



COBRA2012

11th - 13th September



RICS

the mark of
property
professionalism
worldwide

ASU ARIZONA STATE
UNIVERSITY

RICS COBRA 2012

**The Construction, Building and Real Estate Research Conference
of the Royal Institution of Chartered Surveyors**

Held at Las Vegas, Nevada USA by Arizona State University

11th-13th September 2012

© RICS 2012

ISBN: 978-1-84219-840-7

Royal Institution of Chartered Surveyors
12 Great George Street
London SW1P 3AD
United Kingdom

www.rics.org/research

The papers in this proceeding are intended for knowledge sharing, stimulate debate, and research findings only. This publication does not necessarily represent the views of RICS and Arizona State University.

The RICS COBRA Conference is held annually. The aim of COBRA is to provide a platform for the dissemination of original research and new developments within the specific disciplines, sub-disciplines or field of study of:

Management of the construction process

- Cost and value management
- Building technology
- Legal aspects of construction and procurement
- Public private partnerships
- Health and safety
- Procurement
- Risk management
- Project management

The built asset

- Property investment theory and practice
- Indirect property investment
- Property market forecasting
- Property pricing and appraisal
- Law of property, housing and land use planning

- Urban development
- Planning and property markets
- Financial analysis of the property market and property assets
- The dynamics of residential property markets
- Global comparative analysis of property markets
- Building occupation
- Sustainability and real estate
- Sustainability and environmental law
- Building performance

The property industry

- Information technology
- Innovation in education and training
- Human and organisational aspects of the industry
- Alternative dispute resolution and conflict management
- Professional education and training

Peer review process

All papers submitted to COBRA were subjected to a double-blind (peer review) refereeing process.

Referees were drawn from an expert panel, representing respected academics from the construction and building research community. The conference organisers wish to extend their appreciation to the following members of the panel for their work, which is invaluable to the success of COBRA.

Alan Abela	Nottingham Trent University
Andrew Agapiou	Strathclyde University
Solomon Akinbogun	Heriot Watt University
Adesina Aladeloba	Yaba College of Technology
Luis Otavio Araujo	Federal University of Rio de Janeiro
Ibrahim Babangida	University of Bolton
William Badger	Arizona State University
Kristen Barlish	Arizona State University
Brad Carrey	Arizona State University
Daniel Castro-Lacouture	Georgia Institute of Technology
Sabine Cerimagic	Bond University
Peter Davis	Curtin University
Alberto De Marco	Politecnico di Torino
Mart-Mari Els	University of the Free State
Peter Farrell	University of Bolton
Peggy Ferrin	Arizona State University
Dhaval Gajjar	Arizona State University
Jonathan Gates	University of Brighton
Natividad Gaudalajara	University of Valencia
Murat Gunduz	Middle East Technical University
Toby Harfield	Swinburne University of Technology
Dries Hauptfleisch	University of the Free State
Jacob Kashiwagi	Arizona State University
Malik Khalfan	RMIT University

Nthatsi Khatleli	University of the Witwatersrand
Jinu Kim	The University of New South Wales
Richard Laing	Robert Gordon University
Namhun Lee	East Carolina University
Charlotte Leigh,	Cardiff University
Brian Lines	Arizona State University
Peter Love	Curtin University
Jamie MacKee	University of Newcastle
Patrick Manu	University of Wolverhampton
Norazmawati Md. Sani	University of Science Malaysia
Paul Missa	University of Salford
Róisín Murphy	Dublin Institute of Technology
Mehdi Nourbakhsh	Georgia Institute of Technology
Frederick Ababio Nuamah	KAAF University College
Hugo Oates	Arizona State University
Henry Odeyinka	University of Ulster
Ayodeji Ojo	Ministry of Land Use and Housing
Michael Oladokun	University of Uyo
Srinath Perera	Northumbria University
Anthony Perrenoud	Arizona State University
Kathy Roper	Georgia Institute of Technology
Timothy Rose	Queensland University of Technology
María Rua	University of Valencia
Nico Scholten	Expertcenter Regulations in Building
Alfredo Serpell	Pontificia Universidad Católica
Mona Shah	PGP Real Estate & Urban Infrastructure
Jake Smithwick	Arizona State University
James Sommerville	Glasgow Caledonian University
Kenneth Sullivan	Arizona State University
Subashini Suresh	University of Wolverhampton
Søren Wandahl	Aarhus University
Xiangyu Wang	Curtin University
Gayan Wedawatta	University of Salford

In addition to this, the following specialist panel of peer-review experts assessed papers for the COBRA session arranged by CIB W113

