PROPERTY VALUATION UNDER UNCERTAIN MARKET CONDITIONS: A CASE OF THE LAGOS PROPERTY MARKET

By

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DECLARATION

I, Sunday Olarinre Oladokun, hereby declare that the whole information in this thesis is my original work for which the approval of the University ethics in research committee (EiRC) was obtained before the collection of data that is reported in this thesis was carried out. I hereby declare that this thesis has never been submitted either in whole or in part for the award of any degree, diploma or any other qualifications, except where due acknowledgement has been made in the thesis. I authorise the University to produce for the purpose of research either the whole or any portion of the contents in any manner whatsoever.

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ABSTRACT

This research seeks to provide an understanding of how the nature of the property market affects the valuation practice and how valuers manage such conditions during the valuation process. Specifically, the study investigates challenges that uncertain conditions of the Lagos property market pose to valuers and how valuers navigate a path through these challenges. This is with a view to providing a theoretical explanation for valuers' behaviour in an uncertain environment. The rationale for the study is that valuers' behaviour is influenced by the nature of the environment where they operate; however, there is yet to be a clear understanding of how valuers manage the conditions of property markets fraught with high uncertainty. The study pursues five objectives, namely, an examination of the nature of the Lagos property market as it relates to property valuation, an assessment of the nature of challenges valuers are exposed to within the Lagos property market and an investigation of how valuers manage the challenges of the uncertain nature of the Lagos property market. Others are an analysis of the existing real estate education in Nigeria to establish how it prepares valuers for the nature of the market they operate and a proposal of a framework for a better understanding of valuers' behaviour in an uncertain environment. Two working propositions were set for this study in relation to these objectives. Firstly, it was proposed that the Lagos property market exhibits a high level of uncertainty which poses challenges to property valuation practice. Secondly, it was proposed that in dealing with the challenges of the market, valuers would put up certain coping strategies, which can be understood through their cost minimisation behaviour.

The study employs an exploratory sequential mixed methods research approach where qualitative and quantitative data were collected sequentially from multiple sources. Specifically, qualitative data were extracted from expert valuers using semi-structured interviews, while quantitative data were extracted from professional valuers and final-year students of tertiary institutions using questionnaires. Interview data were analysed using thematic analysis, while data extracted through questionnaires were analysed using descriptive and inferential statistic tools. Furthermore, this research explored the theoretical lens of Transaction Cost Economy (TCE) to explore the understanding of valuers' behaviour in an uncertain market.

The study finds that the Lagos property market is characterised by features that directly affect the valuation practice. The market characteristics include the lack of a formal database of market transactions, weak institutions/corrupt property rights registration system, the

dominance of valuation for mortgage purposes, and an improved standardisation and internationalisation of professional services. The shows that the nature of the market presents uncertain conditions and poses peculiar challenges to valuers. The study also finds that valuers put up various strategies to manage the challenges. The study established that while some of the identified valuers' coping strategies are logical and expected, others seem counterintuitive and unprofessional. However, the coping strategies are contextual in nature, as they are based on valuers' understanding of the nature of the market. The study also finds that gaps exist between academic training and the practice of valuation in Nigeria. That is, valuers' academic training does not reflect the actual experience of valuers in the market. Thus, the results partially confirm the first proposition and substantially confirm the second proposition.

Overall, the study concludes that the uncertain nature of the Lagos property market opens valuers to several forms of coping strategies influenced by their understanding of the market environment and academic training. Assessing valuers' behaviour through the lens of TCE, the study demonstrates that while some valuers' coping strategies reduce valuation uncertainty, others increase the uncertainty and bias in valuation. It is also concluded that the provisions of TCE more accurately reflect the actual experience of valuers in a volatile and uncertain market.

This study makes a number of contributions to knowledge. Specifically, it contributes to theory by expanding on the principles of TCE and applying them to the property market and valuation practice. It contributes to policy development by offering insights that can help develop improved ethical and professional standards. Lastly, the study contributes to the empirical literature by providing a deeper understanding of how valuers utilise heuristics in their decision-making processes.

DEDICATION

This work is dedicated to the Almighty God in whom I live, move and have my being.

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LIST OF PUBLICATIONS ARISING FROM THIS RESEARCH

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LIST OF ABBREVIATIONS

AMCON	Asset Management Corporation of Nigeria
CBN	Central Bank of Nigeria
CIBN	Chartered Institute of Bankers of Nigeria
CofO	Certificate of Ownership
EFCC	Economic and Financial Crime Commission
ESVARBON	Estate Surveyors and Valuers Registration Board of Nigeria
FUTA	Federal University of Technology Akure
IVSC	International Valuation Standards Council
NBTE	National Board for Technical Education
NIE	New Institutional Economics
NIESV	Nigerian Institution of Estate Surveyors and Valuers
NUC	Nigeria University Commission
OAU	Obafemi Awolowo University
RICS	Royal Institution of Chartered Surveyors
SIWES	Student Industrial Work Experience Scheme
TCE	Transaction Cost Economics
UNILAG	University of Lagos
YABATECH	Yaba College of Technology

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CHAPTER ONE

GENERAL INTRODUCTION

1.1 Preamble

By the nature of their profession, valuers are, from time to time, faced with intricately connected real-life challenges because of the complex nature of the property market where they operate. Such a practice environment has been described as ‘unpredictable, non-routine and complex situations’ (Klamer et al., 2017, p. 3), and an ‘ill-structured environment with uncertain stimuli, limited feedback, and numerous overlaying domains of expertise’ (Hardin, 1999, p. 336). Therefore, interpreting markets characterised by these circumstances to provide a reliable valuation of properties demands enormous effort from valuers. Hence, valuers develop strategies to minimise risks and mitigate errors to keep afloat in a complex market and stiff business competition. These strategies are expected to uphold rather than compromise professional standards.

The challenges valuers encounter are related to the nature of the property market where they operate and this, most times, determines the approach they devise towards the practice. However, little is known about the challenges confronting valuers operating in property markets characterised by high uncertainty. Hence, knowledge about valuers' behavioural mechanisms in managing these challenges is limited. For example, while much has been reported about the dearth of market data in most markets, especially the developing markets (Olaleye, 2004; Awuah et al., 2017; Olapade and Olaleye, 2018), little is known about the actual nature and dimensions of data challenge such environments pose to valuers, and how valuers deal with the situation in the course of their professional endeavour. Also, many studies have reported the reality of the influences of clients on valuation from varied dimensions (Levy and Schuck, 1999, 2005; Chen and Yu, 2009; Nwuba et al., 2015a), but there is a dearth of knowledge about how valuers manage the phenomenon or how they (valuers) forestall the possibility of its occurrences. This can also be said of many other challenges confronting valuers, which lead to valuation bias. This study evaluates the practice of valuation in a developing market fraught with high uncertainty by assessing the challenges the market poses to valuation practice and how valuers are managing the circumstances. Therefore, this study

was necessitated by the need to understand the actual nature of valuation challenges and how valuers navigate through them in a market fraught with uncertainty.

This chapter gives an overview of the study. The following section discusses the background of the research problem, followed by the research question, aim, and objectives of the study. This is followed consecutively by the theoretical and conceptual framework, significance of the study, an overview of the research methodology adopted, and scope and limitation of the study. The chapter ends with the structure of the thesis.

1.2 Background to the research problem

Property valuation is conventionally referred to as the art and science of determining the monetary worth of an interest in land and landed property (Blackledge, 2009). It is an important decision-making tool in the property sector and essential to a nation's economic, social, and investment development (Warren-Myers, 2016). This importance is evident in the economic consequences of the failure of valuers to give reliable and professional advice. For instance, the severe financial crisis experienced in the United States in 2008 was attributed to the activities of real estate valuers (Financial Crisis Inquiry Commission, 2011). Also, Milunovich et al. (2013) linked the global financial crisis between 2007 and 2008 to the subprime mortgage crisis originating from issues related to valuation. The severe effect of valuation failure on the nation's economy is evidence of its critical role in property decisions. Such decisions like the granting of mortgages, property taxation, buying and selling of properties, and merger and acquisition of company assets, among others, are substantially based on the professional advice of valuers regarding the monetary worth of the interest subsisting in the property underlining the investment. This suggests that valuers have a fiduciary responsibility to guide other players in the real estate sector toward making the optimum decision relating to the property. Warren-Myers (2015) submitted that since decisions regarding property rest heavily on valuers' opinion of the market value, valuers are, therefore, the ultimate decision-makers.

Property valuation thrives on information. For this reason, the valuer requires every piece of information about the subject property, recent transactions in the market, and other economic variables for an adequate property value assessment. This information emanates from property markets, where interests in land and landed property are traded (Maier and Herath, 2009), hence the property market provides the platform for the exchange of information for decision-making by property market participants (Geltner et al. 2003). Based on this, an active and stable property market is expected to provide the needed support system for the practice of property valuation. However, by its nature, the property market hardly provides such support as it is

characterised by heterogeneity of products, the secrecy of transactions, lack of adequate information, and high transaction cost (Harvey and Jowsey, 2019; Dugeri, 2011). It is understood that the characteristics of the market necessitated the need for the skills and expertise of property valuers to interpret the market and advise on the appropriate value of property interest (Levy and Schuck, 2005; Mooya, 2009). However, it is also important to note that the challenges associated with property valuation practice are essentially market-related (French and Gabrielli, 2004; Babawale and Ominrin, 2012; Adegoke, 2016).

Standard valuation theory sees market value as a product of the expected "perfect" forces of demand and supply in the property market. (Mooya, 2009). As a rule, this assumption is not supported by reality, as the property market is imperfect. In addition, property markets behave differently in different environments. According to Keogh and D'Arcy (1999) and Dugeri (2011), the uniqueness of each property market is dependent on the social, economic, political, institutional, and cultural characteristics of its environment, which in turn shape the market's behaviour. In this light, studies have demonstrated that property markets in the majority of developing nations are immature and fraught with many uncertainties (Dugeri, 2011; Akinbogun et al., 2014). Therefore, property valuers practising under such conditions face numerous challenges that they must overcome in order to provide quality professional services.

It is well-documented in the literature that when valuers are confronted with uncertainty or the necessary data are unavailable or inaccessible, they resort to heuristic behaviour that exposes valuation to bias and client influence (Amidu, 2011; Mooya, 2016). Generally speaking, heuristic refers to the behavioural model, rules of thumb, or shortcuts that humans employ when making decisions under constraints (Gigerenzer and Todd, 1999; Todd and Brighton, 2016). However, while the research efforts in this area are commendable, the literature still lacks a clear explanation of the motivations underlying heuristic behaviour. For example, Hardin (1999) asserts that the heuristic bias observed in research may be as a result of the lack of specialised knowledge on the part of valuers or its application during the research process. Therefore, the author concludes that it is insufficient to demonstrate that valuers exhibit heuristic behaviour through research alone. It is crucial to investigate the underlying causes of such behaviour. In other words, there is a need for additional research into the precise form of this behaviour within the context of the nature of the real estate market in order to establish a clear theoretical explanation for it.

