, for the purpose of calculating the number of ECTS required under this subparagraph, be less than the minimum number or greater than the maximum number of credits specified in Column (3) of the Schedule opposite the mention of the subject area in Column (1)),

(b) the applicant has, in another jurisdiction, in respect of the subject areas specified in the Schedule, successfully completed a course of studies which has led to the awarding to him or her, by a body or bodies in that jurisdiction that is or are equivalent to a nationally recognised awarding body or awarding bodies, of credits, under a framework in that jurisdiction that is equivalent to the National Framework of Qualifications, equivalent to those required under paragraph (a)

#### **Lawful Experience**

(c) the applicant has lawfully engaged in, and for periods amounting together to not less than 3 years of the 5 year period immediately preceding the making of the application, the provision of the property service for which he or she is seeking the licence, or

#### **Other Qualifications or Experience**

(d) the applicant has such other qualifications or experience, or both, which, **although not falling (or fully falling) within paragraph (a), (b) or (c), satisfies the Authority that the applicant is suitable to provide the property service for which he or she is seeking the licence.**

The base of the pyramid: Substituting question 5 (Education and professional qualifications: those that are below the minimum standard) for “know”: 21.5 per cent

“Know how” is represented by answers from question 4 that are less than the minimum standard of 2 years: 2.9 per cent

“Shows how” is represented by answers from question 27 (were you overseen by a trained valuer during your first year acting as a valuer?) those who answered ‘No’: 38.1 per cent

“Does” is represented by the question 34 (I am likely to contribute to quality improvement efforts in the field of valuation), those who answered rarely or never: 10.6 per cent

Based on Millers and others, competencies for professions, for valuation to be recognised as a profession 100% of all respondents would be educated as necessary and experienced to attain the “Know” and “Know How”. Although 21.5% of the respondents do not hold any qualification above second level, 97.1% did have over 2 years’ experience. As only 68% were trained by a valuer, that assumes that much of the experience gained was ‘on the job’ without direction or feedback. As an indicator how ‘does’ can be translated into valuation 10.6% rarely or never would contribute to improvements in the profession. This displays an underlying misunderstanding of their role as a professional.

Future research could be further developed by the use of three to four statements for each competency rather than a single statement.

#### **4.7 Test One: knowledge**

There is no specific body of knowledge required to act as a valuer in RoI. Theoretically, one can receive a licence under the provision.... “although not falling (or fully falling) within paragraph (a), (b) or (c), satisfies the Authority that the applicant is suitable to provide the property service for which he or she is seeking the licence”.....and as valuers are not regulated, can proceed to practice as a valuer.

#### **4.8 Competence**

To “know how” requires experience. The RICS requires that valuation is a competency, therefore after that attainment of a level 8 qualification, there is a need to join a firm as a trainee surveyor, get experience and undertake the Assessment of Professional Competence (APC) structured training (sometimes in conjunction with a postgrad course), complete the APC and finally take the APC final assessment. APC is an acknowledgment that valuers require a mix of technical and professional practice, interpersonal, business and management skills that candidates are competent and meet the high standards of professionalism required to become a chartered surveyor. It is best practice to subsequently become an RICS Registered Valuer. To become a Recognised European Valuers' (“Rev

Valuer”)

- *Written evidence of a minimum of 20 hours continuous professional development per year;*
- *A current, signed CV;*
- *A list of 20 valuations undertaken within the last two years including two recent sample valuation reports, which may be edited where appropriate in order to assure confidentiality. together with a short covering note outlining the property type and the method and purpose of the valuation. There may be situations where (due to factors such as an employer's policy) the valuation reports submitted as supporting evidence of experience are not officially signed by the applicant him/herself. The covering note for each report must include confirmation that the applicant was responsible for the preparation of the report contents. The confirmation should be signed and dated by the valuation report signatory.*

To act as a IPAV valuer you must prove experience before education, that is 20 valuation in the previous 2 years. To act as a valuer under the Property Services (Regulation) Act 2011 you do not need experience.

#### **4.9 Test Two: Competence**

There is no specific requirement to be experienced or show competence in the RoI to practice as a valuer.

#### **4.10 Performance**

To ‘show how’ requires a demonstration of the translation of knowledge and skills into performance. In the same way that there is no requirement in law to have any experience or training in the practical skills needed for a valuer, there is no way of judging the performance of those skills. The RICS do require APC which normally last 2 years, therefore Members of RICS who Registered Valuers are assumed to have attained some level of the ‘show how’ element of professional services.

#### **4.11 Test Three: Performance**

As there are no mandatory requirements to be a member of a professional institution and in addition the entry requirements to them differ greatly. There is no regulatory requirement to be trained or assessed by a competent person or entity before embarking

on a career that includes valuation. Therefore presently, there can be no measure of performance or ‘show how’ or an expectation of same, in relation to valuers.

#### 4.12 Does

Finally, training, education, and experience aside, in a work setting, how can we know what one “DOES”? When working independently, the action component of professional behaviour, is difficult to measure. To measure this accurately and reliably work needs to be done once it is recognised as an area worth researching.

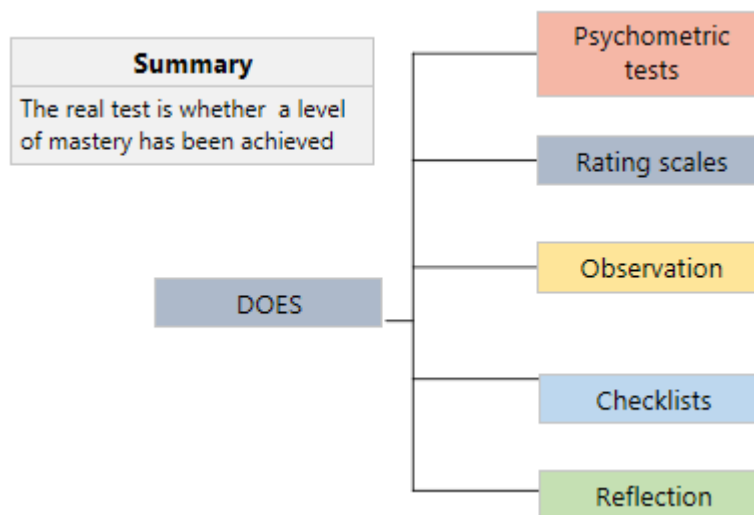


Figure 41: "DOES": based on Millers Framework.

There is no mechanism to provide feedback or assessment on actions taken, attitudes or skills when individuals can become licensed and practice freely without supervision. Feedback should be ongoing, frequent, and specific.

#### 4.13 Test Four: Does

The lower parts of the framework are not yet functioning in relation to the profession of valuation. The pyramid demonstrates the importance of skills beyond basic knowledge, but rather a need for the knowledge to perform a task in practice. Therefore, an assessment of the ability to function independently isn't possible if there hasn't been early oversight, that is, without assessment of the 'Shows How', valuation cannot fulfil the requirement of



the top the pyramid, the 'Does'.