Julie Adshead	University of Salford
Deniz Artan Ilter	Istanbul Technical University
Matthew Bell	University of Melbourne
Francine Baker	London South Bank University
Michael Brand	University of New South Wales
Luke Bennett	Sheffield Hallam University
Penny Brooker	University of Wolverhampton
Alice Christudason	National University of Singapore
Julie Cross	University of Salford
Paul Chynoweth	University of Salford
Philip Davenport	University of New South Wales
Steve Donohoe	University of Plymouth
Ari Ekroos	University of Helsinki
Tilak Ginige	Bournemouth University
Jill Howieson	University of Western
Andrew Kelly	University of Wollongong
Anthony Lavers	Keating Chambers
Wayne Lord	Loughborough University
Tinus Maritz	University of Pretoria
Jim Mason	University of the West of England
Brodie McAdam	University of Salford
Issaka Ndekugri	University of Wolverhampton
John Pointing	Kingston University
Julian Sidoli Del Ceno	Birmingham City University
Linda Thomas-Mobley	New School of Architecture and Design
Henk Visscher	TU Delft

DIVERSIFICATION AND PERFORMANCE OF QUANTITY SURVEYORS IN NIGERIAN CONSTRUCTION INDUSTRY

Bashir O. Ganiyu¹, Luqman O. Oyewobi,¹ Lynda Nwokobia,¹ and Bolaji Sulaiman¹

¹Department of Quantity Surveying, Federal University of Technology, P.M.B. 65, Minna - Nigeria.

ABSTRACT

Quantity surveying profession is fast becoming a dynamic profession due to the rate at which professional Quantity Surveyors diversify into other business endeavors. In recent times, it was discovered that Quantity Surveyors are diversifying from their traditional roles due to expansion of knowledge and the rapid high cost of living facing the present economy. This research was conducted for the purpose of finding out the effects the diversification has on the performance of Quantity Surveyors in the Nigerian Construction Industry. The study outlined the traditional roles of the Quantity Surveyor, identified the various factors that cause a Quantity Surveyor to diversify from his traditional roles and the areas which the Quantity Surveyor diversifies into. The results of the survey showed that diversification have both positive and negative effects on the performance of Quantity Surveyors.

Keywords: Construction industry, Diversification, Performance, Traditional-role.

INTRODUCTION

Construction professionals in contemporary business organizations are faced with problems of Business survival over the past decades, under the premise that growth is a vital element for business survival, a firm can grow and develop its core competencies either internally by investing in and nurturing within-firm resources or externally through diversification into other areas of businesses.

Change is occurring in the world today and the pace seems to be accelerating faster than ever. Change management has, in recent years, become a very important aspect in the study of organizational behavior and same applies to practice of professional quantity surveyors.

¹ Bashalaanu74@gmail.com, bashiroganiyu@futminna.edu.ng

Quantity Surveyor (QS) is a professional working within the construction industry concerned with building costs. It is a profession that provides a qualification gained following formal education, specific training and experience that provide a general set of skills that are then applied to a diverse variety of problems. Predominantly these relate to costs and contracts on construction projects.

Nigerian Institute of Quantity Surveyors (2004) defined a quantity surveyor as the expert professionally trained and experienced in dealing with construction cost, construction management and construction communication. Studies of Ashworth and Hogg (2002) describe the Quantity Surveyor as the one who 'ensures that the resources of the construction industry are utilised to the best advantages of society by providing, inter alia, the financing management for projects and cost consultancy services to the client and designer during the whole construction process.'

Olusoga (2006) observed that Nigerian quantity surveyors of older generation were more of experts in the costing, cost monitoring and control as it relates to building projects which they were respected for by their sisters' professionals.

Although it is true that today's quantity surveyors want to expand the horizon of their practice as observed by Seppanen (2002). However, most of the expansion by practising Quantity Surveyors in Nigeria as the case may be is into costing of engineering projects which is still within the traditional role of the older generation of quantity surveyors especially in the developed world.

Jagun (2006) opined that the quantity surveying profession is faced with great challenges in Nigeria. Steven (1990) observed that quantity surveying is becoming an increasingly influenced occupation while Sigle, Klopper and Visser (2000) believed that these clients are increasingly demanding application of value management to their projects.

The quantity surveying profession is imperative in construction industry and the role of the quantity surveyor is characterised in several ways. However, Concerns in the coming decade will be dominated by the need to anticipate and satisfy changing client requirements amidst other demands for better standard of living by construction professionals in Nigeria (Aje & Awodele 2006). This called for a need to examine the present performance of Nigerian quantity surveyors in their quest for better service delivery viz a viz their involvement in other forms of businesses outside their core professional role. The research problem then lies in examining whether Diversification affects the performance of Quantity Surveyors in the discharge of their professional responsibilities.