The credibility of the valuation output is determined by the valuers' capacity to manage the challenges inherent to the valuation practise. A failure in this regard has consequences for a

variety of stakeholders. For instance, Lorenz et al. (2006) raised a pertinent concern regarding the inability of valuers to account for market uncertainty, which resulted in a greater than 80% disparity in property valuation figures within two years. The authors also reported a case in which a property purchased for 500 million euros was subsequently revalued at 290 million euros, a 42% decrease, shortly after the transaction. Lorenz et al. (ibid) attributed the difficulty in these two cases to valuers' inability to manage market and property-related uncertainties, as opposed to a problem with methodology. In a similar case, Otegbulu and Babawale (2011) reported a 34% inaccuracy in plant and machinery valuation because the valuer failed to consider what the authors termed "economic penalty" in the valuation. These results corroborate the assertion of French and Gabrielli (2005, p. 81) that "uncertainty is due to the lack of knowledge and poor or imperfect information about all inputs that must be used in the valuation." In these instances, not only are investors' fortunes jeopardised by their reliance on valuers' opinions, but so are the profession's reputation and relevance.

Uncertainty refers to a situation in which decision-making information is unknown or insufficient (Dosi and Egidi, 1991). In an environment characterized by a lack of adequate information and the volatility of economic variables, valuation input is shrouded in a great deal of uncertainty. Studies have linked the valuation challenges like valuation inaccuracy and valuation variance to the uncertainty associated with the market and market data, as uncertain input results in uncertain output (French and Gabrielli, 2004; French, 2011; Bellman, 2018). Specifically, studies have revealed that the absence of adequate market data, the uniqueness of the subject property, clients' influence, and human cognitive limitations, among others, are the primary contributors to valuation uncertainty (French and Gabrielli, 2005; Joslin, 2005; Amidu, 2011, French, 2011). Despite the fact that it is evident that valuers face these challenges to varying degrees, the literature provides scant information on how valuers manage these challenges in the context of their local market.

For example, the challenge of inadequate market data is a global phenomenon. While property markets are believed to be inefficient, it is essential to note that market inefficiency varies across nations (d'Amako and Kauko, 2008; Akinbogun et al., 2014). It is of high degree in the developing nations, especially in Sub-Sahara Africa, where most markets are immature, and it is of low degree in the developed nations like the UK, the US, and Australia (JLL, 2016; Awuah and Gyamfi-Yeboah, 2017). This variation also reflects in the degree of uncertainty associated with property markets and property valuation, as the literature suggests a relatively higher level of valuation accuracy in developed markets than in developing markets (Parker, 1999; Hansz and Diaz, 2001; Ogunba and Ajayi, 1998; Babawale and Ajayi, 2011; Awuah and Gyamfi-

Yeboah, 2017). This further demonstrates that mature markets experience less uncertainty than emerging markets (Wyatt, 1996; Dugeri, 2011; Awuah and Gyamfi-Yeboah, 2017). Similarly, while there are reasonably reliable property databanks in developed economies, most markets in developing economies lack these resources, thereby increasing the subjectivity of the valuation process. These disparities suggest a correlation between the level of market maturity and uncertainty in the market and valuer behaviour.

Property markets in the majority of sub-Saharan African nations lack adequate and reliable market data (Aluko, 2007; Bello and Bello, 2007; Munshifwa et al., 2016). For instance, the Nigerian property market has been adjudged to be immature, while the lack of data is one of the significant challenges facing valuation practice in the country (Dugeri, 2011; Akinbogun *et al.*, 2014; JLL, 2016). Olapade and Olaleye (2018) identified economic, attitudinal, ethical, legal, administrative, and technical factors as issues militating against the accessibility of property data in Nigeria. In addition to the high level of economic and political volatility and absence of reliable property databank, the property market in Nigeria is characterised by a weak institutional framework and a high degree of informality (Agboola, 2015; Gbadegesin, 2018; Olapade and Olaleye, 2018). The weak institutional framework reflects poor enforcement of standards and procedures and a high level of corruption, among others. For example, only about 3 per cent of property owners in Nigeria's urban areas possess a Certificate of Occupancy (CofO), which is the formal land title in Nigeria (Atilola, 2010; Ashaolu and Olaniran, 2016). This revelation implies that only an insignificant percentage of land titles are verifiable as reliable data for valuation. This increases transaction costs for market players like property valuers who require reliable market data for decision-making. Mooya and Cloete (2012) submitted that market liquidity depends on the framework of the institutional arrangement in the market and their associated transaction costs. However, market players' approaches to militating these challenges and their associated costs differ across markets depending on the peculiar nature of the market. This emphasises the importance of understanding the peculiarities of markets and the players' strategies.

Educational training and human behaviour are undoubtedly interrelated. The foundational studies of behavioural research have shown that individuals are limited in memory and problem-solving capability (Newel and Simon, 1972; Tversky and Kahnema, 1975). Individuals' decision-making behaviour is framed by how their thought patterns are formed, especially through academic training (Bellman et al., 2016). Studies have shown that valuers' thought patterns and behaviour are influenced by cultural differences (Diaz et al., 2004), level of experience (from novice to expert) (Amidu and Aluko, 2007a), and academic training

(Bellman et al., 2016). It means that academic training can influence the behaviour of valuers towards a market situation. Therefore, the academic training that forms valuers' foundational knowledge of the profession should mirror the actual practice, especially regarding market fundamentals. Bellman et al. (2016) reflected on the sensitivity of academic training to valuers' behaviour. The authors found that ranking the university where the valuers graduated affects their thought patterns and valuation judgement.

However, despite the uniqueness of different property markets across the globe, the concept underpinning property valuation education is universal, even when it is evident that these concepts are based on assumptions that fit more into the circumstances of developed economies (Akinbogun et al., 2014). Consequently, the education and certification process valuers go through is based upon the mastery of these concepts and theories. However, Akinbogun et al. (2014) argued that the assumptions of the concepts underlining the property valuation practice do not adequately explain the nature of markets in developing economies as they are far from being a description of what is obtainable in developed economies. Dugeri (2011) also raised concerns over the need for research on the degree to which property education in Nigeria is market-oriented. Furthermore, to be a registered valuer in Nigeria requires academic and professional training. However, most valuation textbooks emphasise methods and procedures with little attention to the nature and peculiarities of property markets (Scarrett, 2008; Blackledge, 2009). Hence, there is limited knowledge on whether real estate education prepares valuers adequately for the nature of the market they operate. For example, the majority of studies on real estate education concentrated on the employability of graduates in the property industry, with few perceptual studies on the gap between theory and practice of the real estate profession (Galuppo and Worzala, 2004; Poon et al., 2011; Weinstein and Worzala, 2008; Poon, 2014; Oladokun and Gbadegesin, 2017) except Boshoff and Serfontein (2015) which emphasised on valuation but limited to the subjects offered in the curriculum and not the course contents.

Furthermore, understanding the market concept is necessary for effective valuation practice, as the property market is the bedrock of property valuation. Todd and Brighton (2016) submit that the behaviour of agents (valuers) is a function of the level of understanding of their environment (market). Hardin (1999) also observes that underdeveloped domain (market) knowledge is a possible source of bias. However, the market as a concept seems poorly understood as it is hardly debated in real estate literature. The focus of market studies in real estate literature has been more on the market outcome with little emphasis on the market process (Gatzlaff and Tirtiroğlu, 1995). This deficiency has resulted in an inconclusive debate

about the efficiency of the real estate market (Maier and Herath, 2009) and limited the available knowledge about the nature and behaviour of the property market, especially in developing economies. In essence, studies on market behaviour are scarce in literature from developing economies. Babawale (2013a) validated this assertion by submitting that more property market research is one of the most critical steps toward improving the property valuation practice in Nigeria. Dugeri (2011) also concludes with the need for research on how the behaviour of the property market affects real estate practices.

The foregoing suggests that valuers face many challenges due to uncertainty in the property market. This increases the degree of subjectivity that goes into the valuation and, subsequently, the degree of uncertainty associated with valuation output. Consequently, the discussion around valuation uncertainty and valuation bias has been an area of interest among real estate researchers in recent times (French and Gabrielli, 2004, 2005; Joslin, 2005; Lorenz et al., 2006; Yiu et al., 2006; Kucharska-Stasiak, 2013; Jansen van Vuuren, 2017). Yet, findings from recent studies like Kucharska-Stasiak (2013) and Jansen van Vuuren (2017) point to the need for further investigation in this area. The apparent reason is that literature shows that the phenomenon continues to raise more concerns, especially in the developing markets where valuers contend with peculiar challenges. It is also evident that detailed explanations of valuers' behaviour towards these challenges are scarce in the literature. Therefore, this study focuses on the Nigerian property market by examining the challenges that the immature and opaque nature of the property market poses to valuers practising within the such market and the strategies they employ in managing/addressing these challenges. To this end, this study seeks to investigate the behaviour of valuers around the challenges associated with the Lagos property market (the most vibrant property market in Nigeria) to provide a deeper understanding of valuers' behaviour concerning the nature of the property market.

1.3 Problem statement

Most developing markets are immature, opaque and exist within the framework of uncertain economic conditions. The markets are, therefore, fraught with varied challenges and uncertainties. For this reason, the practice of valuation within such environment is faced with a series of challenges as the maturity and transparency of the market affect the objectivity of valuation (Rattermann and Mai, 2014). However, limited studies have focused on the actual nature of these challenges and how valuers manage them in the cause of executing their professional duties. A significant number of behavioural studies have focused on valuation methods and approaches without addressing the issues of how the nature of the property market

affects the practice of property valuation, especially how valuers behave towards this phenomenon. Therefore, given the differences in the nature and behaviour of property markets across countries, including information availability, economic variables, and cultural and social characteristics, the dearth of research on the effects of market peculiarities on property valuation practice and valuers' behaviour towards such market conditions is considered a significant drawback to the behavioural research in valuation and body of knowledge in real estate generally.

Therefore, the problem statement for this study is "there is yet to be a clear understanding of how valuers behave towards/manage the conditions of property markets fraught with high uncertainty".

1.4 Research propositions

Based on the broad problem statement as stated in Section 1.3, two working propositions are generated for this study.

Firstly, it is proposed that the Lagos property market exhibits a high level of uncertainty which poses challenges to property valuation practice.
Secondly, it is proposed that, in dealing with the challenges of the market, valuers operating in the market would put up certain coping strategies which can be understood through their cost minimisation behaviour.

1.5 Research questions

The main research question to be investigated by this study is:

"What are the challenges posed to valuers by the nature of the Lagos property market and how do valuers navigate a path through in such an environment?"

To address this research question, this study examined the following relevant questions :

(i) What is the nature of the property market in relation to property valuation practice in Lagos, Nigeria?
(ii) What are the challenges valuers face practising valuation within the Lagos property market?
(iii) How do valuers navigate a path through the challenges posed by the nature of the property market they operate?
(iv) How does the real estate education in Nigeria prepare valuers for the nature of the property market they operate?

(v) What framework can be used to explain the behaviour of valuers in an uncertain environment?