#### **4.14 Summary**

It is clear against both Millerson and Millers tests of profession and competence, valuation is in the process of professionalisation. There is no specific body of knowledge required by all valuers as it the standard required is dependent on whether an individual holds membership of an institution and also which institution that is. There is also the question of whether being a member of either prevents an unqualified person from acting as a valuer as there appears to be no publicly available records of sanctions against those who have acted outside the guidelines.

Based on a review of the literature, the purpose of the online study was, in part, to fulfil objectives three and four: In respect of objective three being, 'To investigate and identify the attitudes of valuers and resultant professional behaviours in relation to professionalism in the delivery of valuation services for secured lending in the context of the 2008 financial crisis.' The question is quantitative in nature. The findings of the research add to the knowledge and understanding of the subject of professionalism in valuation services and its application by property services providers in RoI, taking into account the nature of the work, culture and environment in which property services providers practice at the time of the study. The research illustrates the need for a paradigm shift by the valuation profession in RoI, one that insists on a recognised standard of education, length of experience and training under a competent professional with a focus on the profession itself, the effect on society and professionalism. To move to into the realm of expert.

Objective four: 'To develop a clear set of traits/tenets for the professionalism of valuers in the RoI, to allow the development of a future scale for measurement' was met. Professionalism encompasses the aims, qualities, and behaviours that characterise a profession, or the nature of those who practice it. To promote routine professional behaviours and judgement, we must be able to detect, and provide feedback, across a professional continuum, and detect changes as a result of educational interventions. The greatest challenge to measuring professionalism, has been the absence of a set of tools with which to measure professional behaviours (Stern, 2006). A clear set of traits/tenets for the

professionalism of valuers in the ROI were developed in Chapter Four to form the basis of future research and development of a measurement scale or tool.

## **Chapter Five: Conclusions**

### **5.1. Introduction**

This chapter concludes the research document and is a critical review of the research, in respect of its aim and objectives and derives the conclusions from the findings of the study of the valuation profession and valuer professionalism in the context of the 2008 financial crash. It assesses the research in terms of its validity and reliability. It summarises the implications for practice arising from the research findings and outlines potential areas for further research. This research examined, investigated, and evaluated the role of professionalism in the delivery of valuation services for secured lending in the RoI in the context of the financial crisis, 2008 - 2014. The research was carried out through the critical examination of the literature and a quantitative survey administered online. Recommendations were based on the conclusions and purpose of the study.

### **5.2. Overview of the Study**

The purpose of this study was to establish if there was a problem around professionalism in valuation services in the RoI. Professionalism is a socially constructed concept, a form of 'contract' between society and professionals, which include expectations. To ensure a full understanding of the concept, the literature review was organised into four broad lines of enquiry, to give context from a general point of view: (i) history of professionalism; (ii) modern professionalism; (iii) pattern or framework; and then, from a discipline point of view, (iv) relating the research to professionalism in the delivery of valuation services.

In 2005 it was recognised that valuation clients had been expressing concerns about the difficulty in identifying reliable valuers with up-to-date knowledge and appropriate experience. In 2007, economist Morgan Kelly gave evidence of over valuation in the Irish property market; the root cause can be found in inadequate risk management practices of the Irish banks and the failure of the financial regulator to supervise these practices effectively. The property market is an expensive and confusing place for those with limited knowledge of the area, protection is required. Speculation occurs when the tendency of optimistic behaviour to reinforce itself builds confidence in the marketplace and creates feedback processes that generate higher and higher expectations about the future. Buyers,

especially in residential markets, are typically only sporadic players in the market and “frequently unsophisticated in their decision behaviour” and in a culture deeply rooted in the historical disposition towards home ownership, Irish property speculators need consumer protection, which includes good quality valuation and has a major role to play.

Valuation requires professional skills: care, experience of the specific market, use of market evidence, objectivity, an appreciation of the assumptions required and judgement (TEGoVA, 2010). While professions have an economic interest in making a good living, professional ideology asserts commitment to the quality of the work (Friedson, 2007) however all professionals are exposed to situations that challenge their ability to act professionally (Ginsburg et al., 2000). Built environment professions and professionalism offer the promise of a covenant with society to protect it from unscrupulous, unfair, or short-term practices through the provision of impartial advice and services (Hill & Lorenz, 2011). This research is important as it asks fundamental questions about the level of professionalism in the delivery of valuation services for secured lending in the RoI in the context of the financial crisis, 2008 – 2014. Research and practical implications of comprehensive evaluation of approaches to valuer professionalism yielded candidates for future research: (i) training (ii) context, and (iii) individual responsibility.

### ***5.2.1 Meeting the research aim and objectives.***

The aims and objectives of the research were conveyed in Chapter One, section 1.1. The objectives were defined to enable the aim to be met, which are revisited below with a reflection on the extent to which they were achieved.

Meeting objective One: Chapter Two met objective one; To investigate and identify the various theories underpinning professionalism and to establish how theories of professionalism are translated into practice. An explanation of what is known about the concept of professionalism, definitions, history, and core principles.

The literature review was ongoing and evolving. The challenge was to include as much relevant literature as required, while pinpointing and identifying aspects of professionalism that relate to valuers. The synthesis of the literature review, justified the research into the provision of valuation services in RoI, gave focus and direction to the

survey and framed the research problem. The provision of Valuation services in RoI, are not formally recognised as a profession of itself, requiring a precise body of knowledge, experience, and aptitude.

Professionalism translates into daily practice when excellence brings a commitment to competence. Specific competencies are important including qualifications and experience, but also a work ethic, that balances the greater good. When professional practice aligns with professionalism, 'pro social behaviour' becomes the norm.

Meeting Objective Two: Chapters Two and Four met objective two: To establish if valuation is a profession in the RoI, and to identify cultural and organisational structures that have an impact on professionalism in RoI. Against measures developed over the past 60 years or so, the research explored, if valuation can be considered a profession. To meet this objective the measures were chosen in chapter two, following on in chapter four, with analysis of what exists on the ground. It was concluded that valuation in the RoI cannot yet be considered a profession, as there is no protection to its entry, no specialised educational requirements, no specified experience, or training or testing, of specific skills. The profession is evolving, and in the professionalisation stage. The direction of the profession needs to be guided, to align itself more closely with International Valuation Standards.

Culture and organisational structures set the framework under which valuers in RoI practice and have an impact on the resulting professionalism. The framework in place for valuers in 2008, resulted in over-valuation of property. Commissions, reports, and the press, pointed to a lack of professionalism, lack of qualifications, experience, and due care. In 2012 licensing requirements for property service providers were implemented, without the recognition of valuation services as a specialisation, that requires a different and specific body of knowledge.

Meeting Objective Three: Chapters Two, Three and Four met objective three: The administration and analysis of the questionnaire met objective three: To investigate and identify the attitudes of valuers and resultant professional behaviours in relation to professionalism in the delivery of valuation services for secured lending in the context of

the 2008 financial crisis. After the analysis and the results from the data set, which investigated relevant issues, being the extent to which property services providers in the RoI, consider professionalism in practice, inferences have been drawn. For the vast majority of respondents, valuers holding relevant qualifications, along with necessary experience and skills, was important. However, 57.5 per cent of responders said, they were influenced by the customers objectives, this demonstrates professional behaviour that is not in line with core values of professionalism, with accuracy identified as the number one trait/tenet for the professionalism of valuers.