Who is a Quantity Surveyor

The quantity surveyor (QS) is a professional working within the construction industry concerned with building costs. Though limited to building, the definition added that the profession provides qualification gained through formal education, specific training and

experience that provide a general set of skills that are applied to a diverse variety of problems which relate to costs and contracts on construction projects.

The Nigerian Institute of Quantity Surveyors gives a more compact and definite definition of the QS as the professional responsible for total cost and procurement management and concerned with financial probity and value for- money in the conceptualization, planning and execution of development projects in the building and construction sector of the economy.

Quantity surveyors are called by so many names all over the world such as cost engineers, building economists, cost managers, construction accountants, and different authors have adopted these different names in different studies (Seeley and Winfield, 1999; Kelly and Male, 2006) and in Nigeria, (Ajanlekoko, 2004; NIQS, 2004; Babalola, 2006; Odeyinka, Oladapo & Akindele 2006;).

Competent quantity surveyors must have a range of skills, knowledge and understanding which can be applied in a range of contexts (Hassall, Dunlop & Lewis, 1996).

The Role of a Quantity Surveyor

The role of the Quantity Surveyor has changed over the years and the present Quantity Surveyor exhibits their competencies in diversified paths within the construction industry as well as beyond the boundaries of the construction industry. Among the evolved and developing paths of the profession, finance is a lucrative industry providing a broad scope of opportunities for Quantity Surveyor to undertake careers in insurance and various finance positions in banks or as corporate finance entities.

Quantity Surveyor usually reports to Project Manager or Project Director and provides advice in the decision-making process throughout the management of a project from initial inception to final completion. The Quantity Surveyor handles estimating and cost control, the tendering process and, after contract award, the commercial interface.

Quantity Surveyors should be able to carry out estimating and measurement of construction works prior to tender, producing the bill of quantities; produce tender documentation and manage the tender process; clarify and evaluate tenders; and manage the resultant contract through monthly valuations, variations control, contract administration and assessment of claims.

Some Quantity Surveyors are trained in techniques of cost control. Others emphasise contracts management.

Some Quantity Surveyors specialise in project management and running multi-disciplinary projects, the Quantity Surveyor background being a good foundation for understanding the complexities of modern large-scale projects.

Factors Leading to Diversification by Quantity Surveyors

The last decade of the 20th century and indeed the past 20 years witnessed significant changes in the construction industry in the UK particularly following the global recession

of 1990-1995 (Cartlidge, 2006; Ashworth & Hogg, 2002) which took its turn on Nigeria. The reasons for these changes include; Expanding scope and scale of construction projects due to massive industrialization and globalization, Emergence of new markets for construction products which led to reduction in public sector spending with massive increase in large private Sector led investments, Changes due to client-led demand since the traditional practices centered on quantities were considered a low-cost activity, Contractor-led changes due to emergence of large firms with diverse knowledge and capabilities.

Some other reasons for the changes in the construction industry as identified by Harun and Abdullahi, (2002) is expansion of knowledge and learning. It should be noted here that financial skills of Quantity Surveyors is now subservient to knowledge, innovation, entrepreneurship and creativity, particularly in business and commerce (Drucker, 1993). Also, the Information Technology Revolution, Globalization and World Economic Growth, Increased Clients' Expectations (Moore, 1984; Bates, 1986; Cattell, 1994). Smith (2010) highlighted; Fee cutting and bidding among Firms. Firms clearly recognize the fact that project cost management is not the exclusive domain of the quantity surveying profession.

Some quarters are dissatisfied with the quality of graduates from university courses particularly in terms of core skills in measurement and construction knowledge. Some firms have found that graduates are not interested in the technical measurement role.

Effects of Diversification

Corporate diversification has the potential to either enhance or destroy value and performance of a firm from discharging its core professional responsibilities. Regarding the value-enhancing aspects of diversification, Lewellen (1971) argues that diversified firms have greater debt capacity than do single-segment firms, which implies a larger debt tax shield and higher firm value. Chandler (1977) opined that diversification may lead to operating efficiency by enhancing economies of scope and increasing managerial coordination.