1.6 Research aim and objectives

1.6.1 Research aim

This study aims to investigate the challenges that uncertain market conditions pose to valuers and how valuers navigate a path with a view to providing a theoretical understanding of valuers' behaviour in an uncertain environment.

1.6.2 Research objectives

The specific objectives of the study are to:

(i) examine the nature of the Lagos property market as it relates to property valuation;
(ii) access the nature of challenges valuers are exposed to within the Lagos property market;
(iii) investigate how valuers manage the challenges of the uncertain nature of the Lagos property market;
(iv) analyse the existing real estate education in Nigeria to establish how it prepares valuers for the nature of the market they operate; and,
(v) propose a framework for a better understanding of valuers' behaviour in an uncertain environment.

1.7 Theoretical and conceptual framework

This study focuses on how valuers behave within the forces of uncertainties and limitations that surround the market and valuers. Thus, the study explores the Transaction Cost Economics (TCE) theory which is situated within the central framework of the New Institutional Economics (NIE).

Coase (1937)'s article on "The Nature of the Firm" brought the emphasis on the importance of costs of transaction into the limelight within the economics discourse. The concept evolves to correct the notion that the cost of transaction is zero. Neoclassical economics assumes that the decision makers acquire all the needed information and process the same at no cost; hence they make perfect decisions (Furubotn and Richter, 2005). This assumption, in essence, renders the existence of institutions inconsequential within the economic process and assumes human beings have access to complete information and unlimited capacity to process and utilise information. This is a fundamental flaw as it is hardly a real-world experience. Hence, the

concept of transaction cost was propounded to correct this notion (Williamson and Ghani, 2012). Coase (1988, p. 6) asserts that "without the concept of transaction costs, which is largely absent from current economic theory, it is impossible to understand the working of the economic system, to analyse many of its problems in a helpful way, or to have a basis for determining policy".

Rationally, any task that involves inputs which are affected by unpredictable factors is susceptible to questionable outcomes unless the decision maker pays adequate attention to the hidden transaction costs involved in the process, which demand extra effort, time, and resources. Several ways of executing a task are available to an economic agent. However, TCE proposes that a typical decision maker would execute a task in such a way as to generate the least transaction costs (Liang and Huang, 1998). Hence, transaction costs are opportunity costs. For example, various sources of information are available to a valuer, and the choice of one or combination of source(s) that he/she will go for is based on several factors, of which transaction costs are the fundamental underlining principle. Also, though there are fundamental criteria for choosing a suitable valuation method for any valuation assignment, transaction costs attached to using a particular method may influence the valuer's choice over another. The concept of TCE explains why an economic agent chooses a particular transaction route over several options (Liang and Huang, 1998).

A typical decision maker (valuer) possesses a limited capacity (bounded rationality), and the nature of the environment (property market) within which a decision is made is imperfect. Therefore, irrespective of the sector of the economy or the nature of the activity involved, the decision maker incurs certain transaction costs as a rational human being to subdue the effects of human limitations and uncertainty in the environment (Furubotn and Richter, 2005). These costs come in varied forms, and they could be in the form of time, effort, and financial and other physical resources, among others.

According to Buitelaar (2004), transaction costs are the expenses incurred by organisations to make information accessible and reduce uncertainty. That is, what is required to gather reliable information in a volatile environment characterised by institutional obstacles, bureaucracy, fluctuating economic variables, and a lack of information. Therefore, transaction costs encompass the costs involved with developing and maintaining the exchange process, monitoring exchange behaviour, and minimising opportunistic behaviour within the exchange relationship (Williamson, 1985; Pilling et al., 1994). In relation to property valuation, transaction costs include, among others, the expenses associated with data search, data

validation, and data analysis during the valuation process. These elements span the entire valuation process.

TCE holds that market imperfections make market information scarce, resulting in transaction costs; as long as humans are rationally limited, they must incur certain costs as trade-offs for market inefficiency (Furubotn and Richter, 2005). According to Eggertsson (2013), this concept is the most important contribution of NIE because it applies to every aspect of a social system.

1.8 Significance of the study

This study aims at providing an understanding of valuers' behaviour towards the circumstances of a property market fraught with uncertainties. While the lack of property data in developing markets is established in the literature, knowledge of the dimensions of challenges this and other features of developing markets pose to valuers practising in such an environment and how the valuers navigate a path through these challenges is still not adequate. Thus, this study provides insights into the nature and behaviour of uncertain markets, challenges surrounding the valuation practice in such an environment, and how valuers manage the challenges. Hence, the study derives its originality from its contributions to empirical and theoretical knowledge and its significance to practice and policy.

Due to the overarching importance of valuation to property-related decisions and the economy at large, the need for better valuation practice is a universal concern. Valuation is conventionally known to be both art and science in nature. However, it is more of art than exact science (Harvard, 1995) because the "art", which is the subjective opinion of the valuer, influences the "science" of valuation. Previous studies have substantially focused on the "science" component of valuation, including methods, approaches, and data analysis techniques (Warren-Myers, 2015). As a result, little is known about how valuers practice the "art" of valuation. Therefore, the relevance of this study lies in its contribution to the practice of "art" in valuation. Also, previous studies have established that valuers deviate from the normative valuation process. Understanding valuers' behaviour under the conditions of uncertainty provides a deeper insight into the dimensions of such practice and its significance to valuation practice.

Further, on the contribution to empirical knowledge, this study fills the gaps in the existing knowledge by contributing to the debate on valuers' behaviour. In particular, the study provides information on how valuers manage the challenges they face under the conditions of uncertain markets. Such information could assist in the review of the existing valuation standards,

practice guidance and training curriculum. In the same vein, the knowledge of the market has been considered inadequate in real estate literature, and this study contributes to the understanding of the market as a concept in real estate literature by providing insights into the nature of the property market in an uncertain environment. This adds to the available knowledge of the property market, especially in valuation practice.

This study also contributes to theory by exploring the theoretical lens of Transaction Costs Economics (TCE) in explaining valuers' behaviour. The potential of TCE as a theoretical tool for explaining human behaviour has been explored in many other disciplines with pieces of evidence that show the potential it holds for understanding human behaviour. However, the application of TCE to the analysis of human behaviour in the real estate sector is minimal and virtually not among valuation literature. Based on this, this study introduces a new dimension into behavioural studies in property valuation by extending the tenets of TCE to the analysis of valuers' behaviour to the challenges of the market.

The significance of this study to practice and policy is evident in the quality of empirical data it seeks to provide towards the understanding of how the behaviour of the local property market affects the practice of valuation and valuers' behaviour. Property markets behave differently across the globe, and such are the valuers' experiences and approaches. However, there is yet to be adequate knowledge about the relationship between the characteristics of local markets on the practice of valuation, especially in developing markets. Therefore, valuers' approaches to the challenges of the uncertain market identified in this study would help the professional bodies to identify the worthwhile and dangerous behaviour among valuers, which could help in the formation of practical policies to guide both the training and the conduct of valuers. This study also provides valuable information for designing and formulating local professional guidance and adapting international standards.

Furthermore, the trend in globalisation is cutting across all professions, including property valuation. Therefore, regional boundaries no longer hamper the provision of professional services. The services of valuers are being sought across borders as cross-border real estate investment increases. Hence, valuers need to have a good knowledge of the behaviour of property markets beyond their local market to perform optimally. For example, Amidu (2011) submitted that valuers' knowledge of the market must transcend local or national boundaries for property valuation to be a global profession. Therefore, given that the characteristics of property markets vary across countries, empirical evidence on the behaviour of different local and national property markets and how it affects the valuation process becomes crucial. Thus,

exploring the Nigerian property market in this regard provides a good understanding of the behaviour of the market of study and other similar practice environments across the globe.

1.9 Overview of research methodology

This study utilises mixed methods research design, integrating quantitative and qualitative data collection and analysis. The mixed methods approach combines quantitative and qualitative research features to provide a holistic understanding of research goals (Creswell, 2014). Precisely, a sequential exploratory mixed method was applied for this study. Based on this, the researcher started with qualitative data collection and analysis, followed by quantitative data collection and analysis and the quantitative data was used to complement the interpretation of the qualitative findings (Creswell, 2014). Insights from the qualitative phase were used to complement the variables derived from the literature in building up the questionnaire for quantitative data collection.

The study population included the registered Estate Surveyors and Valuers (ESV) in Nigeria and final year students in the selected tertiary institutions offering Estate Management as a course of study. Registered estate surveyors and valuers are the only professionals authorised in Nigeria by the Decree 24 of 1975 (now CAP E. 13 LFN 2007) to conduct the valuation of all property assets, including land and building, plant and machinery, furniture and fittings, among others. The choice of the final year students in tertiary institutions was based on the fact that these set of students were believed to have passed through all the phases of the Student Industrial Work Experience Scheme (SIWES) – an industrial training programme designed to supplement the theoretical learning and embedded in the curricula of all occupationally-related courses in Nigerian tertiary institutions of learning. Hence, they are in the best position to assess the link between academic training and the practice of property valuation.

The study area, Lagos state, is Nigeria's commercial nerve and harbours the headquarters of most corporate outfits like banks, insurance companies, and embassies. Lagos also contains the highest number of real estate practising firms in Nigeria, as almost all estate firms in Nigeria locate either their head office or at least a branch office in the state (Oladokun and Gbadegesin, 2017).

Data collection instruments include in-depth interviews and questionnaire surveys. The research instruments were developed based on a comprehensive literature review and the study's conceptual and theoretical model. Furthermore, feedback and insights from the qualitative enquiry were utilised in developing the questionnaire.

The study utilised thematic analysis using Nvivo to extract themes from the qualitative data collected from interviews, while Statistical Package for Social Science (SPSS) was utilised in analysing quantitative data. Klamer et al. (2017) observed a dearth of qualitative approaches in valuation judgement research and advocated for further studies in this area using qualitative research methods and interpretative research paradigms. Quantitative data collected were analysed using descriptive and inferential statistical tools.

A detailed methodology discussion is presented in chapter four of this thesis.

1.10 The practice and regulation of property valuation in Nigeria

The practice of property valuation in Nigeria started in 1969 by a few UK-trained general practice chartered surveyors who formed the Nigerian Institution of Estate Surveyors and Valuers (NIESV) (Nigerian Institution of Estate Surveyors and Valuers, 2019). The profession was later given legal recognition in 1975 through the promulgation of the Estate Surveyors and Valuers (Registration) Decree No. 24 of 1975, now CAP E 13 Laws of the Federation of Nigeria 2004 (Estate Surveyors and Valuers Registration Board of Nigeria, 2019). The profession has witnessed a series of development since its five decades of existence and still growing. Based on the orientation on founding fathers, property valuation in Nigeria is fashioned after the UK system. Both the training syllabus and practice Guidance Notes are designed in line with the International Valuation Standards.