Meeting Objective Four: Chapters Two and Four met objective four: ‘To develop a clear set of traits/tenets for the professionalism of valuers in the RoI, to allow the development of a future scale for measurement’. The literature review in Chapter Two, supported a requirement for identifiable qualities, or behaviours, depicting elements of the nature of professionalism, which are specific to each profession, and are required to develop credible instruments. Generally accepted traits were distilled into six, to develop a scale for measurement, to guide the future professional practice of valuers, in the Republic of Ireland. An evaluation of the likely impacts of any gaps arising between theory and practice, and recommendations for future professional practice, was made after the data was analysed, inferences made, and conclusions drawn.

### **5.3. Meeting the Research Aim and Objectives – Summary**

The aim of the research and the function of the research objectives is to support the aim and have been considered as appropriate. There are gaps in the research and the study and analysis fills some of those gaps. Further research into professionalism is recommended, using the tenets/traits and framework to regulate the profession with emphasis on professionalism. The methodology for the research noted the critical conditions of validity and reliability for testing the quality of empirical social research. On completion of the research, it is believed that test was met. Validity ensured that data collection for the research is objective. Internal validity of a good research design recognises and provides tactics for verifying relevant events that cannot be observed by the researcher, this was achieved by asking questions of a similar nature in a different manner to compare answers to test if they corollate.

#### **5.4. Contributions to Knowledge**

This research makes a contribution to knowledge as a quantitative study which focuses on gathering numerical data and generalising it across the target population (property service providers in RoI). The quantitative questionnaire was analysed, and the results enabled recommendations that will impact the field of study (the professionalism of valuers). The research determined there was not a relationship between professional standards and practising as a valuer. As a descriptive cross-sectional study, it establishes a gap in the association between the profession of valuation, professional competencies, and resultant professionalism. The study establishes the traits/tenets of valuer professionalism in RoI.

#### **5.5. Implications**

The main aim of the study was to address the lack of research evidence in relation to valuers' professional standards and professionalism in the RoI. The research provides empirical data which is important because there are no other similar studies. If there is no accurate evidence before making decisions about the licensing and regulation (or self-regulation) of valuation services, then the profession may not evolve. This research establishes that there is confusion in relation to the competencies required to provide valuation services, it is the responsibility of the profession to protect society from unprofessional behaviours, the resultant financial losses, and its future implications.

#### **5.6. Recommendations**

The researcher makes the following recommendations for regulation, professional institutions and Lending Institutions, and the valuation profession.

#### **5.7. Regulation**

The quality of service provided can be improved and the financial wealth of society protected by addressing problems at its root.

The following recommendations are made:

- Valuation services to be added as a competency to the existing licensing regime.

60 per cent of the respondents agreed with this recommendation.

- Licence Type A - The Auction of Property other than Land
  - Licence Type B - The Purchase or Sale, by whatever means, of Land
  - Licence Type C - The Letting of Land
  - Licence Type D - Property Management Services
  - **Licence Type E – Valuation Services**
- 
- A declaration setting out that the title of ‘Property Valuer’ is protected under law and should only be employed by those who are legally qualified and entitled to.
  - Sanctions for those who act outside the legal framework for specialisations or those who practice outside the framework.
  - The production of a framework for the licensing of Property Service Providers which includes a minimum educational requirement for specialisations. That framework should include for Property Management Services and Valuation Services a cumulative body of knowledge and a stable language making it clear who has the skills to practice in these areas of the profession.
  - Include in the framework a requirement for experience and training. It is recommended that after a level 8 qualification is attained, training under the oversight of a fully qualified valuer is required. Presently the RICS require two years APC before an individual can be awarded RICS Registered Valuer.
  - Require the two relevant institutions, RICS and IPAV to align their membership entry requirements.
  - Require all licensees to hold mandatory membership of either RICS or IPAV. This would prevent individuals from working outside the regulatory framework. The institutes and their membership should be required to report those who purport to



be members but are not.

- CPD requirements for specialisations should be specific to the competency.

### **5.8. Professional Intuitions and Lending Institutions**

In RoI there are presently two relevant professional institutions for the providers of valuation services the entry requirements for membership vary greatly. The education and experience required to practice as valuers vary greatly. There is confusion as to the differences.

- The two relevant Professional Institutes (RICS and IPAV) have very different entry requirements, it is recommended that these be aligned or differentiated more clearly as presently there is confusion. There should be minimum entry requirements so as to prevent this confusion. No individual should practice as a Property Service Provider without a qualification. This qualification should be aligned with International Standards.
- It is recommended that IPAV identify and recognise specialisations and in the case of valuation require that individuals should complete a specific level of education in subjects that are specific to the practice of valuation. This should be in line with International Valuation Standards. There is confusion in relation to the Red Book and Blue Book, those who hold the qualification to produce Blue Book valuations in RoI are not required to have the same level of education as those who are Red Book valuers (level 8).
- It is recommended that Lending Institutions be clear as to the differences in qualifications and experience required to produce Red Book and Blue Book valuations.
- It is recommended that Lending Institutions be clear when appointing panel members what level of qualification they themselves require, and what level of qualification the appointees have acquired. There is confusion between residential

and commercial valuation qualifications and the differences between, RICS Registered Valuers, TEGoVA Valuers and Rev Valuers.

- It is recommended that Lending Institutions be clear on the differences in Red Book and Blue Book valuations, who can provide them, and the level of fees required to complete same, respectively.

### **5.9. The Valuation Profession**

- Supports are required to bring the profession to the standards expected. Therefore, it is recommended that the two relevant institutions set up a fund to promote valuation as a specialisation.
- It is recommended that within the valuation profession reporting of misconduct, unethical or illegal activities in relation to valuation service be regarded as promotion of professionalism.

### **5.10. Study Limitations**

Limitations in the collection and analysis of data were identified.

- The method used to complete the study was a quantitative questionnaire administered online. There may be questions that a qualitative study, semi structured interviews, based on the quantitative study results, could have teased out. A mixed method research methodology might further address the question of the professionalism of valuers in RoI.
- The time available to investigate a research the problem and to measure change or stability over time was constrained by the due date of the research. A qualitative study based on this quantitative study may overcome those limitations.
- The research was limited by resources and time, the online questionnaire was administered in 2014, a re-test strategy employed today may uncover differences in the attitudes and behaviours of valuers in the RoI.

### **5.11. Proposed Future Work**

It is the view of the researcher that a qualitative study based on this study could build on and further expand the quantitative research to further enhance the understanding of the existing culture and the need for change. A future study should include the development of a measurement scale for the tenets/traits of valuer professionalism. A measurement scale based on the tenets/traits from this study would allow educators to teach the benefits and components of professionalism. A professionalism scale could be a tool for practising valuers to assess their own professionalism and those they are training. The scale would be an opportunity during mandatory CPD to assess and give feedback to the profession.