On the other hand, diversification may lead to value destruction, which is ultimately attributable to information asymmetries. First, the benefits of diversification described by Chandler (1977) may be offset by costs associated with increased information asymmetry between headquarters and individual divisions (Harris, Kriebel, & Raviv 1982). Second, in the presence of asymmetric information the potential for residual agency problems between management and shareholders exists. For instance, rather than using internal capital markets as a means of solving the underinvestment problem, Denis, Denis, and Sarin (1997) document negative association between the level of diversification and the equity ownership of executives as well as the presence of large blockholders; however, they find no evidence to support the notion that ownership structure is associated with the diversification discount once the decision to diversify has been made.

Quantity Surveyors have really taken on the challenge of diversification to better meet and serve industry demands. This indicates, in part at least, a proactive approach to change by many firms. They also demonstrate the very broad range of employment and business opportunities available for the modern day quantity surveyor. The involvement of Quantity surveyor in other professional disciplines further demonstrates the overlapping nature of the profession and the increasing need for quantity surveying professionals to work as part of multi-disciplinary teams on projects.

Due to rapid changes and diversification in both the profession and the construction industry, it has become more important to produce well qualified and competent graduates to meet the challenges and the increasing demand of the profession.

Diversification is one of the strategies for reducing firm risk or seeking growth opportunities to sustain the firm's life. As a result of diversification, Quantity Surveyors are not only deviating from their traditional roles but also looking for new ways to broaden their knowledge in the already existing traditional roles. Some of them are briefly explained below.

RESEARCH METHODOLOGY

The study focused on professional Quantity Surveyors, practicing in Nigeria. The primary data were collected directly from the field through the use of structured questionnaires, field observation and oral interview to professional quantity surveyors. The questionnaires were structured and administered in Abuja during the International Conference organized by The Nigerian Institute of Quantity Surveyors (NIQS) and Quantity Surveyors Registration Board of Nigeria (QSRBN) Round Table & Assembly. These enhance easy distribution of the questionnaires and enhance genuine responses from the respondents. A total of 120 questionnaires were administered out of which 91 was returned and subsequently used for analysis. Simple percentile was used to analyse the respondent background information, Factor analysis was used to reduce the variables and severity index of the factors was then determined and used to rank the variables according to their degree of importance.

RESULTS AND DISCUSSION

Table 1. reveals that 12% are professionally qualified/registered to practice quantity surveying, 6% are Fellow of NIQS (FNIQS), 42% are Corporate members of NIQS (MNIQS), 40% are probationer members of the NIQS. The table shows that all respondents are professional Quantity Surveyor. This gave the assurance that the responses could be relied upon.

Table 1: Professional Qualification

Professional Qualification	Frequency	Percentage %
----------------------------	-----------	--------------

RQS	6	12
FNIQS	3	6
MNIQS	42	42
Probationer NIQS	40	40
Total	91	100

The results of severity index of negative effects diversification has on the performance of quantity surveyors in the Nigerian construction industry, ineffective Quantity Surveying practice was first with severity index of 62%, followed by lack of competitive edge in the Quantity Surveying practice, 56% for general decline of the Quantity Surveying practice, 55% for Inefficiency in assigned traditional Quantity Surveying duties while Delay in completing tasks has 54%.

Table 2: Negative effects diversification has on the performance of Quantity Surveyors in the Nigerian Construction Industry

NEGATIVE EFFECTS	SEVERITY	
	INDEX %	RANK
Ineffective QS practice	62	1
General decline of the QS practice	56	3
Lack of competitive edge in the QS practice	58	2
Inefficiency in assigned traditional QS duties	55	4
Delay in completing tasks	54	5

Table 3: Positive effects diversification has on the performance of quantity surveyors in the Nigerian Construction Industry

POSITIVE EFFECTS	SEVERITY	
	INDEX %	RANK
Education	42	4
Research producing new and improved methods	47	2

Increased awareness of Quantity Surveyors	43	3
Quantity Surveyors involved in politics formulating policies in favour of the profession	61	4

Positive effects diversification on performance of quantity surveyors in the Nigerian construction industries is shown on Table 3. Politics formulating policies in favour of the profession was ranked first with severity index of 61%, and increased awareness of Quantity Surveyors has 43%, while Education has the least severity index of 42%.

CONCLUSION

A quantity surveyor is referred to as ‘Jack of all trades and master of all’. This simply means he has broad knowledge about a lot of activities in the construction industry and will easily fit in and deliver on any task given to him.

Based on the findings, from the results of analysis, the study showed that quantity surveyors do not fully concentrate on their traditional roles but instead are looking for quick ways to get more money by diversifying into other areas for personal interest, gaining more knowledge, to meet up with the high cost of living and increased customer expectation.