The process of becoming a registered valuer in Nigeria includes both academic and professional training. At the time of this study, 24 Universities and 30 Polytechnics offer degree and diploma courses respectively in real estate at undergraduate and postgraduate levels. Academic programmes in tertiary institutions are regularly accredited both educational and professional regulatory authorities to ensure compliance with the required standards. The regulatory authority for real estate practice in Nigeria is the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON). ESVARBON also oversees the process of becoming a registered valuer and maintains the register of qualified valuers in Nigeria. Various routes are available for anyone desiring to become a registered valuer. Basically, after the academic training, the would-be valuer is expected to undergo tutelage with a practising firm for at least two years, after which he/she writes the required qualifying examinations to become an associate member of the professional body – Nigerian Institution of Estate Surveyors and valuers (NIESV). Such person will then apply to ESVARBON for assessment and, if found

suitable, be conferred with the status of a 'Registered Valuer'. Nigeria presently has about 4000 registered valuers (ESVARBON, 2019; Ayodele et al., 2020).

A valuer in Nigeria is licenced to practice all aspects of the profession including valuation, real estate investment appraisal, property management, brokerage and auctioneering, and facilities management. This general practice model also informs the design of academic professional training curricula. Hence, by the nature of the academic and professional training, valuers in Nigeria are not trained to embrace specialisation as it is practised in other markets like the US and some other African countries. Both academic and professional training prepares valuers as general practitioners. However, the professional body – NIESV recently established 15 faculties in different specialised fields of the profession (NIESV, 2020) in the similitude of the practice by the Royal Institution of Chartered Surveyors (RICS). Each registered valuer is allowed to join up to four specialised faculties.

The general practice system has positive and negative impacts on the delivery of valuation services. On the positive note, it breeds versatile professionals who are knowledgeable in all areas of the profession. On the negative side, it discourages specialisation among professionals. Klamer et al. (2019) opined that a broker's and valuer's responsibilities are sometimes too contradicting to be vested in a person. Because of this, some African countries have revised their real estate academic training to embrace specialisation. For example, Ardhi University in Tanzania splits real estate degrees into three basic specialised areas in response to market demand (Kanizio and David, 2015). The University of Nairobi also reviews its real estate curriculum to enable students to focus on their chosen line of specialisation during their fourth year of study (Nzioki et al., 2006). In terms of practice, each aspect of real estate practice has its licensing process in the UK; while in East Africa, valuation is a distinct area of specialisation (Kanizio and David, 2015).

1.11 Research scope and limitations

The study examines how the nature of uncertain property market and how valuers manage the challenges of the market. Therefore, the study focuses the practising valuers and aspiring valuers - real estate students. Other stakeholders in the valuation practice, like clients, were not the focus of this study. Also, this study was carried out in Lagos state, Nigeria. The choice of Lagos is justified based on the high commercial activities and vibrancy of the real estate sector. Lagos state is the commercial hub of Nigeria, where the highest volume of real estate transactions take place. Furthermore, all commercial banks and other financial institutions in Nigeria have their headquarters in Lagos. Subsequently, the highest number of valuation briefs

in Nigeria emanate from the Lagos market. For this reason, almost all estate firms in Nigeria have either their head office or at least a branch/an affiliated office in Lagos in order to be part of the commercial activities in the state. Hence, Lagos houses the highest number of estate firms operating in Nigeria (Oladokun and Gbadegesin, 2017). This makes Lagos the best place to reach the largest pool of professional valuers practising valuation. Therefore, other vibrant sub-markets in Nigeria are outside the scope of this study.

1.12 Structure of thesis

The study consists of seven chapters arranged in a sequential order to achieve the aim of the study. The first chapter provides a general background to the study, problem statement, aim and objectives, and a brief overview of the theoretical framework and the research methodology. Second chapter contains a review of the contributions of previous studies on the key concepts relating to the study. Chapter three provides an expanded review of literature that leads to the conceptual and theoretical framework for the study. The fourth chapter provides an exhaustive discussion of the research methodology. This chapter discusses the research philosophy, paradigm, strategy, and methods adopted for this study. The fifth chapter presents analysis and results of qualitative and quantitative enquiries. In chapter six, a summary of findings and discussions is provided. The seventh chapter presents the study's conclusions and recommendations and discusses its contributions to knowledge and areas of further research.

CHAPTER TWO

PROPERTY VALUATION, PROPERTY MARKET AND VALUERS' BEHAVIOUR: CONCEPT AND EVIDENCE

2.1 Preamble

In recent years, scholars and practitioners have been increasingly aware of the need to improve the property valuation practice. This concern is reflected in the different professional development programmes sponsored by professional organisations and academic institutions, as well as the periodic reviews of Valuation Standards and Guidance Notes. Moreover, concerns pertaining to valuation accuracy, variation, and client influence have attracted considerable attention from a broad range of stakeholders. Many researchers have demonstrated the existence and nature of these challenges (Diaz and Hansz, 2010; Babawale and Ajayi, 2011; Wilkens, 2015), while others focused on the origins and effects of the challenges on valuation practice (Bretten and Wyatt, 2001; Babawale and Omirin, 2012; Adegoke, 2016). International Valuation Standards Council (IVSC) also issued a Technical Information Paper (TIP) on valuation uncertainty in 2013 (IVSC, 2013) to address some issues contributing to valuation challenges. In a similar vein, previous studies have confirmed the existence of these problems in both developed and developing markets, as well as how they have negatively affected the profession's reputation (Diaz, 2002; Nwuba et al., 2015a), diminished the credibility of valuers' opinions (Amidu and Aluko, 2007a), and undermined clients' confidence in valuations (Awuah and Gyamfi-Yeboah, 2017), among others. Despite the research efforts, professional guidance, and rules, the debate surrounding these topics persists (Amidu, 2011).

This chapter takes this discussion further by presenting an overview of discussions around various concepts relating to property valuation, the behaviour of the property market, and valuers' behaviour. It also examines the submissions of previous authors on various challenges of property valuation practice. The chapter also provides the distillation of the nexus among these concepts towards making informed decisions by valuers and concludes with the summary of gaps in literature.

2.2 Concept of property valuation

The term "valuation", as variously used, simply refers to the process of estimating the monetary worth of an object or entity. Other professions like accounting, engineering, and quantity surveying also use the term "valuation" to mean assessment, evaluation or measurement

(Ashaolu and Olaniran, 2015). In the real estate profession, valuation or appraisal is the common term used in this regard. The duo of "valuation" and "appraisal" are used interchangeably in real estate studies depending on the origin of the research. While the "appraisal" is preferred among the US-affiliated studies, "valuation" is commonly used in studies from the UK and commonwealth nations (Ghyoot, 2008; Ogunba, 2013; Mooya, 2016). Hence, in this thesis, property valuation is used strictly to refer to the same concept as property appraisal.

Property valuation is defined from varied perspectives. Wyatt (2013) defines property valuation from the economic perspective as "the process of forming an opinion of value-in-exchange under certain assumptions" (p. 49). The word "assumptions" in this case differs according to economic conditions and environmental and market variables, which often change depending on the volatility of the economy. Shapiro et al. (2019) define valuation from the perspective of purposes for which a valuer's advice may be needed, some of which include the rent to charge on a property as a property owner, the amount to offer for a property as a buyer, the rent to pay as a tenant, amount of loan to give as a mortgagee in a mortgage deal, and compensation to demand or give in a case of compulsory acquisition, among others. The purposes are as many as decisions relating to the property. Similarly, Blackledge (2009) listed 35 different types of values a single property may have depending on the purposes for which the valuation is required. This pictures valuation in a more complex form as valuers may require different sets of information, assumptions and skills for different valuation purposes. For this reason, one can say that valuation is a multipurpose and multitasking exercise.

More broadly, Millington (2013) defines valuation as "the art, or science, of estimating the value for a specific purpose of particular interest in the property at a particular moment in time, taking into account market factors, including the range of alternative investments" (p. 8). This definition conveys the philosophical underpinning of the nature, the why, the what and the how of property valuation. Art and science's nature is an expression of subjectivity and objectivity. By this, valuation output is a product of scientific approach, methods and standards on the one hand, and the valuer's perceptions of the available information based on skills and experience on the other hand. The definition by Millington connects the "why" (purpose) of valuation to a specific need and the "what" to the interest (not just the physical entity) subsisting in the property. Each of these is wide and complex and, therefore, requires that the valuer is versatile. Lastly, the "how" aspect of Millington's definition refers to the complexities of combining the specific characteristics of the subject property with the economic variables in a volatile market, considering the behaviour of other alternative investments competing with property

investment, in arriving at a value. Valuation is, therefore, considered an inexact science (Mooya, 2016).

Historically, valuation derived its theoretical underpinning from the neoclassical economic theory (Mooya, 2016), which hinges on some basic assumptions about market and market participants. These assumptions include accurate information, perfect knowledge, willing and rational buyers and sellers, many buyers and sellers, and sufficient time for negotiation, among others. Consequently, valuation practice is premised upon the contemporary valuation theory, which sees market value as a product of the expected *"perfect"* forces of demand and supply in the property market (Mooya, 2009). However, while these assumptions are hardly the experience in reality, the definition of the market value is based on this premise (Dorchester, 2011; RICS, 2014).

There has been an ongoing debate about the existence and definition of market value (Mallinson and French, 2000; Aluko, 2007; Mooya, 2009; RICS, 2014). While some believe that it is a point figure (Mallinson and French, 2000; RICS, 2014), others are of the notion that it should be a range of value (Aluko, 2007). This lack of consensus casts doubt on the existence of market conditions necessary to create market value, as Mooya (2009) argues that such conditions hardly exist.

From another dimension, the identity crisis faced by property valuation as a profession also stems from the real estate knowledge domain challenge. Diaz (1993) argues that real estate is neither science nor engineering but rather somewhere between the two. However, while real estate courses are domiciled in the vocational-oriented faculties in the UK and Commonwealth countries, it is situated within the practical-oriented business/finance faculties in the US (Mooya, 2016). Therefore, there is a lack of consensus among real estate curricula in different parts of the world (Weeks and Finch, 2003) as they evolve based on the philosophy of the knowledge domain where the course is domiciled.

Globally, property valuation is central to the practice of real estate discipline due to its significant economic impacts. Decisions relating to properties where other aspects of the real estate professional services may be needed most times require valuation as an input. Hence, the role of property valuations in the workings property market is critical (Baum et al. 2000). A strong and positive relationship exists between the real estate sector and the economic performance because the real estate sector is the most critical sector of the economy asides manufacturing industry (Maennig, 2012). For instance, like every other nation, a substantial amount of resources are tied to real estate in the UK economy while the value of real estate

assets alone in Germany triples the economy's Gross Domestic Product (GDP) (Gutachter-Gemeinschaft, 2009, cited in Maennig, 2012). Unlocking these potentials depends substantially on making accurate investment decisions, and property valuation is an essential decision-making tool in this regard.