It is proposed that future research would re-test using the existing questionnaire to ascertain if attitudes and professional behaviours have evolved over time. Data can be analysed and reanalysed to be satisfied that the data has been given the right treatment.

### **5.12. Postscript**

Despite its clear relevance to society economically, the identification of indicators for valuer professionalism has remained the target of isolated investigations, with no research specifically focused on valuation service providers in the RoI. This study provides movement towards understanding valuer professionalism in the RoI as well as the need to develop methods to detect and measure it. Specifically, the research has addressed the issue of (a) defining and summarising different treatment approaches of professionalism in general, (b) evaluating the effectiveness of the status quo, and (c) examining the resulting impact of a lack of the application of general professionalism indicators to valuers in the RoI.

It has been determined that the central component of professional competence is professionalism. Establishing the skills and knowledge required to perform a profession forms the foundation of the theory of professionalism. The support of lifelong learning is essential, requiring focus on feedback, seeking professional behaviour and assessment through evaluation of performance. This research has established tenets/traits of professionalism for valuers which are key indicators, there is however a need to establish a defined set of values to be used to measure against. This research has recognised the

need to: change or moderate behaviour; assess knowledge base and skills; assess and recognise learning from experience; acknowledge and focus on areas in need of improvement; formulate learning goals; and obtain accurate feedback on performance. The introduction of valuation as a separate competency in the licensing of PSP's as a profession with a specific body of knowledge, experience and skill is recommended.

The introduction and measurement of learning goals (increase in knowledge and competence) rather than performance goals (increase in ability) are associated with persistence and effort as learning goals do not have a limit. The culture within and attitudes of professionals who work in the area of valuation is evolving in response to economic and social pressures; how they evolve must be managed and influenced in a direction which has proven benefits and results as it has been long accepted what gets measured gets done. Learning goals based around professionalism as an attitude which in turn produces professional behaviours will internalise and socialise them into the culture of Irish valuers to become persistent and effortless.

### **5.13. Final Paragraph**

This study is centred on the providers of valuation services in the RoI and found that although there are those who are professionals, valuation is not a profession of itself. Valuation services have been provided by individuals who did not have qualifications or experience or skills. The underlying cause are complex but the lack of professional standards up to 2008 was one of the factors that triggered a property bubble and crash, resulting in huge financial losses and mental anguish, sometimes loss of life. The findings enhance knowledge, gives evidence for the regulation of valuers as a specialisation of itself and endorses a need for a professionalism scale for valuers. A professionalism scale for valuers would be a validated index for the measurement and assessment of professionalism to assist the design of training and continuing professional development. To encourage and measure both practically and theoretically essential elements that inspire the best entrants into the field of valuation. Understanding and evaluation (including elements of peer assessment and self-assessment) must embrace context and conflict in order to be valid, which should become required elements in the continuing professional development of all professionals.

*In summary, lifelong learning and research on how best to support this hallmark of professionalism could benefit from insights provided by research on implicit theories (Teunissen and Bok, 2013).*

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## Appendices

### Appendix A: Question Design Checklist

<b>General question guidelines</b>		
Questions do not include:		
<input type="checkbox"/>	ambiguous terms or phrasing	
<input type="checkbox"/>	technical terms	
<input type="checkbox"/>	unnecessary negative phrasing	
<input type="checkbox"/>	overly long lists of answer options	
<input type="checkbox"/>	any ambiguity with reference to you as a singular or a collective	
Questions do not require:		
<input type="checkbox"/>	respondents to do mental arithmetic	
Questions are not:		
<input type="checkbox"/>	leading	
<input type="checkbox"/>	overly long	
Questions do not ask:		
<input type="checkbox"/>	more than one question at a time	
<input type="checkbox"/>	the respondent about someone else or someone else's opinions	
Questions provide:		
<input type="checkbox"/>	exhaustive answer options	
<input type="checkbox"/>	an appropriate frame of reference for the respondent	
<input type="checkbox"/>	appropriate <i>Don't know</i> , <i>No opinion</i> and <i>Not applicable</i> answer options	

<b>Factual question guidelines</b>		
Questions include:		
<input type="checkbox"/>	definitions for unfamiliar concepts	
<input type="checkbox"/>	answer option lists when recall is difficult	
Questions do not:		
<input type="checkbox"/>	make unreasonable assumptions that behaviour or events are regular	
<input type="checkbox"/>	require unrealistic factual recall	

<b>Non-factual question guidelines</b>		
Questions include:		
<input type="checkbox"/>	extreme or strong agree/disagree statements	
<input type="checkbox"/>	both positive and negative agree/disagree statements	
Questions do not:		
<input type="checkbox"/>	require ranking that excessively increases the survey burden	
<input type="checkbox"/>	ask about hypothetical situations	

<b>Sensitive question guidelines</b>		
Questions are:		
<input type="checkbox"/>	preceded by a reminder of confidentiality	
<input type="checkbox"/>	preceded by a reminder of the purpose of the research	
<input type="checkbox"/>	located towards the end of the survey	

<b>General questionnaire guidelines</b>			
Questionnaire has:			
	an introduction	<input type="checkbox"/>	
	an appropriate first question	<input type="checkbox"/>	
	an opening set of questions that are easy to answer	<input type="checkbox"/>	
	a meaningful order to the questions	<input type="checkbox"/>	
	a clear section separation	<input type="checkbox"/>	
<b>Self-completion questionnaire format guidelines</b>			
Questions have:			
	a number	<input type="checkbox"/>	
	a common format	<input type="checkbox"/>	
	clear completion instructions	<input type="checkbox"/>	
	clear routing instructions	<input type="checkbox"/>	
	appropriate space for 'write in' answers	<input type="checkbox"/>	
	a format that distinguishes <i>Don't know</i> , <i>No opinion</i> and <i>Not applicable</i> options from lists of scale answer options	<input type="checkbox"/>	
Questions are not:			
	split across pages	<input type="checkbox"/>	
Questionnaire has at the end:			
	a thank you statement	<input type="checkbox"/>	
	instructions on how to return the completed form	<input type="checkbox"/>	

(Local Government Data Unit: Wales, 2009)

## Appendix B: Email Wording

To: (Email)  
From: "annamaria@gallivanireland.com via surveymonkey.com"  
<member@surveymonkey.com>  
Subject: Professionalism in Property Valuation Research Survey  
Body: I am conducting a survey, and your response would be appreciated (for my use in my Doctoral thesis).

Here is a link to the survey:

<https://www.surveymonkey.com/s.aspx>

This link is uniquely tied to this survey and your email address. Please do not forward this message.

Dear Respondent,

You are invited to participate in a short one-off on-line survey.

