

Article

An Institutional Analysis of Property Valuation in ASEAN

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Abstract: The property/real estate sector is a critical part of economic growth in ASEAN. As the ASEAN Economic Community (AEC) will become operational, regional integration will be a significant aspect of investment in the property sector. Valuation will be a major component of integration. Currently, there is a wide variation in valuation standards and practices in ASEAN, the ASEAN Valuation Association is in the process of developing specific Valuation Standards consistent with the International Valuation Standards but adapted to the ASEAN context. This is an important stage in the Institutionalisation of the ASEAN Valuation System. This study is an assessment of the current level of Institutionalisation of the valuation standards, processes and capabilities of the member countries of the ASEAN Valuation Association. Interviews with valuers, property consultants and government officials in member countries were conducted. A review of the specific valuation requirements was also conducted. This data was content analysed for each country member. Based on 20 key factors of a Valuation System a statistical analysis indicated significant differences in the level of institutionalisation of the valuation standards, processes and capabilities of ASEAN members. The results indicate that there is a need for greater Institutionalisation of Valuation in ASEAN to develop an effective valuation system for the region based on the International Valuation Standards but adapted to ASEAN.

Keywords: property valuation; ASEAN; institutional analysis; valuation system

1. Introduction

The proposal for the ASEAN Economic Community (AEC) in 2015 was a major milestone in the regional economic integration of 10 countries including Brunei, Cambodia, Laos, Indonesia, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam. It represents a market of \$2.3 trillion with 600 million people (ASEAN Secretariat n.d.). An increase in cross border merger and acquisition activities created a significant surge in investment by global multinational enterprises and a higher average value of deals. Contributing to this rise was the increase in the

number of megadeals and acquisitions of large-value petroleum mining assets, real estate activities, and food and beverage processing (ASEAN Secretariat and UNCTAD 2018). Investment projects and merger and acquisition projects across ASEAN countries require valuation. Real Estate investment and development relies on the valuation process. Assessment from valuers is essential for these investment decisions.

ASEAN is emerging from the COVID-19 pandemic slowly and unevenly but positively (Asian Development Bank 2022). This is related to the wider development taking place in the Asia and Pacific. FDI in the region only declined 1.3% in 2020. ASEAN was a major beneficiary of this investment. Mergers and Acquisitions projects increased 5% in 2020 (Asian Development Bank 2022). Capital inflows reached \$11.6 billion in 2020. Regional cooperation and integration will continue to increase in the next decade. The most recent example of this trend is the Regional Comprehensive Economic Partnership (RCEP) in 2022. 40% of the investment in ASEAN came from the RCEP with an average \$37 billion (ASEAN Secretariat and UNCTAD 2021). In 2025 the ASEAN Economic Community (AEC) is also expected to create more cross-border investment projects with greater FDI inflows (ASEAN Secretariat and UNCTAD 2021). The growth of the property sector reflects these wider economic trends. In Q1, 2020 in the Asia Pacific \$40.8 billion was invested in the sector and is increasing (Peck 2022). This trend was very different in the ASEAN members. Malaysia, Philippines, Indonesia and Thailand were in a downward trend. Vietnam was growing and Singapore was the best performer in the property market (Savills 2022). Singapore achieved increased investment of 134% over 2021, a total of \$5.7 billion.

The economic recovery from the pandemic and the increased international investment from the regional integration of the ASEAN Economic Community in 2025 has significant implications for the property valuation profession. Currently, it is fragmented and in a number of ASEAN countries underdeveloped (Yongprayoon 2022). Importantly, the current global trend as supported by the International Valuation Standards Council (IVSC) or the UK Royal Institution of Chartered Surveyors (RICS) is to create international standards of valuation (Scheurwater 2017). For nearly a decade, the ASEAN Valuers Association has been promoting the adaptation of international valuation standards for member countries. In part, this is related to the limited application of the ASEAN Valuation Practice Guide(2016). The current impetus is the implementation of the International Valuation Standards that went into effect on 31 January, 2022. In order to prepare for the ASEAN valuers to adapt the IVS, it is necessary to determine the current level of the valuation standards of the members as a benchmark based on the International Valuation Standards. This is a critical stage of the Institutionalization of the Valuation profession in ASEAN.

The purpose of this study is to conduct an Institutional Analysis of the eight countries who are members of The ASEAN Valuers Association. This study will determine the Level of Institutionalisation including the Standardisation and Professionalism of property valuation in ASEAN. It will propose potential solutions to strengthen the Institutionalisation of the valuation professionals, firms and related associations.