2.3 Property valuation process

Basically, two leading schools of thought or models have been identified concerning the valuation process – the normative and positive (Diaz, 2002). The normative model refers to what valuers are taught or expected to do, while the positive model is what valuers actually do or practise. However, while it is expected that the two schools of thought should replicate each other, studies have shown that there is often a disparity between them. Diaz (2002) reported that valuers deviate significantly from the normative process. More importantly, it has been found that valuers adopt different approaches from country to country based on some factors. For example, Diaz (2002) summarised the overall process of valuation among US appraisers and UK valuers and isolated the differences between what they are taught and what they do. Based on the study by Diaz (1990), Diaz (2002) affirms that the US appraisers follow the inductive (property specific to general data) process of data gathering (see Figure 2.2a) as opposed to deductive (general data to property specific data) process (see Figure 2.1) prescribed by the normative school of thought. The deductive process skips the gathering of general information entirely. The US valuers see this as a shortcut to avoid the demanding procedure involved in the normative process (Diaz, 2002). Similarly, while New Zealand valuers follow a similar process to US valuers, they always separate land value from the building. On the other hand, the valuation process in the UK was found to be more iterative (see Figure 2.2b). According to Diaz (2002), the reasons for disparities in the valuation process across countries include differences in valuers' training, reporting requirements, business culture, and clients' expectations.

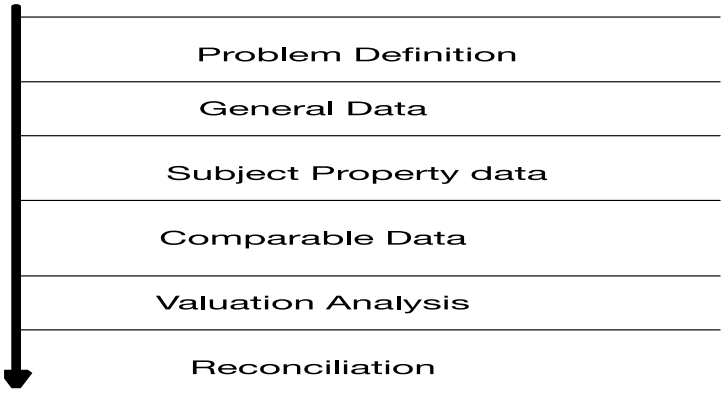
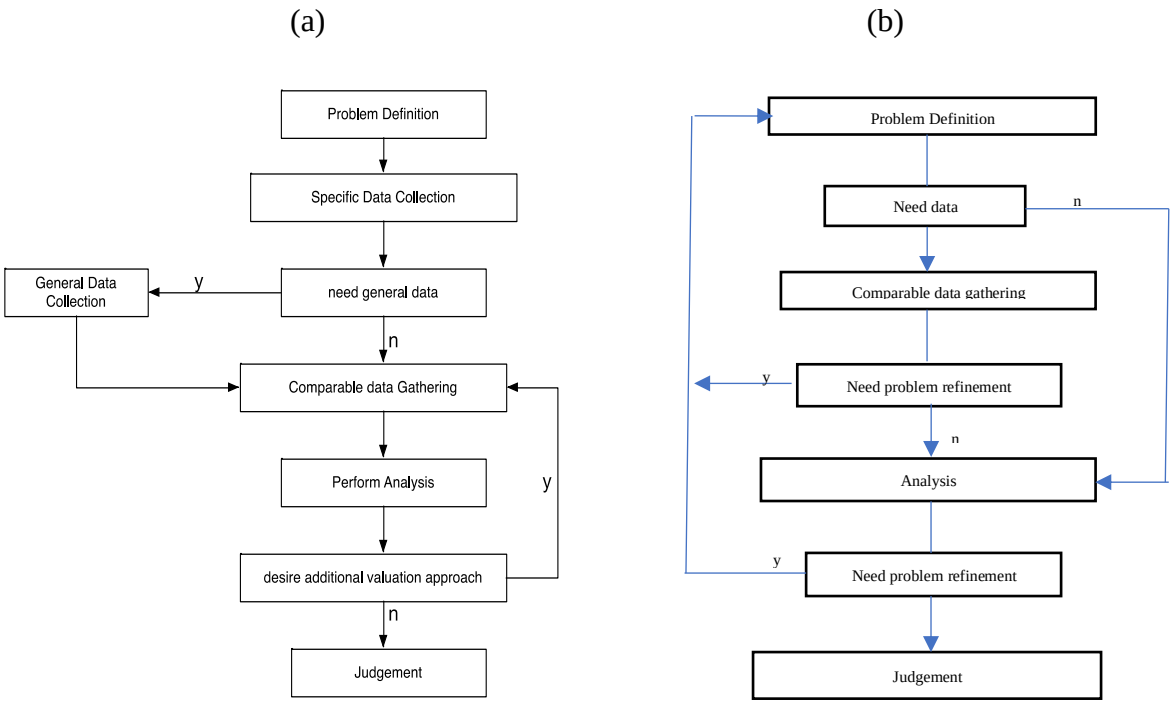


Figure 2.1: What the US Appraisers are Taught to do (Normative school)

Source: Diaz (2002)



"y" = Yes; "n" = No

Figure 2.2: (a) What US/NZ Expert Appraisers Actually do (b) What UK Expert Appraisers Actually do (Positive school)

Source: Diaz (2002)

The practice affiliation and local regulatory framework impact the practice pattern and valuation process. In terms of affiliation of practice, a country which has its practice originated from or patterned after the US system would focus more on three methods of valuation - comparison, cost, and income; while countries with the UK and continental Europe origin use five methods (with the addition of profit and residual methods) (French and Gabrielli, 2007). Also, countries like New Zealand and Germany are inclined to the practice of separating the value of land from the building (Diaz, 2002; Lorenz et al., 2006), which is alien to the practice in other parts of the world. Furthermore, the professional regulatory framework, standards and other environmental laws prevailing in the country of practice contribute significantly to the process valuers follow in the valuation. For example, Diaz et al. (2002; 2004) attribute some differences in the valuation process found among valuers in the US, the UK and New Zealand to the stricter reporting requirements guiding the practice in the US and NZ as compared to that of the UK.

The practice of valuation in Nigeria is patterned towards the UK style as the founding fathers of the profession in Nigeria were trained in the UK. Therefore, the pattern/process of practice, including the structure of the academic curriculum for the training of valuers, has a UK orientation. The process of valuation following the UK pattern can be grouped into four stages, namely instruction stage (securing and formalising valuation brief), fieldwork (property inspection and market survey), desktop analysis (data analysis and report writing), and reporting (submission of report and fee collection). Valuation practice in Nigeria generally follow this pattern.

2.4 The concept of market

Every human endeavour is carried out within a specific environment and context, which provides the supporting structure needed for the achievement of the undertaking. Among other things, the success or otherwise of such endeavour depends significantly on the environment's support system. Concerning property valuation practice, the property market represents the context within which the professional valuation service is carried out. Hence, the nature of the market where valuers operate is fundamental as it determines their approach to operation. This underscores the need for a proper understanding of the specific nature of the property market. Extant literature exists on issues around the property market, but literature linking market behaviour to the practice of property valuation is not common. This section discusses the concept of market from a general perspective to the specifics of the property market and subsequently discusses this with reference to property valuation practice.

2.4.1 Market defined

Market as a concept forms an essential body of knowledge in every profession to which adequate research attention is required. Every profession is practised within its defined mode of market operation. According to EOCD (2012), "market definition is one of the most important analytical tools to examine and evaluate the competitive constraints that a firm faces and the impact of its behaviour on competition" (p. 11). Defining the market, therefore, requires analysis of the scope of competition and the players' constraints within its structure. Thus, all market players must understand the market concept in the proper perspective and its behaviour well comprehended. However, the market concept lacks a precise definition in the literature. This is because the concept of market is defined differently in different professions. In this light, Markovits (2002) concludes that markets are best defined arbitrarily, notwithstanding the basis of assessment.

Generally, a market is where goods and services are exchanged between buyers and sellers for a price through the forces of demand and supply. However, in more specific terms, Rosenbaum (2000) categorises the definition of a market into three – observational, functional, and structural. By observational definition, a market is seen as a geographical area where the exchange takes place between people. The functional definition sees a market as a superior allocation mechanism which determines relative prices by demand and supply at an equilibrium. By this, "the pricing function and the allocative function of the market are two sides of the same coin" (Rosenbaum, 2000, p. 459). The structural definition describes the market as a set of social institutions facilitating the exchange among people. From these varied definitions, the concept of market revolves around one major central theme –the place and platform for exchange decisions. This suggests that an ideal market condition provides the operators with the necessary information for exchange decision-making.

Furthermore, the market is defined in competition law as 'the environment in which the behaviour under investigation takes place, encompassing all factors that are relevant for shaping the decisions of the actors' (Portszun, 2016: pp. 129). This suggests that the nature of the environment informs the behaviour of decision-makers. Also, Podszun and Franz (2015) describe the market as a system for distributing scarce resources through the mechanism of participants' transactions and the exchange system (Podszun and Franz, 2015). Similarly, Theurillat et al. (2015) define a market as an institution that socially distinguishes producers from consumers and brings them together through negotiation and exchange. This definition

shows that the market is a dynamic concept requiring the players to understand its economic, social, and political dimensions.

The concept and perspective of the market have evolved over decades of transformation in economics schools of thought. These schools of thought can be classified into two - neoclassical and new institutional economics. The neoclassical perspective sees the market as an ideal place of free and perfect competition where adequate information is available for optimal decision-making (Furubotn and Richter, 2005). Such a system is believed to be self-regulating and devoid of constraints. According to Dequech (2007), neoclassical economics is based on three main features: rationalisation, equilibrium, and the neglect of uncertainty. Agboola (2015) summarises the core assumptions of neoclassical economics into individualism, utility maximisation, and equilibrium economics. The individualism assumption sees individuals as the market's leading players and deciding elements. By this, structures and institutions are not recognised. The utility maximisation assumption sees man as a rational being with the goal of maximising utility and the capacity to make rational decisions. The third assumption, equilibrium economics, is based on the fact that buyers and sellers utilise their utility maximisation nature and the perfect knowledge of market prices to drive the market to an equilibrium state. According to D'Arcy (2006), all market participants are rational in the neoclassical world, and they maximise behaviour as there is no information problem.

On the other hand, new institutional economics perspective sees the market operation as the interconnectivity of various institutions. New institutional economics builds on the tenets of neoclassical theory by introducing the theory of institution into the workings of the market (Eggertsson, 1990). By the assumptions of new institutionalists' perspective of the market, information and transaction costs and institutions are critical to the workings of the market. With this, the realism perspective is introduced into economic analysis and the nature of the market while still maintaining the theoretical assumptions of neo-classical economics (Ankarloo, 2002; Mooya, 2016). Furthermore, Van der Krabben and Lambooy (1993) clearly distinguish between neoclassical and institutions, especially regarding their views on supply-demand relations. According to the authors, while neoclassical analysts expect automatic equilibrium because they believe that only rational individuals operate in the market, institutionalist analysts consider the roles of institutional and cultural factors in supply and demand relations.

Markets are also divided into sub-markets, each with unique features and characteristics conforming to its environment. The various specific markets include the financial market, automobile market, telecommunication market, and property market, among others. Each of these sub-markets has its own rules of the game. This suggests that the market is better understood through the path of specificity. Hence, the focus of this section shall be on the property market.