You are invited to partake in this study because you are/were a professional in the Built Environment (estate agent/valuer/property services provider). If you decide to participate, you will be asked to complete an on-line survey with questions relating to your attitudes with respect to professionalism. It will take you only 5-10 minutes to complete the survey. Your information will NOT be shared and is confidential. Any information that is obtained in connection with this study will remain confidential and will be disclosed only with your permission. If you decide to participate, you are free to discontinue participation at any time without prejudice. If you have any questions, please do not hesitate to contact me. If you have any additional questions later about the study, please contact me at annamaria@gallivanireland.com, I will be happy to answer your questions. Please print this for your records if you

wish.

You are making a decision whether or not to participate. Clicking the survey link indicates that you have read the information provided above and have decided to participate. You must be 18 years of age or older to consent to take part in this research study. Completion of the survey implies your consent to participate in this research study.

Thanks for your participation!

Regards,

Annamaria Gallivan

Please note: If you do not wish to receive further emails from us, please click the link below, and you will be automatically removed from our mailing list.

<https://www.surveymonkey.com/optout.aspx>

# Appendix C: Copy of the Online Questionnaire

**Professionalism: Valuation services providers**

**Section One: Respondent characteristics**

This is a general information section. The title 'Property Services Provider' refers to Estate Agents, Valuers, Auctioneers, Letting Agents, Management Agents, both residential and commercial

**1. Personal:**

Male

Female

**2. Profession:**

I am currently or have been in the past, a Property Services Provider

I am not a Property Services Provider

**3. Type of Property Services Provider: (choose as many as is appropriate)**

	Residential	Commercial
Sales	<input type="checkbox"/>	<input type="checkbox"/>
Rental	<input type="checkbox"/>	<input type="checkbox"/>
Valuation	<input type="checkbox"/>	<input type="checkbox"/>
Property management	<input type="checkbox"/>	<input type="checkbox"/>
I no longer work as a Property Services Provider	<input type="checkbox"/>	<input type="checkbox"/>

Other (please specify)

**4. Experience (years I have practised as a Property Service Provider)**

0-2 years

3-6 years

7+

**5. Education and Professional Qualifications**

Other (please specify)

**6. Type of licence held**

## Professionalism: Valuation services providers

### 7. Number of persons employed in the company/business

### 8. Office location

	large town	city	small town	village
Urban	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Rural	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

## Section Two: Attitudes towards professionalism

This section is designed to capture your attitude towards the professionalism of valuers (those who value property for lending purposes)

### 9. Property Service Providers should encourage the promotion of valuation as a speciality practised by those who have reached specific standards

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 10. Valuation should be added as a category under the new system of PSRA licensing.

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 11. Valuation services to lenders should be provided by only those who have a qualification to provide valuation services.

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

## Professionalism: Valuation services providers

### 12. Participation in market/professional research surveys are an essential part of professionalism?

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 13. Valuers should disclose to lenders all conflicts of interest

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 14. Improvement initiatives are an important part of professionalism (mechanisms to overcome lack of knowledge about the nature, structure and regulation of the profession)

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 15. Property Services Providers should be familiar with the ethical standards required for their profession

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 16. Property Service Providers should maintain professional competence throughout their career through CPD (continuous professional development)

- YES
- NO

## Professionalism: Valuation services providers

### 17. How many hours CPD?

- 0-10 hours
- 11-20 hours
- 21-40 hours
- 41+hours

### 18. Valuers should put the accuracy of the valuation above their own financial interests

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 19. Property Services Providers should report significantly unprofessional colleagues to the relevant professional bodies

- 1. Strongly disagree
- 2. Disagree
- 3. Neither agree nor disagree
- 4. Agree
- 5. Strongly agree

### 20. 'Valuations should be....'

Rank from 1 (most important) to 7 (least important)

<input type="text"/>	Accurate
<input type="text"/>	Clear (easily understood)
<input type="text"/>	Comprehensive (include all relevant information)
<input type="text"/>	Consistent (with high standards)
<input type="text"/>	Objective
<input type="text"/>	On time



## Professionalism: Valuation services providers

**21. Rank the following broad traits of professionalism in order of importance: ( 1 most to 9 least)**

<input type="text"/>	Accountability (for his/her actions)	<input type="checkbox"/> N/A
<input type="text"/>	Commitment to self improvement of skills and knowledge	<input type="checkbox"/> N/A
<input type="text"/>	Ethically sound decision making	<input type="checkbox"/> N/A
<input type="text"/>	Innovative	<input type="checkbox"/> N/A
<input type="text"/>	Leadership	<input type="checkbox"/> N/A
<input type="text"/>	Pride in the profession	<input type="checkbox"/> N/A
<input type="text"/>	Professional knowledge and skills	<input type="checkbox"/> N/A
<input type="text"/>	Service orientated	<input type="checkbox"/> N/A
<input type="text"/>	Trustworthiness	<input type="checkbox"/> N/A

## Professionalism: Valuation services providers

**22. Tenets of professionalism in valuation services (rank from most important 1 to least important) choose n/a for any that you feel do not apply**

<input type="text"/>	Accountability	<input type="checkbox"/> N/A
<input type="text"/>	Altruism	<input type="checkbox"/> N/A
<input type="text"/>	Demonstrates knowledge	<input type="checkbox"/> N/A
<input type="text"/>	Ethical	<input type="checkbox"/> N/A
<input type="text"/>	Excellence	<input type="checkbox"/> N/A
<input type="text"/>	Experienced	<input type="checkbox"/> N/A
<input type="text"/>	Insight	<input type="checkbox"/> N/A
<input type="text"/>	Integrity	<input type="checkbox"/> N/A
<input type="text"/>	Intellectual	<input type="checkbox"/> N/A
<input type="text"/>	Judgement in practice	<input type="checkbox"/> N/A
<input type="text"/>	Practical	<input type="checkbox"/> N/A
<input type="text"/>	Reasonable with knowledge	<input type="checkbox"/> N/A
<input type="text"/>	Respect for others	<input type="checkbox"/> N/A
<input type="text"/>	Skilled	<input type="checkbox"/> N/A
<input type="text"/>	Technically competent	<input type="checkbox"/> N/A
<input type="text"/>	Wisdom	<input type="checkbox"/> N/A

**23. To what extent do you think residential valuations were accurate during the years 2000-2008? (inside the margin of error which could be properly expected from a competent valuer using reasonable skill and care)**

- 1. Never
- 2. Rarely
- 3. Sometimes
- 4. Often
- 5. Always

## Professionalism: Valuation services providers

**24. During the 'boom' period (2000-2006) to what extent do you think end users of valuation services were clear on the following?**

	1. Never	2. Rarely	3. Sometimes	4. Often	5. Always
The accuracy of the valuation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The qualifications of the valuer	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
The regulation of valuers	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

**25. During the 'boom' years (2000-2006) users of valuation services relied on the following?**

	Yes	No
The accuracy of the valuation	<input type="checkbox"/>	<input type="checkbox"/>
The qualifications of the valuer	<input type="checkbox"/>	<input type="checkbox"/>
The regulation of the valuation profession	<input type="checkbox"/>	<input type="checkbox"/>

**26. Have you completed and signed valuations for lending? (Acted as a valuer)**

- Yes  
 No

**27. Were you overseen by a trained valuer during your first year acting as a valuer?**

- Yes  
 No

**28. In order of importance what supports professional judgement in valuation for lending purposes?**

<input type="checkbox"/> Qualifications	<input type="checkbox"/> N/A
<input type="checkbox"/> Experience	<input type="checkbox"/> N/A
<input type="checkbox"/> Regulation	<input type="checkbox"/> N/A
<input type="checkbox"/> Licensing	<input type="checkbox"/> N/A
<input type="checkbox"/> Continuous learning	<input type="checkbox"/> N/A
<input type="checkbox"/> Professional associations	<input type="checkbox"/> N/A

## Professionalism: Valuation services providers

### 29. Is the capacity to behave as a professional defined by.....

- Its basic characteristics (consistent behaviours)
- The conditions of the time and the place (the context)
- Both
- Other (please specify)

### Section Three: Professional behaviours

This is a short last section.