As major investment in property and mergers and acquisitions projects will require effective valuation, it is important to consider the current standards of valuation in ASEAN and determine the institutional capability of valuer professionals, valuation firms and related professional association (Palakavong na Ayuthaya and Swierczek 2014). In research supported by the ASEAN Valuation Association, the key factors related to the Institutionalisation required for property valuation were identified from the RICS and IVSC standards. Qualifications are important but the actual valuation process should be guided by the valuation standards. The valuation standards guarantee transparency and traceability. An effective code of conduct guides the process that the valuer uses to apply the appropriate valuation standards. It provides a consistent assessment with less variation in value and higher investor confidence. The factors that influence effective property valuation are valuation purpose, valuer qualification, valuer conduct, level of conflict of interest and level of variation in value. Valuer qualifications have been shown to improve investor confidence significantly. The guarantor of the valuation process is a complete documented evaluation report. This factor also has a significant positive impact on investor confidence. Past research indicates that limited Institutionalisation is a major weakness of the Valuation System. It also limits the professional integrity of valuers. In practice significant relationship between enforcement and variation in value or investor confidence (Armitage and Skitmore 2003; Palakavong na Ayuthaya and Swierczek 2014).

Each ASEAN country has its own valuation standards, principles and valuer qualifications. This creates difficulties in determining the value of properties across the region. This research will assess the level of Institutionalisation of property valuation in ASEAN. This will include the degree of Standardisation and the level of Professionalism of valuers. The results will benefit investors, valuation firms and associations. As ASEAN approaches a more intensive economic integration process in 2025, it is of significant importance for investors and clients in the property sector to benefit from an ASEAN regional valuation system. An Institutional Analysis of the valuer and valuation firm will be a foundation for the future Valuation System in ASEAN.

The foundation of this emphasis on developing regional valuation standards is the ASEAN Valuation Practice Guide (ASEAN Valuation Association 2016). The ASEAN

Valuers Association (AVA) has considered the need to produce a guide for valuers practising in ASEAN. The objective of the guide is to encourage the development of best valuation practices that meet international as well as local requirements. Experience with ASEAN Valuation Practice Guide (ASEAN Valuation Association 2016) has shown that guide is not sufficient for practice because the valuation standards are too diverse.

This research was initiated by the ASEAN Valuation Association (AVA). The AVA was created from a collaboration of valuer companies, property consultants, and related government agencies. From the member countries. The rationale for the research was to harmonise the valuation standards, levels of professional capability and to facilitate cross-border property valuation in real estate projects. The limited Institutionalisation of Valuation is an obstacle to the benefits of regional integration in the property sector because of the major differences in country based valuation.

More recently the Royal Institution of Chartered Surveyors (RICS) and the International Valuation Standards Council (IVSC) have focused on valuation in the ASEAN region. RICS in ASEAN emphasizes certification and policy initiatives to support valuation standards. It also provides research initiatives. RICS opened an office in Singapore in 2010 to support continuing education for valuers in Singapore and Malaysia. In June 2022, IVSC opened an office in Singapore to support the growth of the valuation profession in Singapore and to increase the adoption of the International Valuation Standards (IVS) in Asia. It will provide technical expertise and promote professional standards. Neither RICS or IVSC conduct actual valuations in ASEAN because they do not have legal authority which depends on the relevant government agency in a specific country in ASEAN. RICS and IVSC as models of Institutionalisation are highly relevant to the efforts of the ASEAN Valuation Association to achieve a higher Level of Institutionalisation.

2. Literature Review and Methodology

2.1. Literature Review

The first part of the literature review considers key components of a Valuation System. Each section of the first part indicates issue related to the importance of evaluating aspect of a Valuation System. These tend to be critical. These are also included as the rationale in part for the key indicators to evaluate the Valuation System of ASEAN. The second part, presents the Institutional Theory Framework.

2.1.1. Laws and Regulations Related to Valuation

Current research is limited on the legal framework of valuation standards despite its importance in the valuation process. Experienced valuers tend to adopt a process significantly different from the actual legal requirements (Lin & Chang

2012). Ineffective laws and regulations encourage unethical behaviour in the property market. Valuation professionals are less likely to misreport when valuation regulations are strictly enforced (Albert Cao 2009; Smith et al. 2009). Differences in property valuations usually indicate very weak enforcement of the valuation standards.

2.1.2. Valuation Standards

Previous research on valuation standards in Asian countries is limited. Internationally, two types of valuation standards are dominant and well recognised. These are the International Valuation Standards Council (IVSC) and the UK Royal Institution of Chartered Surveyors (RICS). The IVSC requires a higher-level disclosure than in the RICS. Differences in disclosure and transparency in these standards create confusion in the valuation process (Diaz et al. 2004; Gray 2021). A comparison of valuation standards across countries indicates that the application of valuation standards is typically country specific (Hordijk et al. 2011). Both IVSC and RICS standards are adapted in most countries. In emerging markets such as Thailand, Malaysia, Philippines, they are applied superficially. A key global issue for the valuation profession is the lack of Institutionalisation. The International Valuation Standards emphasise that common professional standards and methods should be developed for valuation assessments universally (Mallinson and French 2000). Application of the new international standards will clarify the distinction between standards that are relevant worldwide and those that apply to the practice in a specific country (French 2003; Scheurwater 2017). This issue is important for ASEAN also to have regional consistency in Valuation Standards.