2.5 Nature and classifications of the property market

The property market refers to an institutional arrangement for the use, trading, and development of real property, which involves a wide range of actors in the process (D'Archy and Keogh, 1999). Harvey (2019) defines the property market as where buyers and sellers of land and landed property meet to determine the price at which a particular property can be exchanged. By nature, the property market is characterised by a high cost of transaction, heterogeneity of products, secrecy of transaction, and lack of adequate information (Harvey, 2019). Bowles et al. (2001) observe that the property market, unlike the equity market, is characterised by price disparity due to high search risks, relative illiquidity, bargaining process, and a relatively small number of buyers and sellers. Given this nature, the property market exhibits unique characteristics which deviate considerably from the neoclassical world (D'Archy, 2006).

The concept and efficiency of the property market have received considerable attention in the literature. However, the focus on institutions shaping the market behaviour and structure is relatively low and insignificant. In addition, the efficiency of the property market has been extensively examined from various perspectives. However, property market efficiency is better comprehended when analysed based on a particular objective rather than the market as a concept (Arvanitidis, 2006). This study explores, for instance, the property market as a support system for property valuation practice. Nevertheless, this approach to property market efficiency research yields only context-specific insights (Arvanitidis, 2006).

The property market consists of several participants with diverse, interconnected functions and interests. These participants include sellers, purchasers, developers, investors, financiers, insurers, government agencies, property consultants/managers, and valuers. Each participant relies on the other for optimal decision-making because they are interconnected and interdependent. However, the role of property appraisers is crucial, as they provide the critical decision-making factor for most other stakeholders.

The market provides the platform for distributing the required information for participants in decision-making (Geltner et al., 2003). Therefore, the property market is expected to offer the essential input for valuation. Market participants have sufficient information to make informed decisions in a perfect market, where complete information and knowledge exist. Thus, the services of intermediaries like property brokers and property valuers are not required (Mooya, 2016). However, the nature of the property market creates the need for interdependence and interconnectivity among market players. For example, market participants like buyers, sellers, banks, investors, and insurance companies, who are the valuers' clients, require knowledge of the appropriate value of their properties in order to make informed decisions. Therefore, because of the imperfect nature of the property market and the unavailability of adequate market data, market participants are faced with uncertainty in deciding the actual market value of properties. This necessitates hiring the skill and expertise of property valuers trained and skilled in interpreting the market circumstances and advising on the appropriate value of interests subsisting in properties (Levy and Schuck, 2005; Wyatt, 2007). In essence, a market participant transfers to the valuer for a fee the responsibility of determining the market value of a property.

Property markets have also been classified from varied perspectives. D'Amako and Kauko (2008) classified markets from the perspectives of availability of data, market efficiency, transparency, maturity, institutions, and behaviour of market participants. From the viewpoint of the availability and access to data, the developed markets like the UK, the USA, and Australia have robust property databases which serve as reliable sources of market information for valuers. However, property markets in many developing countries lack this standardised property databank, making it difficult to have reliable data for effective decision-making (Zhu, 2005; Battaglia et al., 2013).

Furthermore, the property market is categorised by the volume of transactions and the quantum of information available to the participants. In this light, markets can be described as either mature or immature, thick or thin, and transparent or opaque. The degree of market maturity is related to the state of economic development (Keogh and D`Arcy, 1994). The maturity framework proposed by Keogh and D'Arcy has been the major model for measuring the maturity of property market in literature (Dugeri, 2011; Ke and Sieracki, 2015). Keogh and D'Arcy identify six yardsticks for measuring market maturity, which include the degree of diversification of user and investors opportunities, market openness, the roles of real estate

professionals, the existence of information and research systems, the flexibility of adjustment of property rights, and standardisation of property rights and market prices. This framework has been applied widely in measuring the maturity of property markets in different settings like Europe (Keogh and D`Archy, 1994), South East Asia (Chin and Dent, 2005), Nigeria (Dugeri, 2011; Akinbogun et al., 2014), and China (Ke and Sieracki, 2015), among others. For example, based on this framework, China market was adjudged to be moderately mature (Ke and Sieracki, 2015), while the Nigerian market was found to be immature (Dugeri, 2011; Akinbogun et al., 2014). However, immature and moderately mature markets have the common feature of poor market information.

The market has also been classified based on the volume of transactions. For this reason, markets are classified as either thick or thin (Williamson 1996). While thick markets are characterised by a large number of transactions and market participants, thin markets have few participants transacting. Jones Lang LaSalle (JLL) provides valuable insights into this in its global property market rating system. The JLL global real estate transparency index has been an annual rating system since 1999 and has widened its scope regarding coverage and assessment variables. JLL report of 2016 uses 139 factors under 13 topics categorised into five sub-indexes to measure the transparency of 109 countries across continents. JLL classifies the market into five categories: highly transparent, transparent, transparent, semi-transparent, low transparent and opaque. Figure 2.3 shows the overall transparency level of countries across the globe, while Table 2.1 shows the list of six top countries on each level of market transparency according to JLL's (2016) report. The emerging markets, particularly African nations, fall between semi-transparent and opaque markets, except for South Africa, as seen in Figure 2.3 and Table 2.1. In contrast, most countries in the category of high transparency are developed nations.

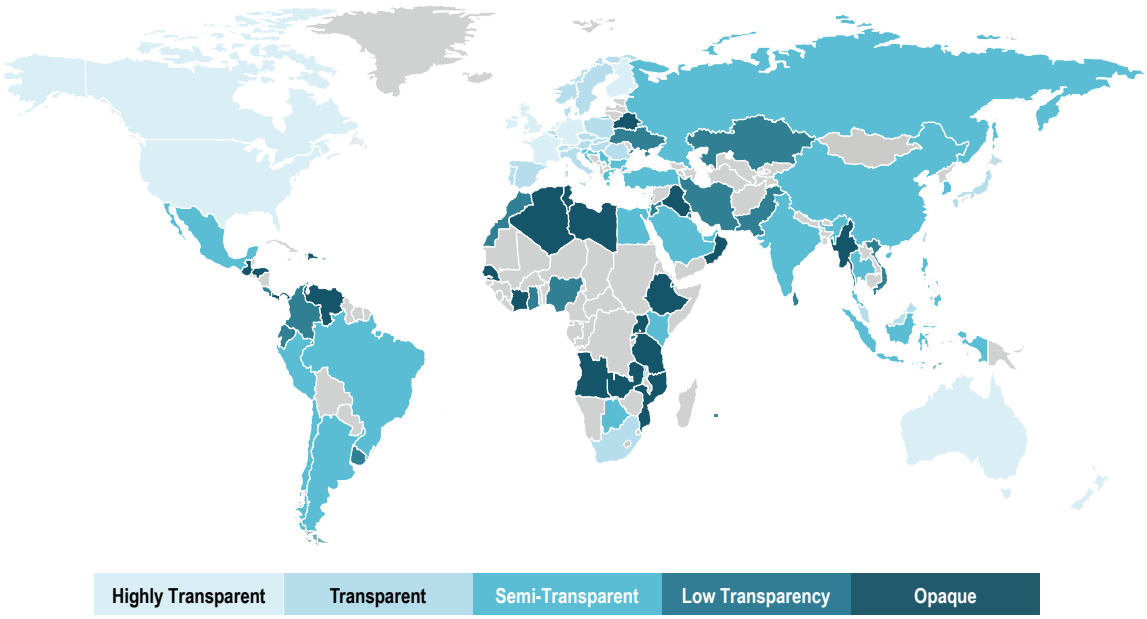


Figure 2.3: Global Real Estate Transparency Index

Source: JLL (2016)

Table 2.1: Top countries on different levels of market transparency

High	Transparent	Semi	Low	Opaque
UK	11. Singapore	31. Israel	83. Nigeria	104. Ivory Coast
2. Australia	12. Sweden	32. Mexico	84. Ecuador	105. Venezuela
3. Canada	13. Poland	33. China (Tier1 cities)	85. Ghana	106 Senegal
4. United States	14. Switzerland	34. Brazil (Tier1 cities)	86. Colombia	107. Djibouti
5. France	15. Hong Kong	35. Luxemburg	87. Kazakhstan	108. Honduras
6. New Zealand	16. Belgium	36. India (tier 1 cities)	88. Pakistan	109. Libya

Source: JLL (2016)

2.6 The nexus between the property market, market data and property valuation

The condition of the property market is significant to the practice of property valuation. The property market serves as the bedrock of the valuation profession, as valuation is a function of market data (Baum et al., 2000). While the appropriateness of method is essential, the availability and accessibility of the required market data contribute to the choice of valuation

methods (Bretten and Wyatt, 2001; Gudat, 2010). Also, stressing the significance of market data to the valuation process, Taylor (1995), cited in Bretten and Wyatt (2001), asserts that when data collection is faulty, the selection of valuation method has less of an impact on the valuation outcome. In the same vein, Baum et al. (2000) argue that the relationship between valuations and the market is a two-way type rather than the natural assumption of being a one-way relationship. That is, while market information (price) serves as an essential input for valuation, valuation also serves as the basis for negotiating the price, thereby setting the negotiation parameters. Bowles et al. (2001) submit that valuation is simply market information applied to future cash flows. According to the authors, the lag between the date of valuation and the date of sale creates the problem of valuation obsolescence, which explains why transactions close to the valuation date may be the most relevant for valuation. Therefore, valuations play an essential role in shaping market information by influencing the behaviour of market players. For example, a typical buyer needs the valuer's advice as a guide in negotiating the purchase of a property in an open market, while the valuer needs the data from recent property transactions in the market to arrive at the appropriate value. Hence, the market price is influenced by valuation as valuation is a product of the interpretation of the market (Baum et al., 2000). Therefore, error in valuation leads to price bias (McMillen and Weber, 2008). The relationship between market information and valuation is depicted in Figure 2.4.

Figure 2.4: Relationship between market information and valuation

Source: Author

The relationship depicted in Figure 2.4 happens with the aid of intermediaries – the market players. Valuers serve more prominently in this position by the nature of their training. They serve as specialist information aggregators, thereby reducing the cost and risk for market participants (Mooya, 2009). Therefore, the value opinion produced by the valuer is considered the rule of the game for the market participants (Mooya, 2009). Therefore, the accuracy of valuation in meeting market price forms the basis of assessing the bias in valuation. Hence, the

place of a valuer in the continuum, as depicted in Figure 2.5, suggests that the valuer plays an intermediary role between property market information and reliable valuation estimate.