### 30. In the last 5 years I have completed professional surveys (used to gather information for the betterment of the profession)

- 0. Never
- 1. Rarely
- 2. Sometimes
- 3. Usually
- 4. Always

### 31. Have you completed and signed valuations for lending? (Acted as a valuer)

- Yes
- No

### 32. In the past when completing valuations for lenders I have been inclined to err on the side which most benefited the objectives of the customer.

- 1. Never
- 2. Rarely
- 3. Sometimes
- 4. Usually
- 5. Always

Comment

## Professionalism: Valuation services providers

**33. In the past maintaining good relationships with the client has been a factor which has influenced the final valuation figure**

- 1. Never
- 2. Rarely
- 3. Sometimes
- 4. Usually
- 5. Always

**34. I am likely to contribute to quality improvement efforts in the field of valuation**

- 1. Never
- 2. Rarely
- 3. Sometimes
- 4. Usually
- 5. Always

**35. How often has your valuation techniques, methods or accuracy been evaluated?**

- 1. Never
- 2. Rarely
- 3. Sometimes
- 4. Usually
- 5. Always

**36. Conflict of interest : When providing valuation services for lending**

	Yes
I have never had a conflict of interest	<input type="checkbox"/>
I have informed the lender of the conflict of interest and they were happy to proceed	<input type="checkbox"/>
Other (please specify)	<input type="text"/>

Thank you for your participation. You have been most helpful.

## Appendix D: Letter from Chairman of the Board of Trustees IVSC UK

LETTERS

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### Valuation practices are yet to improve post-crisis

*From Sir David Tweedie.*

Sir, I read with interest Patrick Jenkins' article "Banks adapt to being kept in check" (September 9) regarding the global reforms brought in to fix the causes of the global financial crisis. However, one area of unfinished business not mentioned is valuation.

The plunge in financial asset prices in 2008 led to a much greater understanding of the importance of valuation. Indeed, the need to improve valuation standards, consistency and transparency was identified by bodies such as the Group of 20 and the Financial Stability Board during the aftermath of the crisis. Yet, in the intervening years, little seems to have happened.

Most recently, calls to improve valuation standards have featured in documents prepared for the recent G20 summit in St Petersburg. The FSB report "Strengthening Oversight and Regulation of Shadow Banking" also recognises that poor valuation is a risk that spans banking and shadow banking, and states improved collateral valuation practices as a policy goal. Furthermore, the G20/OECD report "High-Level Principles of Long-Term Investment Financing by Institutional Investors" calls for the transparency, consistency, relevance and reliability of valuation methods for long-term assets to be promoted.

Despite this awareness, the lack of regulatory backing or focus is hampering the effort to develop a single set of global valuation standards. This is in contrast to International Financial Reporting Standards (IFRSs), which are now required by three-quarters of G20 members.

Sound valuation is critical both as an input for the smooth functioning of financial markets and institutions, and as an output from financial systems in their role of allocating capital efficiently across the economy. Valuation issues are integral to today's financial system and they must be addressed before we can even begin to consider moving on from the crisis.

**David Tweedie,**  
**Chairman, Board of Trustees,**  
**International Valuation Standards**  
**Council,**  
**London EC2, UK**

Letter from Sir David Tweedie to Financial Times: 11/09/2013

## **Appendix E: Licensing Requirements**

Every Licence Application must include:

(a) in the case of Companies and Partnerships:

- A completed and signed Application Form (PSRA/LA 1 – Company & PSRA/LA 2 Partnership)
- Evidence of the qualification(s) of the Principal Officer(s) being relied upon for the purpose of the application
- Evidence that the required level of Professional Indemnity Insurance is or will be available to the applicant
- Accountant’s Report
- Tax Clearance Details
- Certified Certificate of Incorporation (Corporate bodies only)
- Certificate of Business Name Registration
- Prescribed Licence Fee
- Evidence that the “transitional arrangements” apply

(b) in the case of Sole Traders and Independent Contractors:

- A completed and signed Application Form (PSRA/LA 3)
- Evidence of the qualification(s) of the applicant
- Evidence that the required level of Professional Indemnity Insurance, which covers both the employer and employees, is or will be available to the applicant
- Accountant’s Report
- Tax Clearance Details
- Certificate of Business Name Registration
- Prescribed Licence Fee
- Evidence that the “transitional arrangements” apply
- Applicant’s photograph (Passport size with name and PPS No. on reverse side)

## Appendix F: Membership application (IPAV, 2020)

 <p><b>ipav</b>   Institute of Professional Auctioneers &amp; Valuers REGISTERED EUROPEAN VALUER (REV)</p>	
<p>I wish to apply for enrolment on the REGISTERED EUROPEAN VALUER (REV) course</p>	
<p><b>Course Dates:</b></p>	<p>Wednesday 20 March, 9am to 4.30pm Thursday 21 March, 9am to 4.30pm Wednesday 27 March, 9am to 4.30pm Wednesday 3 April, 9am to 4.30pm Thursday 4 April, 9am to 4.30pm</p> <p><b>Full attendance is required</b></p>
<p><b>Full Name:</b> (Block Caps)</p>	
<p><b>Company Name</b></p>	
<p><b>Work Address</b></p>	
<p><b>Contact Number</b></p>	
<p><b>Email Address</b></p>	
<p><b>Length of time you have been in auctioneering, if any?</b></p>	
<p><b>Number of years commercial valuation experience?</b></p>	
<p><b>How much PI cover do you have for valuation work?</b></p>	
<p><b>Payment of Course Fee:</b></p> <p>Cost of Course €795.</p> <p>Payment of the course fee can be made payable by</p> <ul style="list-style-type: none"> <li>- credit/debit card, cheque or bank transfer</li> </ul>	