2.1.3. Valuation as Social Process

In past research, little consideration is given on the role of the valuation process in the property market as a social process affected by a complex of actors, and institutions (Crosby and Henneberry 2010; Klamer et al. 2018). Gallimore (1994) has found significant valuer biases across types of property valuations. Ten different valuers may produce ten different interpretations based on their own set of perceptions (Whipple 1991). The transparency and traceability of different valuation results are a problem in the valuation process (Lorenz et al. 2006). According to Lin and Chang (2012) experienced valuers adopt a valuation process that often differs from that specified in the official standards. Crosby et al. (1998) indicated problems related to the social aspects in the valuation process as follows:

1. Valuers accept instructions from clients;
2. Valuers cannot identify the needs of clients correctly;
3. Valuers use an inappropriate analysis;
4. Valuers provide incorrect assessment;
5. Valuation reports are deficient in market information.

These reflect issues of insufficient qualifications in valuation, limited professional development and the lack of enforcement of standards (CBRE 2022).

2.1.4. Valuer Qualifications

The difference in valuation standards and valuer qualifications significantly impacts the economic value of different properties. Previous research indicates the variation of value in the valuation reports relates to the valuers' qualification, opinions, and experiences. Armitage and Skitmore (2003) and Bretten and Wyatt (2001) found that differences in the valuation value directly related to the valuer's experience, knowledge and characteristics. The professional quality of the valuation firms also has a significant influence on specifying property values (Babawale and Omirin 2012). Valuation can vary from valuer to valuer. Different valuers often specify a different value for the same property (Joslin 2005). Ineffective enforcement encourages illegal behaviour in property markets (Albert Cao 2009). According to Thorne (2012), the valuation profession should have a common set of qualifications, education level, work experience and continuing education, and standards of practice and ethics. Investor confidence is significantly affected by differences in valuation outcomes. The lack of reliability and inconsistency in the actual valuation reduced investor confidence. This should be supported by effective enforcement (Mansfield 2009). The actual valuation result is the key factor in many decisions in real estate investment and development (Farrelly and Sanderson 2005; Klamer et al. 2018). The accuracy of the property valuation increases investor confidence in the actual value of the property (Taltavull 2009).

2.1.5. Enforcement of Ethics and Codes of Conduct

Research on valuer ethics indicates that unethical behaviour of valuers is widespread (Hurley 1996; Rodriguez-Dominguez et al. 2009). Unethical conduct leads to discrepancies in the property values which can skew valuation outcomes. Investors require enforcement to support business ethics because it guarantees financial reality (Rodriguez-Dominguez et al. 2009). Unethical valuers change reported values to satisfy client demand (Levy and Schuck 1999). In order to ensure impartiality, valuers must follow professional standards and offer the most reliable price estimate (Joslin 2005). Because of misconduct, a valuation will vary from valuer to valuer although the standards are supposed to prevent this (Warren-Myers and Heywood 2010). Enforcement with legally binding code of conduct mitigates the negative influence on the valuation process. Ethical codes shape proper behaviour and ethical decision-making (Stevens 2008). Ermongkonchai (2010) identified the reasons for the unethical conduct of valuation professionals. Misconduct was caused by personal or financial gain. The commitment to ethical values relates to the influence of background factors including valuation experience, education, and the completion of a professional

ethics course (Hoyt et al. 2002; CBRE 2022).

Many professional bodies do provide a code of conduct for members, The Appraisal Institute's Code of Professional Ethics includes 5 rules. Valuers must refrain from illegal conduct, must inform the appraisal institute of misconduct, must not report biased analyses, must not disclose confidential information and must not advertise or solicit (Appraisal Institute 2022). For the International Valuation Standards Council (IVSC), the code of conduct covers ethics, competencies, disclosure and reporting (IVSC 2020). The Federal Financial Institution Regulatory Agencies specifies the guidelines for collateral valuation for banks and requires a more effective valuation review process to ensure reports meet all ethical requirements (Ankenbrand et al. 2011).

2.1.6. Conceptual Framework of Institutional Analysis

The literature review illustrates the importance of the institutionalization of Valuation Standards and processes. As the review of literature of professional valuation indicates there is a need to improve the Standardisation and Professionalism related to qualifications, valuation standards and valuation process. What links all these factors together is the need for an Institutional Framework. Institutional Theory is a relevant perspective to analyse the effectiveness of the Valuation System as it relates to the variation in valuation and investor confidence.

Institutional Theory considers the evolution of organizations or public agencies as they became institutionalized (Berthod 2018). This process is dependent on the operating environment of the Valuation System. Political influence, economic interests, social conditions, technology changes, ecological impacts and the country's legal framework have an influence on the Valuation System and Professionalization. This includes the valuers, valuation firms, country valuers, valuation associations, related government agencies, clients and investors.

Institutional Theory has been described as having three pillars including regulation, norms, and cultural cognition (Scott 2013). The importance of this perspective is that Institutional Theory provides the shared assumptions that guide organizational actions (Greve and Argote 2015). Institutional Theory provides the structure and functions in which the organizational actions are framed. Institutions guide the behaviours of the members based on the shared assumptions (Hoefler 2022). Institutional Theory provides an integrative framework that links the shared assumptions of members to the structure and processes of the Institution (Glynn and Aunno 2022).