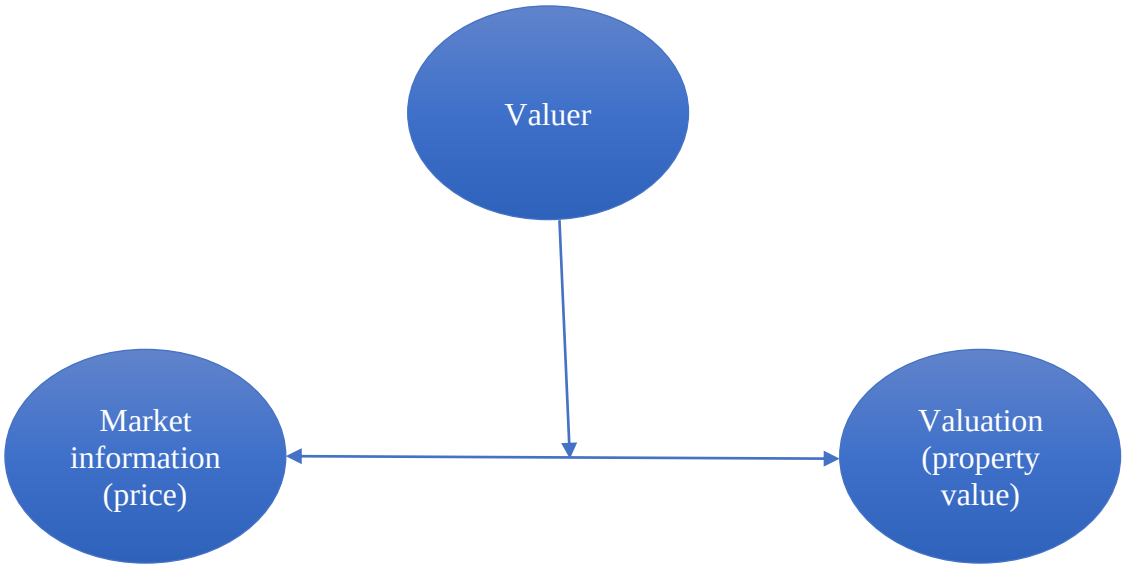


Figure 2.5: Property valuer mediating between market information and valuation

Source: Author

Valuers require diverse forms of information to produce a reliable value estimate that can serve as a surrogate for market price. While valuers' subjective input is significant to the valuation outcome, the role of market data is critical (Gilbertson and Preston, 2005; Ge and Harfield, 2007). Hence, the accuracy or otherwise of property valuation is a function of the inputs – the market data. For example, Babawale and Omirin (2012) assert that poor-quality information, client influence, and government regulations contribute to the complexity of the Nigerian real estate market for property valuation.

Furthermore, the study by Hordijk et al. (2011) shows that the peculiarities of different markets across countries affect the practice of property valuation differently. The authors studied valuation practice in eight different countries and found, among others, that valuation differs across countries, mainly because market data sources and reliability differ. According to the study, other factors distinguishing the practice of valuation across countries include the use of different valuation basis and methodologies. Therefore, the nature of the local property market affects the valuation practice.

2.6.1 Effects of market data challenges in the practice of property valuation

Property valuation is a function of market data (Brown, 1992). Hence, the lack or inadequacy of market data poses a significant challenge to valuation and, as a way to manage this, valuers anchor on their previous valuation or that of their colleagues (Geltner, 1993; Gallimore, 1996; Diaz and Hansz, 1997). The anchoring behaviour, however, introduces bias into the valuation. For example, in a thin market where market data are limited, vast difference exists between the subject property and comparable properties, especially in terms of time of transaction, location, and property specifications (Harvard, 2001a). Geltner et al. (2003) refer to this as a 'noisy signal' from which the valuer needs to extract the quality signal efficiently. When the "noisy signal" is high, the market evidence becomes less effective and reliable, thereby requiring more effort on the valuer's part in querying the available data further to bridge such a gap.

Generally, the real estate profession is information driven in nature. However, because of its diverse and idiosyncratic nature, the property market is regarded as information inefficient (Eng Ong and Brown, 2001; Garmaise and Moskowitz, 2004). Eng Ong and Brown (2001) liken real estate activities to a game with incomplete information where players lack information about other players' payoffs. For example, in property valuation, information about circumstances surrounding transactions that produced market data may not be available to the valuer. In such situations, decisions based on limited knowledge are fraught with uncertainty proportional to the significance of the missing information. Therefore, this peculiarity creates obstacles to the accurate assessment of property value and necessitates that appraisers have a thorough understanding of the behaviour of the property market.

Property data challenges vary depending on several factors, including the nature of the market, the type of information being sought, parties involved, and the institutions shaping the market. Uncertainties surrounding market data may be incomplete information, disparity among sources, vagueness, contradictions among data, data structure, time difference, and insufficiency of information, among others (Klir, 2006; Ajibola and Ogungbemi, 2011). Such experience is peculiar to the property market because of its imperfect nature. Hence, decision-making under these conditions requires further effort to reduce uncertainty.

Property valuers are exposed to diverse sources of information. These sources include in-house databases, professional colleagues (other valuers), building societies, market reports, auction reports, public institutions, other professionals like lawyers and engineers, informal real estate

agents, real estate developers, and the press (Awualh and Gyanfi-yeboah, 2017). Each source is associated with varied challenges (see Awualh and Gyanfi-yeboah, 2017), which affect their reliability and suitability for valuation purposes. A recent study by Abidoye and Chan (2018) attempts to establish the suitability of some data sources for better property valuation accuracy. The study finds that online listing data produce more accurate valuation than the prices from firms' databases and, therefore, a better data source for valuation. Issues of confidentiality and accessibility are the primary obstacles to data sharing among property market participants in developing markets. (Ajibola and Ogungbemi, 2011). Other challenges include the frequency of market disruptions and the unpredictability of economic variables, which reduce the period of time that previous valuations can be used as a basis for subsequent valuations. For instance, while the firms' in-house database, including the previous valuations, serves as one of the primary sources of data for valuation. Bretten and Wyatt (2001) caution valuers on the overreliance on such data because of the possible effects of the fluctuations in economic variables and changes in legislation which might have been introduced after the previous valuation. It means that even the in-house database may not be market-proven, raising a question of reliability. This caution is more critical in an uncertain environment with high market volatility.

2.6.2 The nature of the property market and property valuation practice

The behaviour of the property market plays a vital role in the practice of property valuation. For instance, authors have submitted that the true market value is not attainable because the market conditions required to achieve such do not exist (Babawale and Omirin, 2011; Mooya, 2009). More precisely, Mooya (2009) submitted that the profession of property valuation is in a precarious state because market conditions do not provide a sufficient basis for the conditions assumed in the definition of market value.

In addition, the nature of the market determines the strategy employed by market participants when providing professional services. This is because factors such as lease structure, land title, availability of market data, and market transparency vary between nations. An efficient property market is expected to support the use of any valuation method. However, depending on the nature of the market - thin, mature or immature, transparent or opaque - valuers may have to develop individualised approaches to valuation. Findings from previous studies lend credence to this. For instance, Hordijk et al. (2011), who studied the valuation practice across eight different European countries, found that valuation methodologies are country-specific. Also, Kinnard et al. (2002) found that 80% of valuers in the US used the sales comparison

method in appraising contaminated commercial properties, while 0% and 29% of valuers used the method in the UK and New Zealand, respectively. The authors attributed the disparity to the fact that data required for sales comparison method were more available in the US market than in the other two markets. In the same vein, McParland et al. (2002) found that valuers in Sweden prioritise discounted cash flow (DCF) method. In Africa, most South African valuers adopt sales comparison method (Mooya, 2015), while most valuers in Nigeria and Ghana were reported to emphasise costs and sales comparison methods (Abidoye and Chan, 2016).

From a mass appraisal perspective, d'Amako and Kauko (2008) observed that orthodox valuation methods might fail in some parts of the world where the property market is thin, and real estate information is unreliable and scarce. The authors further posed an intriguing question: "whether the property market context should exist for the mass appraisal methodologies, or should the mass appraisal methodology be developed for the appropriate property market context" (p. 290). Of course, the latter suffices, especially in a thin property market. Hence, the approaches developed by the operators in different markets and the motive for such behaviour should interest researchers.

Furthermore, authors have reported that valuers deviate from the normative valuation model, and this behaviour has been to the differences in normative training and diverse business cultures (Diaz, 2002; Diaz et al., 2002). However, sufficient attention has not been paid to the underlying cause of this deviation and disparities in practice cultures around the world.

Therefore, it is clear from extant literature that the nature of the local market is one of the significant factors influencing the valuers' behaviour and approach to valuation.

2.7 Factors contributing to uncertainties in valuation

Globally, valuers face challenges in the process of carrying out property valuation. These challenges, to a great extent, contribute to the uncertainty in valuation. Hence, this section discusses uncertainty in valuation and the position of literature in this respect.

Uncertainty is a term with multiple concepts that may arise due to many circumstances. Various types of uncertainty exist, as authors have defined the concept from different perspectives. From a general perspective, Dosi and Egidi (1991) defined uncertainty as a situation of unknown or inadequate information necessary to make a decision, which may arise from the lack of information or the incapability of economic agents to achieve their objectives due to

limitations. According to the IVSC's Technical Information Paper (TIP) 4, factors that could cause uncertainty in valuation are divided into market disruption, input availability, and choice of method or model (IVSC, 2013). According IVSC, market disruption refers to recent events which cause panic buying or selling or a loss of liquidity in the market thereby disrupting the market and impacting on the reliability of the valuation. Furthermore, input availability as a cause of valuation uncertainty refers to lack of relevant market evidence probably due to the unique nature of the asset. The choice of method or model as a source of uncertainty is when more than one method may be used for a valuation but the choice of the most appropriate method that represents the true market conditions becomes a problem.

Specifically, uncertainty reflects in property valuation in various forms. Primarily, uncertainty is associated with the lack or inadequacy of market information. According to Morgan et al. (1992), circumstances that may give rise to uncertainty of this nature include incomplete information, disagreement between information sources (information asymmetry), linguistic imprecision (that is, vague information), variability among pieces of information, insufficiency of information, and poor information structure. In this sense, uncertainty can come into valuation due to unknown or imperfect market information (French and Gabrielli, 2004; French, 2011).

In addition to the uncertainty caused by market information, studies on human decision-making have demonstrated that humans are rationally constrained by the cognitive limitations of resources, knowledge, and time (Gigerenzer and Selten, 2001; Furubotn and Richter, 2005). Valuers operate within the framework of these cognitive limitations (Amidu, 2011). Dosi and Egidi (1991) refer to this as procedural uncertainty, where the anticipated outcome of a task is constrained by the computational and cognitive capabilities of decision-makers. Other factors include professional incompetency, lack of training, and lack of experience.

Furthermore, evidence of clients' influence on valuation has been reported in the valuation literature from various parts of the globe. Clients often use various tools\powers to influence the valuation outcome. Such tools include reward/coercive power, information power, expertise power and business relationship threat, among others (Levy and Schuck, 1999, 2005; Amidu and Aluko, 2007; Chen and Yu, 2009; Nwuba et al., 2015b). Literature also proved that the nature of the property market influences clients' influence on valuation. For instance, Chen and Yu (2009) attribute the prevalence of client influence in Taiwan to a lack of market transparency.

The foregoing suggests that apart from the challenges of market data, valuers are also subjected to human cognitive limitations and clients' influence. This means that parties to valuation and the nature of the property market contribute to the uncertainty in valuation.

Addressing the issue of uncertainty in valuation, the Royal Institution of Chartered Surveyors (RICS) made provision for uncertain markets (markets susceptible to change) in its 2017 Global Valuation Standards (Red Book). The standards elucidate some conditions that may have material effects on valuation certainty, which include the status of the valuer, that is, the valuer's skill and experience; peculiar characteristics of the subject property; restriction on information, that is, limited market data; and disruption in the market as a result of financial, macroeconomics, legal, political or natural event. Others include market liquidity and low market activity; and market volatility, that is, unforeseen financial, macro-economics, legal, political or natural occurrences. The prominent recurring theme from these submissions is the connection between the nature of the market, human cognitive limitations, and the valuation outcome.