<b>Application Checklist</b>	
1. Registration form completed and signed	<input type="checkbox"/>
2. CV document completed with a minimum of 500 words including <u>documentation to vouch for your commercial valuation experience</u>	<input type="checkbox"/>
3. List of 20 Valuations carried out within the last two years	<input type="checkbox"/>
4. Copies of 2 commercial valuations that you have completed in the last 12 months omitting the client's personal information	<input type="checkbox"/>
5. Course Payment	<input type="checkbox"/>
<b>Statement &amp; General Regulations Governing REV Applications:</b>	
<ol style="list-style-type: none"> <li>1. I understand that this is an application only</li> <li>2. IPAV and/or TEGoVA may at their discretion refuse admission to, or continuance in the course.</li> <li>3. The information submitted on this form is correct</li> <li>4. I confirm I have completed 20 commercial valuations in the past 2 years</li> <li>5. I agree to ad hoc valuation inspections by IPAV/TEGoVA valuers team</li> <li>6. I agree to a 5 year contract with TEGoVA</li> <li>7. I agree to carry out 20 hours of valuation CPD per year</li> <li>8. I will adhere to the IPAV Code of Conduct &amp; IPAV Course Handbook, TEGoVA Corporate Governance &amp; Ethical Practice for Property Valuers and any other relevant student handbook.</li> </ol>	
<b>I confirm that I have read and hereby agree to the above statement &amp; regulations</b>	
<b>Signed:</b>	
<b>Dated:</b>	

**REGISTRATION FORM**  
**TEGoVA Residential Valuer (TRV)**

<p>The information requested is for admission and statistical purposes only and will be treated in strict confidence. Completion of an application form does not necessarily guarantee a place on the programme. IPAV fully respects your right to privacy, and will not collect or publish any personal information about you without your explicit consent. Any personal information which you volunteer to the institute will be treated with the highest standards of security and confidentiality, strictly in accordance with the Data Protection Acts, 1988-2018 and all other applicable laws.</p>	
<b>Course Duration</b>	<p><b>The course will be held over 5 full days 9am to 5pm</b></p> <p><u>Course Dates</u>            Friday 1 November 2019            Saturday 2 November 2019            Thursday 14 November 2019            Friday 15 November 2019            Saturday 16 November 2019</p>
<b>Full Name:</b> (Block Caps)	
<b>Company:</b>	
<b>Mobile:</b>	
<b>Email Address:</b>	
<b>Length of time you have been in auctioneering?</b>	
<b>Number of years valuation experience?</b>	
<b>Have you completed 12 valuations in past 2 years? Yes/No</b>	
<b>How much PI cover do you have for valuation work?</b>	

<p><b>Payment of Course Fee</b></p> <p>Course Fee €975. Payment of the course fee can be made payable by card, cheque or bank transfer</p>	
<b>Please tick method of payment</b>	<b>Tick</b>
<b>Bank Transfer</b> (accounts will issue and invoice with bank details)	
<b>Cheque attached</b>	
<b>Credit Card</b> (please contact IPAV's office to make payment)	



## REGISTRATION FORM

### TEGoVA Residential Valuer (TRV)

#### General Regulations Governing TRV Applications

1. I understand that this is an application only
2. I agree to a 5-year contract with IPAV/TEGoVA
3. I agree to carry out 20 hours of CPD per year
4. I will adhere to the IPAV Code of Conduct & IPAV Student Handbook, TEGoVA Corporate Governance and Ethical Practice for Property Valuers, and any other relevant student handbook
5. The Institute of Professional Auctioneers and Valuers and/or TEGoVA may at their discretion refuse admission to, or continuance in the course.
6. I agree to ad hoc valuation inspections by the IPAV valuer team
7. I confirm the information on this form is correct

**I confirm that I have read and hereby agree to the above Regulations**

Signed:

Dated:

**TRV Application – CV Document**

*Please complete each question of the CV as outlined below.*

Name:

Address:

Email:

**PLEASE NOTE A MINIMUM OF 500 WORDS IS REQUIRED FOR THE CV DOCUMENT**

List professional qualifications below (for each include full name of the qualification, when it was awarded, the name of the awarding institution and any final grade, where applicable):

List academic qualifications below (for each include full name of the qualification, when it was awarded, the name of the awarding institution and any final grade, where applicable):

Employment (please list each relevant role you have held including start/end dates, job title, employer, including their address):

Outline your Residential Valuation Experience to date

Candidates must complete the following sections. To do so they should highlight, from their experience and qualifications listed above, their understanding of the different relevant areas. If you feel you cannot insert an answer please simply mark the section n/a (not applicable). *(Each section reflects a key learning outcome from the course and, on completion, you should reflect on each to help you identify what you have learnt from undertaking the TRV programme). Each question should be answered in detail.*

1. Your knowledge of the real estate market under the following headings with reference to valuations:
  - a. Prices
  - b. Costs
  - c. Rents
  - d. Leases
  - e. The Comparison Approach

2. Outline your ability to assess the saleability and demand for various types of residential accommodation.

3. Outline your knowledge of local trends.

4. Ability to complete residential valuations to EVS Standard.

5. Outline your ability to assess the input of any law applied to residential property.

6. Outline your knowledge of building construction, including materials.

7. Knowledge of Green Energy Building Related Efficiency, potential hazards and potential contamination.

8. Knowledge of the Blue Book and EVS standards covering sections EVS 1-5.



9. Knowledge of National residential property laws, relevant planning or ground law.

10. Outline your knowledge of any residential and third-party insurance.

11. Knowledge and abidance by TEGoVA/TMA codes of ethics.

[END]

List of 12 valuations carried out by applicant within the last two years					
	Property Address	Date of Valuation	Type of Property	Valuation Price	Purpose of Valuation
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					
11					
12					

### Application Checklist

1. Registration form completed and signed
2. CV document completed with a **minimum of 500 words** outlining specific knowledge in questions 1 to 11
3. List of 12 Valuations carried out within the last two years such as probate and county council
4. A full residential valuation that the applicant completed in the last 12 months omitting the client's personal information
5. Course Payment

## Appendix G: Unlicensed agent

### Press Release

The Property Services Regulatory Authority (the Authority) controls and supervises Property Service Providers (PSPs) i.e. Auctioneers, Estate Agents, Letting Agents and Management Agents. The Authority works to protect the interests of the public by ensuring that high standards are maintained in the delivery of property services. Since 2012, all PSPs operating in Ireland are obliged to hold a licence from the Authority. It is an offence under section 28 (1) of the Property Services (Regulation) Act 2011 (the Act) for a person to represent himself or herself by advertisement as available to provide a property service, unless the person is the holder of a licence which is in force in respect of that property service. Inspectors of the Authority have wide ranging powers to carry out investigations into reports of such unlicensed advertising.

A recent prosecution by Authority inspectors resulted in a successful prosecution of Mr. Roger O'Sullivan in Killarney District Court on 5 March 2019. Mr. O'Sullivan, of 11 Ross Road, Killarney, Co. Kerry was prosecuted by the Authority for repeatedly advertising himself as being available to provide property services while unlicensed. This offence related to the letting of properties and to the provision of property management services. Mr. O'Sullivan was convicted at Killarney District Court on 7 charges.