In the context of properly valuation, the normative component is the standards that a valuer should follow. The regulative component is how those standards are implemented and enforced. The cultural aspect is the fit of standards to a specific

country socio-cultural context. The cognitive component relates to the professionalization of the valuer in learning and applying the valuation standards appropriately in the country context. This is an important consideration for the Valuation System in ASEAN.

According to the Institutional Theory, institutions are conventional organization patterns of behaviour including standards, expectations, norms and routines of practice. In this case, it is the valuation process (Guth 2016). As valuation firms comply with the institutionalised prescriptions, they achieve legitimacy and transparency from their stakeholders, government agencies, clients, investors and the wider community. With the Valuation Association as the guarantor, valuation firms will perform effectively in limiting variation in valuations and achieving higher investor confidence (Aksom and Tymchenko 2020).

The framework for the Institutionalisation of Property Valuation System for ASEAN is presented in Figure 1. It is based on a synthesis of key factors from the review of literature and the RICS and IVSC standards. The operating environment of an ASEAN country will influence the legal framework of the valuation system and process. The differences can be determined by Political, Economic, Sociocultural, Technological, Legal, and Environmental (PESTLE) analysis. The operating environment influences the capability of the valuation firm, level of professionalism of the valuer, and valuer association. The key dimension of Institutionalisation is the level of standards based on international practices. The professional capability of the valuer and valuation practice is influenced by the qualifications and continued development of the valuer. For quality control, the system is based on a code of conduct, ethical standards and enforcement internally by the valuer firm and externally by the valuation association and the relevant government agency. Overall, the valuation report will demonstrate the reliability of the application of the standards. The real benefits of an effective Institutionalisation is the reduced variation in value and higher investor confidence that lead to positive investment decisions.

The conceptual framework in Figure 1 has been developed to identify the key factors of the Institutionalisation of the Valuation System and Professionalization of the valuers and valuer associations. This combination of factors will produce less variation in value and increased investor confidence.

This literature review on the valuation standards and process indicate that weaknesses even in highly developed property valuation practice. These are clearly present in the ASEAN context. A critical assessment of the standards in use in the region valuer practice is justified. The scope is focused on the regional members of the AVA and their current standards. In the development of this methodology the framework was confirmed by the AVA and the related experts

who were involved.

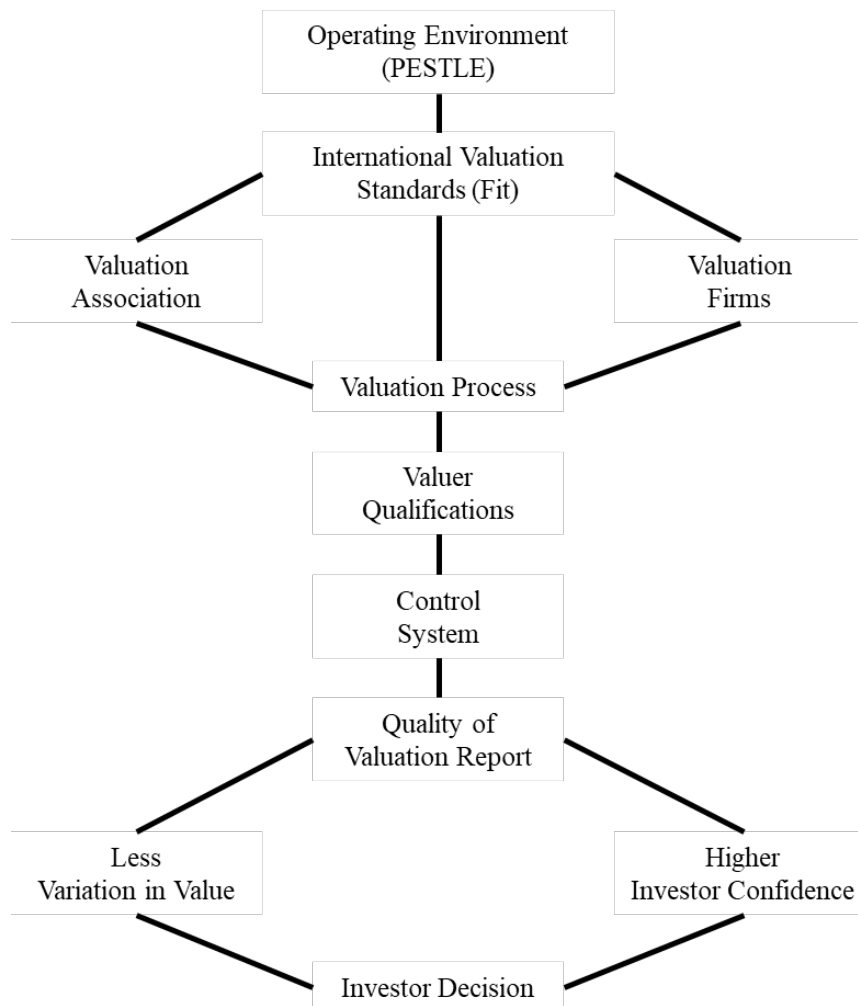


Figure 1. Institutionalisation of Property Valuation in ASEAN.