Diversification affects the quantity surveying practice positively because it further widens the knowledge base of the professionals and produces better quantity surveyors. It also affects the profession negatively, these is evident from the level at which QS abandon their traditional roles and take up other duties which may not be related to the quantity surveying profession or the construction industry as a whole.

REFERENCES

- Ajanlekoko, J. O. (2004). Branding the quantity surveying profession to meet the challenges of built environment. *The Quantity Surveyor*. 49, 3-7
- Aje, I.O. and Awodele, O.A. (2006). A study of the ethical values of quantity surveyors in Nigeria. *Paper presented at a 2-day national seminar on Ethical issues and the challenges in construction professionals’ service delivery*. Nigerian Institute of Quantity Surveyors, Ondo State Chapter.
- Ashworth, A. and Hogg, K. (2002), *Willis’s Procedure for Quantity Surveyors*, 11th edition. Blackwell Science Ltd, Oxford.
- Babalola , O. (2006). ‘Harnessing the opportunities at the grassroots to make the quantity surveying profession competitive at the national and international markets.’ *Paper*

presented at the 22nd Biennial conference/general meeting on *Quantity surveying in the 21st Century Agenda for the future*. Nigerian Institute of Quantity Surveyors.

- Bates, G. D (1996), 'I don't believe in change just for the sake of change', *Journal of Management in Engineering*, pp. 20-24.
- Cartlidge, D. (2006). *New aspects of quantity surveying practice* (2nd edition). Oxford: Butterworth - Heinemann.
- Cattel. K.S. (1994). Small Black Builders in South Africa, *Research Paper Series 2*, Department of Construction Economics and Management, Cape Town.
- Chandler, A. D. (1997) *The Visible Hand*. Cambridge, MA: Belknap Press.
- Denis, D. J., Denis, D. K. and Sarin A. (1997). 'Agency problem, Equity Ownership and Corporate Diversification'. *Journal of Finance* 52: 135-160.
- Drucker, P. F. (1993). Innovation and Entrepreneurship, *Harvard Business*, New York.
- Harris, M., Kriebel, C.H., and Raviv A. (1982) 'Assymmetric Information, Incentives and Intra-Firm Resource Allocation.' *Management Science* 28; 604-620
- Harrun, H. and Abdullah, V. T. 'Drivers of Change: New Challenges for the Quantity Surveyors' Universiti Teknologi MARA, UiTM Shah Alam 40450, Shah Alam, Selengor Malaysia.
- Hassal, T., Dunlop, A. and Lewis, S. (1996) Internet Audit Education: Exploring Professional Competence *Managerial Auditing Journal*, 11(5), 28-36
- Jagun, T. (2006). New opportunities for quantity surveyors in Nigeria business environment. *Paper presented at the 22nd Biennial conference/general meeting on Quantity surveying in the 21st Century – Agenda for the Future*. Nigerian Institute of Quantity Surveyors.
- Kelly, J., and Male, S. (2006). Value Management. In Kelly, J., Morledge, R., and Wilkson, S. (ed). *Best value in construction, United Kingdom*: Blackwell publishing, pp 77-99.
- Nigerian Institute of Quantity Surveyors (2004). Who is a Quantity Surveyor? What can he do for you-the client? *Programme of the 21st biennial conference general meeting on Adding Value to a Reforming Economy – Challenges for the Quantity Surveying Profession in Nigeria*. Nigerian Institute of Quantity Surveyors.
- Odeyinka H.A., Oladapo A.A., and Akindele, O. (2006), 'Assessing risk impacts on construction cost', *Proceedings of the annual research conference of the Royal Institute of Chartered Surveyors*, Cobra, University College London, 7th-8th September.pp1-13
- Olusoga, J.R. (2006). Key note address of a 2-day seminar on ethical issues and their challenges in construction professionals' service delivery. Nigerian Institute of Quantity Surveyors, Ondo state chapter.
- Seeley, I. H, and Winfield, R. (1999), *Building quantities explained*, 5th edition, Macmillan Press London.

- Seppanen, V. (2002), Evolution of competence in software subcontracting projects. *International Journal of Project Management*, 20(2002), 155-164.
- Sigle, H. M., Klopper, C.H., and Visser, R. N. (2000). The South African quantity surveyor and value management, Project Forum. South Africa: Project pro. Pp 23-26.
- Smith, P. (2010). Trends in the Australian quantity surveying profession: 1995-2008, Proceedings of the 13th Pacific Association of Quantity Surveyors Congress (PAQS 2009), 22-32.
- Steven, M. (1990). Professional authority, power and emerging forums in the quantity surveying profession. *Construction Management and Economics*, 8, 191-204