Mr O'Sullivan pleaded guilty to the charges before Judge David Waters, who imposed fines of €1,900 on Mr. O'Sullivan, along with an Order for costs in favour of the Authority in the sum of €650. Costs had been sought on the basis that Mr O'Sullivan failed to comply with a notice to desist in the advertisement of lettings which resulted in the Authority bringing the prosecution. The fines imposed by Judge Waters consisted of a fine of €400 in respect of five counts and a fine of €750 on each of two further counts. The judge took into consideration the fact that Mr. O'Sullivan has a licence application pending with the Authority.

The Authority continues to strongly advise members of the public to only ever engage licensed PSP's in their property dealings. A Register of licensed agents can be accessed at [www.psr.ie](http://www.psr.ie). Clients of an unlicensed operator should be aware that they do not have any of the consumer protections provided by the Act such as the Authority's complaints redress mechanism and access to the Authority's compensation fund.

## Appendix H: Licence

Kerry	004026	Mr. Roger O'Sullivan	Santa Monica 11 Ross Road Killarney Co. Kerry V93KRA0	Killarney Property Management & Rental	Independent Contractor	25/10/2020	(C)
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Licence Type A - The Auction of Property other than Land

Licence Type B - The Purchase or Sale, by whatever means, of Land

Licence Type C - The Letting of Land

Licence Type D - Property Management Services

## Appendix I: Convictions

### Prosecutions Taken By The PSRA

N.B. It is the policy of the PSRA to redact names after a 2 year period.

Company or Individual Convicted	Court (District or Circuit)	Court Outcome	Court Date	Fine	Costs Awarded to the PSRA	Charitable Contribution
Oriel Property Management Limited The Coach House, 17A Francis Street, Dundalk, Co. Louth	District	Guilty Plea and Conviction Recorded	02/07/2020	€2,500	€3,382	N/A
Patrick Strapp , Twomileborris, Thurles, Co. Tipperary	District	Found Guilty. Sentencing and decision on costs deferred until 28/07/20.	18/02/20	---	---	---
Richard Finn, Martin Finn & Co. Auctioneer and Insurances and/or Martin Finn & Co. Auctioneers & Valuers, Dalton Street, Claremorris, Co. Mayo	District	Found Guilty and Conviction Recorded	19/09/2019	€500	€2,500	N/A
Austin McInerney, McInerney Auctioneers, Church Street, Gort, Co. Galway	District	Guilty Plea and Conviction Recorded	25/04/2019	N/A	€5,000	N/A
Roger O'Sullivan, Ross Road, Killarney, Co. Kerry	District	Guilty Plea and Conviction Recorded	05/03/2019	€1,900	€650	N/A
Austin McInerney, McInerney Auctioneers, Church Street, Gort, Co. Galway	District	Guilty Plea and Conviction Recorded	22/11/2018	€500	N/A	N/A
Unlicensed Mart	District	Guilty Plea, Court Recorded the Facts as Proven but Conviction Not Recorded	15/06/2017	N/A	€10,000	N/A
Director of Unlicensed Estate Agents	District	Guilty Plea, Probation Act and Charitable Contribution	16/12/2015	€500	N/A	€7,307.39
Unlicensed Estate Agents	District	Guilty Plea and Conviction Recorded	06/07/2015	€16,500	€9,306.14	N/A
Unlicensed Estate Agents	District	Guilty Plea, Probation Act and Charitable Contribution	03/11/2015	N/A	€6,815.50	€1000
Unlicensed Estate Agents	District and Circuit	Guilty Plea and Conviction Recorded. Fine Reduced on Appeal and D.C. Costs Confirmed by the Circuit Court	District Court 01/12/2014 Circuit Court 22/04/2015	€2,400	€6,285.85	N/A

### Injunctions Granted to the PSRA by The High Court

Company or Individual	Details of Injunction
Catherine (otherwise Kathy) Walsh and C E Walsh Limited, trading as Letting & Property Management Solutions and/or Letting & Management Solutions	<p>On Monday, 9 December 2019, the President of the High Court, Mr Justice Peter Kelly, granted the Authority an injunction preventing Catherine (otherwise Kathy) Walsh and C E Walsh Limited, trading as Letting &amp; Property Management Solutions and/or Letting &amp; Management Solutions, from providing property services without a licence. The injunction also prevents Ms Walsh from holding herself out as being available to provide property services, or from advertising property services in any way.</p> <p>Ms Walsh and her legal representative consented in court to the injunction. The injunction was sought following an investigation under section 89 of the Property Services (Regulation) Act 2011 (the Act) into Ms Walsh providing property services without a licence. This is an offence under section 28 of the Act. The Authority has powers under section 69(7) of the Act to seek a High Court injunction requiring a person trading illegally without a licence to cease trading immediately.</p>

**Major Sanction Under Section 68 and Confirmed By High Court**

Company or Individual Convicted	Major Sanction
<p>Tony Breathnach, previously traded as Cavan Real Estate</p>	<p>On foot of received complaints, inspectors of the Authority were appointed to carry out an investigation into the conduct of Mr Breathnach and his operation.</p> <p>Following consideration of the inspectors' Final Investigation Reports, the Authority decided to impose a major sanction in three parts:</p> <ol style="list-style-type: none"> <li>1. permanent revocation of the licence (this prevents Mr Breathnach from applying for a licence in the future),</li> <li>2. a payment of €50,000 to the Authority,</li> <li>3. a payment of €48,492.82 into the Property Services Compensation Fund.</li> </ol> <p>In determining the appropriate sanction, the Authority took into account various factors. The sanction was unopposed by the former licensee in court.</p> <p>The sanction was subsequently confirmed by the President of the High Court, Mr Justice Peter Kelly, on 25 November 2019 and Mr Breathnach was given 90 days in which to make the appropriate payments.</p>
<p>Lloyd Daly &amp; Associates Limited</p>	<p>On foot of received complaints, an inspector of the Authority was appointed to carry out an investigation into the conduct of this company.</p> <p>Following consideration of the inspector's Final Reports, the Authority decided to impose a major sanction and the licensee was directed by the Authority to pay the sum of €7,500 into the Property Services Compensation Fund. In determining the appropriate sanction, the Authority took into account various factors. The sanction was unopposed by the licensee and his legal team in court.</p> <p>The sanction was subsequently confirmed by the President of the High Court Mr Justice Peter Kelly on 9 November 2018.</p>
<p>Estate Agent</p>	<p>On 14 July 2016, the Property Services Regulatory Authority (the "Authority") considered a Report prepared by its inspection team following a complaint, and a subsequent investigation in respect of a licensee. The Authority was satisfied that improper conduct had occurred arising from, inter alia, the management of booking deposits received by the Licensee.</p> <p>In determining the appropriate sanction, the Authority took into account various factors including the fact that no client of the Licensee had suffered any permanent financial loss. The Authority decided to impose a major sanction and directed the licensee to pay the sum of €25,000 into the Property Services Compensation Fund. As required by the Property Services (Regulation) Act 2011, this sanction was confirmed by order of the High Court on 10 October, 2016.</p>

Source: [www.psr.ie](http://www.psr.ie)