2.2. Research Questions

Research Question 1. *What is the current level of Standardisation and Professionalization of Valuers in ASEAN?*

To support the implementation of the International Valuation Standards and adapt them to the ASEAN context, this research will assess the current level of valuation in the region.

Research Question 2. *What is the current level of Institutionalisation of Valuation in ASEAN?*

The Institutionalization of the Valuation profession is a critical stage in achieving higher standardization and professionalization according to International standards. The ASEAN Valuers Association has increased its commitment to

Institutionalization in 2022. The current level of Institutionalization of members will be determined.

Research Question 3. *Are there significant differences in the Level of Institutionalisation of country members of AVA?*

For Institutionalization of Valuation on ASEAN, it is essential to review the current level of valuation standards and professional requirements of the members. This review will identify any significant gaps in the members] application of international standards. It will determine the differences in the Institutionalization of the ASEAN Valuation profession.

The framework was based on those of the RICS and IVSC. This perspective indicates that standards go first and qualification follow. This is demonstrated in the training activities of both international standards agencies.

2.3. Methodology

To assess the level of Institutionalisation of the property Valuation System in ASEAN, the international standards from the International Valuation Standards Council (IVSC) and the UK Royal Institution of Chartered Surveyors (RICS) were reviewed. Important features of standards related to valuation practices in ASEAN were selected. These included law and regulation, valuation standards, valuer qualifications and controls. This was developed into a checklist (Table 1).

A structured interview was conducted by 2 members of the AVA board. The checklist of 20 indicators was the sources of questions. This technique allows the interviewer to interact with a respondent. It allows follow-up for clarification with the respondents (Saunders et al. 2009). The respondents were 24 professionals from eight ASEAN Valuers Association (AVA) members, including Brunei, Cambodia, Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam. Each group consisted of a valuer professional, a consultant in property management and a government official in the relevant agencies. The results of the interviews were content analysed and reviewed. The descriptive data was summarized by two academics from the Master in Real Estate program. The coding was related to the 20 key indicators in the checklist for the Valuation System. These indicators were based on the international valuation standards of RICS and IVSC. The framework for the analysis was based on past research (Palakavong na Ayuthaya and Swierczek 2014).

Table 1. The indicators of the Institutionalisation of the Valuation System in ASEAN.

Indicators	Checklist
Law & Regulations	1. Local Laws/Regulations 2. Regulator
Valuation Standards	3. Local standards or application of international valuers practice 4. Regulators 5. Penalties for violations
Valuers Qualifications	6. Age 7. Citizenship 8. Education 9. Experience 10. Valuation association membership 11. CPD before examination 12. Examination 13. Type of asset 14. Value of asset 15. License renewal 16. CPD after examination 17. Valuation standards training and examination
Code of Conduct/Ethics and Control	18. Local code of conduct/ethics or application of international valuers practice 19. Enforcement agency 20. Penalties for violations

The indicators are based on the Best Practices of the RICS and IVSC. These are objective related to the reality of the valuation process. This indicated validity. The interviews included a professional valuer, a property consultant and a related government official. They are responding to the actual indicator whether it was present or not and at what level in their country. They are not asked about their perception or feelings about the indicator. The in-depth interview responses were summarized and content analyzed by 2 experienced academics. The similarity between the content analysis and the application of the indicators demonstrates reliability.

To assess the significance of the differences in the valuation indicators in ASEAN, the Kruskal Wallis H Test was applied for the statistical analysis. The Kruskal Wallis test is a non-parametric analysis of variance. It is a rank-based test to determine if there are statistically significant differences between groups of independent variables. The dependent variable is the level of Institutionalisation of the

Valuation System, 0 equals none or weak, 1 indicates acceptable by local standards, and 2 indicates international standard (based on the RICS or IVSC).

3. Results: Institutionalisation of the Valuation System in ASEAN

The findings provide a comparison of important indicators related to the main Valuation System dimensions: laws and regulation, valuation standards, control, and valuer qualifications of the ASEAN Valuation Association (AVA) members.

3.1. Institutionalisation Structural Factors

3.1.1. Valuer Profession's Law and Regulations

Improving the conduct of the valuation process depends on the legal framework of the country in ASEAN. The assessment of the legal framework, law and regulations of valuer profession in ASEAN reveal many differences. The level of effective application on the valuation process, reduces the influence by client or lender. The legal framework for property valuation varies in each country. The majority of ASEAN Valuation Association (AVA) members in this research have a specific valuation law or act regulating the valuer profession.

Six countries of the AVA Members have their own law and regulation that specify the valuer definition, and qualifications. Regulators in these countries are supervised by a government authority. Brunei Darussalam and Thailand do not have a specific valuation law. Thailand has 3 official organizations to regulate valuers depending on the type of asset depending, whether it belongs to a listed company or an unlisted enterprise. Brunei Darussalam does not have a specific law and regulation or an official organization to supervise valuers. Cambodia has two regulatory agencies without a legal framework related to valuation.

In table 2, the institutional link between the political and legal factors in the operating environment is shown by the strength of the law, regulations and the relevant administrative authority. Singapore has the highest level of Institutionalisation with a specific act on appraisal and a significant responsible agency. Brunei and Thailand have the weakest level of Institutionalisation. Vietnam has the most limited authority with too many related laws.

Table 2. Valuation law and regulations in ASEAN countries.

Country	Law and Regulations	Regulator
Brunei	Does not has a valuation law and regulations	Self-regulated – refer to RICS
Cambodia	Book of Burden/Obligation, a specific certification of professional practice for valuation and real estate services	Regulated by Ministry of Economy and Finance
Indonesia	Regulation of the Minister of Finance of the Republic of Indonesia No.101/PMK.01/2014 concerning Public Appraisal	Regulated by Finance Professions Supervisory Center (PPPK), Ministry of Finance
Malaysia	Valuers, Appraisers and Estate Agents Act 1981 (Act 242) and Rules 1986	Regulated by the Board of Valuers, Appraisers and Estate Agents (BOVAEA), Ministry of Finance
Philippines	Real Estate Service Act of Philippines	Regulated by Professional Regulatory Commission (PRC)
Singapore	Appraiser Act (Chapter 16)	Regulated by Inland Revenue Authority of Singapore (IRAS), Ministry of Finance
Thailand	Does not have a valuation law and regulations	Controlled by 3 organizations, The Valuers Association of Thailand (VAT), Thai Valuers Association (TVA) or The Securities and Exchange Commission of Thailand (SEC) depending on the type of asset depending, whether it belongs to a listed company or an unlisted enterprise.
Vietnam	Has 10 laws that apply	Regulated by Price Management Department, Ministry of finance

3.1.2. Valuation standards

Related to valuation standards, each AVA member country has their own professional association except Cambodia and Brunei (Table 3). Cambodia does

not specify any standards. Brunei valuers applies the international standards based on the RICS, as the best practice for the valuation profession. As shown in Table 3 valuation standards represents the Institutionalisation at the level of Standardisation. This is determined by the International or local basis of the standards and supported by the professional association. Singapore has the strongest standards and professional association. Brunei, Vietnam and Cambodia have the weakest Institutionalisation.

Table 3. Valuation standards in ASEAN countries.

Country	Law and Regulations	Regulator
Brunei	Refers to RICS	None
Cambodia	Does not specify formal valuation standards	None
Indonesia	Indonesian Valuation Standards	Indonesian Society of Appraisers (MAPPI)
Malaysia	Malaysian Valuation Standards	The Board of Valuers, Appraisers and Estate Agents (BOVAEA), Ministry of Finance
Philippines	Philippines Valuation Standards	Professional Regulatory Board of Real Estate Services (PRBRES)
Singapore	SISV Valuation Standards and Practice Guidelines	Singapore Institute of Surveyors and Valuers (SISV)
Thailand	<ul style="list-style-type: none"> • The 1997 Code of Professional Ethics and Standards of Professional Appraisal Practice • Standards and Code of Ethics of Valuation in Thailand 	<ul style="list-style-type: none"> • The Valuers Association of Thailand (VAT), Thai Valuers Association (TVA) or The Securities • The Securities and Exchange Commission of Thailand (SEC)
Vietnam	Vietnam Valuation Standards	Price Management Department, Ministry of Finance

There is a range of commitment to a code of conduct and ethics in the ASEAN countries. Brunei and Cambodia have no specific code of conduct or ethics. Ethical violations of Brunei are covered by application of the RICS standards. Enforcement in Cambodia is conducted by the valuer association. This is an inadequate standard. Indonesia and Philippines have ethical standards but with enforcement

by the valuer association. This is an adequate level of control. Thailand, Malaysia and Singapore emphasise ethics in an overall code of conduct with enforcement overseen by the valuer association and a government agency. This matches the international practice. Vietnam has a complicated legal basis for ethics with limited government agency based enforcement.

Table 4. Code of conduct/ethics and enforcement in ASEAN countries.

Country	Law and Regulations	Regulator
Brunei	Does not have a Conduct/Ethics	None/AdHoc
Cambodia	Does not specify a Code of Conduct/Ethics	Cambodian Valuers and Estate Agents Association (CVEA) and the Ministry of Economy and Finance
Indonesia	Indonesian Valuers Code of Ethics (KEPI)	Indonesian Society of Appraisers (MAPPI)
Malaysia	Valuers, Appraisers, and Estate Agents Rules 1986 (Rule no. 62-82)	The Board of Valuers, Appraisers and Estate Agents (BOVAEA), Ministry of Finance
Philippines	Code of Ethical Principles for Professional Valuers and International Ethics Standards Coalition	Professional Regulatory Board of Real Estate Services (PRBRES)
Singapore	SISV Valuation Standards and Practice Guidelines	Singapore Institute of Surveyors and Valuers (SISV)
Thailand	<ul style="list-style-type: none"> • The 1997 Code of Professional Ethics and Standards of Professional Appraisal Practice • Standards and Code of Ethics of Valuation in Thailand 	<ul style="list-style-type: none"> • The Valuers Association of Thailand (VAT), Thai Valuers Association (TVA) or The Securities • The Securities and Exchange Commission of Thailand (SEC)
Vietnam	Vietnam Valuation Standards No. 1 (Code of Ethics)	Price Management Department, Ministry of Finance

3.1.3. Valuer Qualifications

For valuer qualification, ASEAN countries separate valuers into various levels as shown in Table 5. Philippines and Vietnam, consider that all valuers are at the same level and can evaluate any type of asset. Cambodia has no specific criteria. In Malaysia, a Registered Valuer can evaluate any type and value of asset. Brunei does not have any specification for valuers. This is similar for Cambodia. Thailand and Indonesia, have 3 levels of valuer depending on type and level of value of an asset. Each level is related to education, experience, competency and license requirement. Table 5 shows that capability of the valuer is based on education and professional development. This is an important indicator of Institutionalisation related to Professionalism. This is reflected in the types of valuation licenses. Singapore and Thailand have the more sophisticated qualifications for valuers. Indonesia has a classification based on business or property valuation, but the level of capability required is basic. The remaining countries have only basic valuation qualifications.

Table 5. Valuer qualifications.

Country	Valuer Level	Types and Value of Asset
Brunei	2 levels	1. Assistant valuer - Not specify type or value of asset
		2. Recognized Valuer - Not specify type or value of asset
Cambodia	1 level	Valuer - Not specify type or value of asset
Indonesia	3 levels	1. Simple property valuer - Unlimited value - Vacant Land, one apartment /resident building
		2. Property valuer - Unlimited value - Vacant Land, one apartment /resident building, Machinery and equipment used in production process
		3. Business valuer - Unlimited value - Vacant Land, apartment/ resident building, Machinery, equipment used in production process, Economic losses and Intangible assets
Malaysia	2 levels	1. Probationary valuer - Cannot assess and sign a valuation report
		2. Registered valuer - Unlimited value

Country	Valuer Level	Types and Value of Asset
		- Any types of asset
Philippines	1 level Licensed valuer	- Unlimited value - Any types of asset
Singapore	2 levels 1. Licensed valuer with Member classification 2. Fellow classification	- Unlimited value - Any types of asset - Unlimited value - Any types of asset
Thailand	4 levels 1. Qualified Valuer (Licensed by the VAT, TVA) 2. Qualified General Valuer (Licensed by the VAT, TVA) 3. Qualified General Valuer (Licensed by the VAT, TVA) 4. Qualified Senior Valuer (Licensed by the SEC)	- Less than \$0.55 million - Vacant land, Residential or commercial building less than 2,000 sq. m. - Less than \$11 million - Vacant land, Residential or commercial building less than 10,000 sq.m. - Unlimited value - Any types of asset except listed company asset - An inspector and give the opinion as the third party - Unlimited value - Any types of asset including listed company asset - An inspector and give the opinion as the third party
Vietnam	1 level Practising Valuer	- Unlimited value - Any types of asset

3.2. Level of Institutionalisation of Valuation in ASEAN

Related to the law and regulation standards all countries are acceptable at the local standard except Thailand and Brunei. For valuation standards, Malaysia, Indonesia and Vietnam are rated at the local standard. The other countries are limited except for Brunei and Cambodia which have no rating. The rating for control indicates that apart from Brunei and Cambodia with no rating, the other countries are above the local standard. For Institutionalisation, Singapore, Indonesia, Malaysia, Thailand and Vietnam are acceptable at the local standard but not close enough to the International standard. Brunei and Cambodia are considered weak (Table 6).

From the content analysis and coding, the differences in the Level of the Institutionalisation of the ASEAN countries can be analysed statistically (Table 7). The statistical analysis demonstrates that there is a significant difference in the level of Institutionalisation of the ASEAN Valuers (Chi-square 50.4, Significance .00). The highest ranked country is Singapore 100.10, Indonesia is 2nd (99.60) and Malaysia is 3rd (96.95). This analysis confirms the descriptive data. Although, Singapore is the highest ranked, there is still the need to improve the Institutionalisation of the Valuation System and Professionalization. This need is higher for the lower ranked countries in ASEAN.

Table 6. Level of Institutionalisation of property valuation in ASEAN.

Indicator	Level of Institutionalisation							
	(0 = None or Weak, 1= Acceptable, 2 = International Standard)							
	Brun ei	Cambod ia	Indones ia	Malays ia	Philippin es	Singapo re	Thaila nd	Vietna m
1. Law & Regulations (Total 4 points)								
- Local Laws/ Regulations	0	1	1	1	1	1	0	1
- Regulator	0	1	1	1	1	1	0	1
Sub-total	0	2	2	2	2	2	0	2
2. Valuation Standards (Total 6 points)								
- Local or International Standards	0	0	1	1	1	1	1	1
- Regulator	0	0	1	1	1	1	1	1
- Penalties for violator	0	0	2	2	0	0	0	2
Sub-total	0	0	4	4	2	2	2	4
3. Valuers Qualifications (total 24 points)								
- Age	0	0	0	0	0	1	0	0
- Citizenship	0	0	1	1	1	0	1	1
- Education	2	1	1	2	1	2	1	1
- Experience	2	1	2	2	0	2	2	1
- Valuation association membership	0	0	1	0	1	1	1	1
- CPD before examination	0	0	0	0	0	2	0	0
- Examination	0	0	2	1	1	1	2	1
- Type of asset	0	0	2	1	1	1	2	1
- Value of asset	0	0	1	1	1	1	2	1
- License renewal	0	0	0	1	1	1	1	0
- CPD after examination	0	0	2	2	1	2	2	2
- Valuation standards training and examination	0	0	2	2	2	2	2	2
Sub-total	4	2	14	13	10	16	16	11
4. Code of Conduct/Ethics and Control (Total 6 points)								
- Local or International Standards	0	0	1	1	1	1	1	1
- Regulator	0	0	1	1	1	1	1	1
- Penalties for violator	0	0	2	2	0	0	0	2
Sub-total	0	0	4	4	4	4	4	4
Total Score (40 points)	4	4	24	23	18	24	22	21

Table 7. One-way non-parametric ANOVA (Kruskal-Wallis test).

Descriptive Statistics			
	N	Mean	Standard deviation
Level of Institutionalisation	160	.88	.733
ASEAN Countries	160	4.50	2.298
Rank			
	ASEAN Country	N	Mean Rank
Level of Internationalisation	Brunei	20	39.10
	Cambodia	20	40.10
	Indonesia	20	99.60
	Malaysia	20	96.95
	Philippines	20	83.20
	Singapore	20	100.10
	Thailand	20	93.30
	Vietnam	20	91.65
	Total	160	
Chi-square 50.445		Sig. 0.000	

4. Discussion

The analysis of the valuation indicators of the members shows significant differences confirming the descriptive information from the interviews. The overall level of Institutionalization is relatively weak. Members of ASEAN Valuation Association with Valuation standards based on international benchmarks were more Institutionalized. These included Singapore, Thailand, Indonesia and Malaysia. The weakest areas of Institutionalization were qualifications, valuation standards and codes of conduct and ethics.

In the literature review on the future of valuation suggests these solutions are important. The assessment of the Institutionalisation of the Valuation System in ASEAN indicates that these solutions are highly relevance.

1. Stronger control valuer;
2. More complete and adapted international standards;
3. More professional applications of valuation techniques;
4. Higher valuer qualifications;
5. Better Enforcement of ethical conduct;
6. Advanced Training. (Edwards and Hills 2020; Scheurwater 2017).

These actions are consistent with suggested solutions from property consultants and the Royal Institution of Chartered Surveyors (RICS) and International Valuation Standards Council (IVSC).

The implications are consistent with a review from the descriptive results. These improvements would lead to the higher level of Internationalisation of property valuation in the region. This is confirmed by the statistical analysis. Greater institutionalisation would result in less variation in the property valuations and more investor confidence. In an investment decision, the valuer has an important role to specify the asset value of investment capital in a project. A strict control process will encourage the valuer to work professionally. Professionals tend to misreport less when valuation rules are strictly enforced (Smith et al., 2009). For Cambodia and Brunei that have their own standards with limited Institutionalisation, to support Institutionalisation the ASEAN Valuer Association should suggest the adoption of specific ASEAN valuation standards based on the adaptation of International valuation standards.

5. Conclusions

The review of literature indicated a range of challenges that face the Institutionalisation of Valuation System in ASEAN, particularly, in valuation standards, process and codes of conduct and ethics issues. The challenges are indicative of the institutional limitations that affect the valuation process. This study applies Institutional Theory to assess the level of Standardisation and Professionalism of Valuation in ASEAN countries. The results indicate that the level of Institutionalisation varies from low (Brunei and Cambodia) to moderate (Singapore). No country has achieved a level of Institutionalisation consistent with an international level of standards such as the RICS or IVSC. As the ASEAN Economic Community emerges in 2025, the property market will require a higher level of institutionalisation and Professionalism from valuation firms, valuers and valuation associations in the region. It is a positive opportunity for the ASEAN Valuers Association to develop an ASEAN System of Valuation standards, professional process, qualifications and quality control. This would be an important foundation for the growth of the property market in ASEAN.

6. Limitations

This research emphasizes the structural features of Institutionalisation. The process aspects related to the actual application of standards and the valuers' worldview and mindset are not considered. For larger review of literature PRISMA would be more effective in summarizing findings. Meta-analysis is not applied because of the lack of comparative quantitative data.

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