Uncertainty in property valuation has been of concern to stakeholders in the property profession for over two decades. The apparent debate started in 1994 as a result of the Mallinson Report (Mallinson, 1994), which suggested in recommendation 34 that the Royal Institution of Chartered Surveyors (RICS) should prescribe a harmonised means of measuring and expressing uncertainty in valuation. The RICS (2002) (Carsberg Report) also reiterated in Recommendation 15 that 'RICS should commission studies to establish an acceptable method by which uncertainty could be expressed in a manner which will be helpful and will not confuse users of the valuation'. This is meant to protect the credibility of the valuation profession and ensure the clients are well guided. However, these submissions from the two reports seem to have patterned the conceptualisation of the valuation uncertainty. Since then, subsequent studies have taken varied dimensions but focused primarily on how best valuers can report the certainty of valuation to the end user.

Researchers' contribution to this discussion confirm the presence of uncertainty as an element of concern in property valuation, though with different dispositions towards addressing it. For instance, Brown et al. (1998) suggest that uncertainty is an inherent part of property valuation and that little can be done about it; others believe that the use of Automated Valuation Models (AVMs) can mitigate the effects of uncertainty on valuation.(Lorenz, et al., 2006; French and

Gabrielli, 2005; Hoesli et al., 2006; Loizou and French, 2012). While it has been proven that AVMs and Artificial Intelligence (AI) techniques can produce more accurate valuations (Abidoye & Chan, 2017b), it is essential to note that the models require massive data to run optimally, and most developing markets lack such a database. Furthermore, a recent study has shown that Nigerian valuers are receptive to adopting AI valuation techniques due to a lack of skills resulting from the non-inclusion of the techniques in academic and professional training (Abidoye & Chan, 2017a).

The majority of the studies, including those earlier mentioned, responded to the calls of Mallinson and Carsberg's reports by prescribing different ways by which valuers can express and report the certainty of valuation to their clients (Mallinson and French, 2000; Joslin, 2005; French and Gabrielli, 2005; Adair and Hutchison, 2005; Adair et al., 2005; Lorenz et al., 2006; Kucharska-Stasiak, 2013; Jansen van Vuuren, 2017). To this end, several methods of reporting uncertainty have been suggested, including verbal, ranking, statistical (numerical), and use of confidence scores (Mallinson and French, 2000; RICS, 2014; French and Gabrielli, 2004; Jansen van Vuuren, 2017). This suggests that, despite the reality of valuation uncertainty, the literature suggests that the immediate solution is to communicate valuation certainty to clients. Even with this, the literature does not appear to have reached a consensus on the most appropriate method for reporting uncertainty. However, focusing solely on how uncertainty can be reported suggests it is accepted that nothing can be done to mitigate its effects. Brown et al. (1998) criticise this approach and suggest that the focus should be on valuation errors caused by poor market information or poor valuation practice. This points to the need to deal with the root cause. However, understanding the root cause is the first step toward achieving this.

Furthermore, the literature on valuation uncertainty and valuation challenges shows that most studies emanated from developed economies like the UK, the USA and Germany, while little has been done in the developing economies. The available studies from developing markets like Nigeria have concentrated mainly on issues like the existence and effects of valuation inaccuracy, valuation variance, and clients' influence (Ogunba and Ajayi, 1998; Amidu and Aluko, 2007; Otegbulu and Babawale, 2011; Babawale and Ajayi, 2011; Babawale and Omirin, 2012; Babawale, 2013a; Nwuba et al., 2015b; Adegoke, 2016). They fail to holistically examine the nature of the market and the uncertainty subsisting in it. This suggests that issues of uncertainty are under-researched within the context of developing economies. However, the recent growth in foreign investment coming into sub-Saharan Africa (PricewatterhouseCoopers [PwC], 2017) calls for higher accuracy and reliability in property

valuation services. Ironically, developing markets seem more uncertain as they are mostly immature (JLL, 2016).

Therefore, understanding the challenges that valuers face in the course of carrying out valuation within the structure of the property market is needed to minimise and better manage uncertainties associated with valuation. Figure 2.6 depicts valuers' interaction with the identified challenges in the process of playing the intermediary role between property market information and reliable valuation estimate.

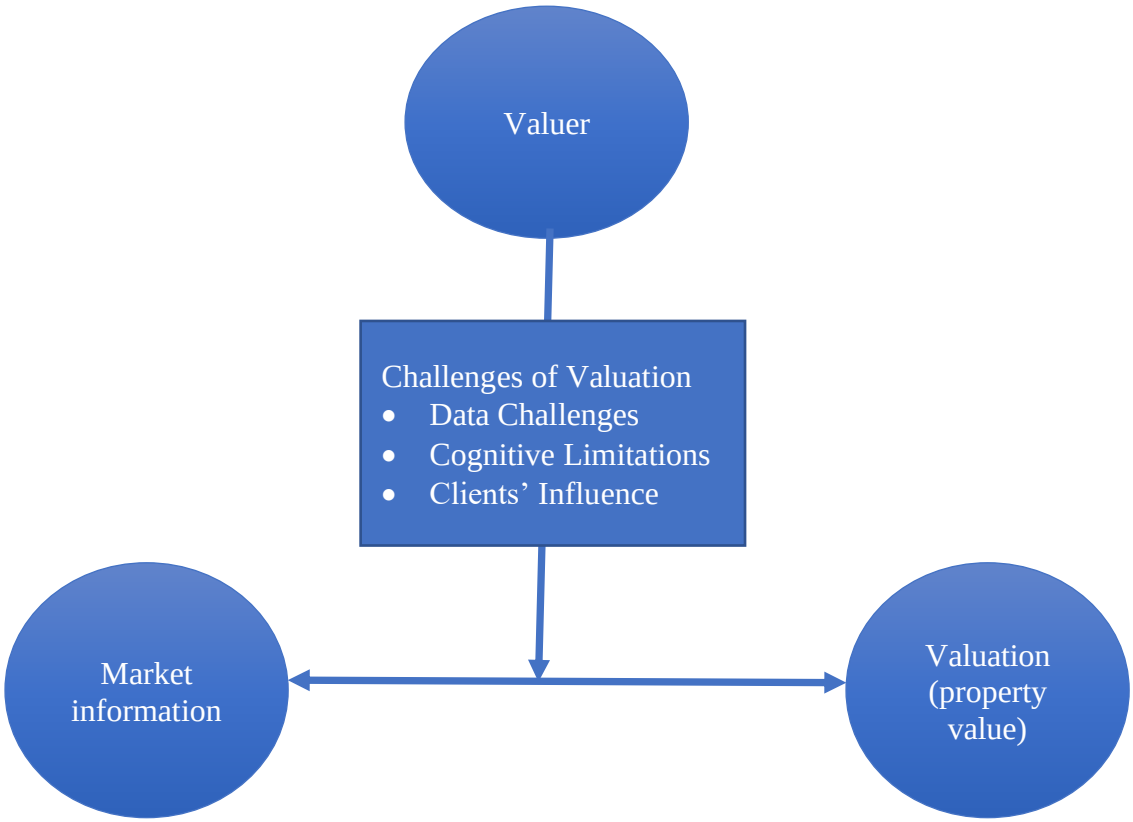


Figure 2.6: Challenges valuers face in the course of valuation

Source: Author

The following sections present further discussions on the three challenges.

2.7.1 The nature of data challenges in property valuation

Market data provide information about recent transactions in the market, including property description, identity, sales/rental information, and technical and economic features of the property (Ingvarsson, 2013). This agrees with the opinion of de Soto (2000) that the purpose of a property system goes beyond recording and organising land and property assets. For this reason, the need for better market data has generated enormous discussion in the literature. However, property data is still associated with various challenges across the globe. Challenges of property market data could be in varied dimensions. For example, market transactions in thin markets are limited; therefore, adequate data needed for accurate decision-making in valuation in such markets are scarce. The unavailability of market data may be due to the subject property's unique nature, which makes comparable data scarce in the market (Mooya, 2009). Such data scarcity is common with special properties. This has been found to be the reason for the high degree of valuation error associated with complex valuation assignments (Awuah and Gwamfi-Yeboah, 2017). The complexity of the subject property in terms of design and material specifications has been identified as one of the most significant factors responsible for valuation inaccuracy (Babawale and Omirin, 2012; Abidoye et al., 2021).

Lack of data assemblage also poses the challenge of accessibility to data. Most developing nations have a low rating in market transparency because of the challenges of data availability and accessibility (JLL, 2016; Olapade and Olaleye, 2019). This is because most developing markets, including the Nigerian property market, lack formal data assemblage systems. Several authors have identified the lack of databank as the bane of data challenge in most Sub-Sahara African countries (Ogunba and Iroham, 2011; Babawale, 2013a; Adegoke, 2016; Mohammad et al., 2018). Furthermore, challenges of data assemblage and sharing include non-uniformity of data over the space of time under coverage, inconsistencies in the structure of different data types and sources, lack or insufficiency of information about transactions leading to the data like the medium of sale, parties involved, among others(Ajibola and Ogunyemi, 2011). While the confidentiality of parties involved in the transaction is essential, the regulatory bodies and valuers are encouraged to put in the effort to ensure the availability of adequate data (RICS, 1994).

The paucity of verified market data is a phenomenon prominent in the Nigerian property market. This challenge is common in developing markets because, unlike in developed markets

like the UK, information disclosure is an issue of concern in developing countries like Nigeria and Ghana, where information about property dealings is always shrouded in secrecy (Adair et al. 1998; Awualh and Gyanfi-yeboah, 2017). A recent study shows that most European countries have centralised database where records of property transactions executed within the market are recorded and shared (Tomson, 2016). This adds to the quality and reliability of data in such markets.

Also, data sharing among market players is challenging especially in developing markets. The need for valuers to combine data from varied sources for better decision-making makes data sharing among market participants important. However, the practice of valuation in Nigeria is dominated by small firms mostly owned by one or two individuals. It has been found that such small firms resist information exchange (Adair et al., 1998). Evidence from the literature suggests a poor data-sharing culture among practitioners, especially where there are no institutional frameworks to enforce it. For example, Rowley and Fisher (1998) and Awuah et al. (2017) find that valuers use their in-house data more than other sources, including other practising colleagues. A recent study has also found that factors including confidentiality, lack of cooperation among practitioners, the accuracy of data, and duty of care to clients impede data sharing in Nigeria (Olapade and Olaleye, 2018). Also, traditional beliefs, religious sentiments, and confidential clauses associated with real estate transactions greatly influence data sharing in the Nigerian property market. Religion is a burden and a clog in the wheel of progress in the Nigerian public sector (Ayantayo, 2009). This reflects in Nigerians' approach toward sales of real estate assets. There is a cultural belief among Nigerians, especially in the south-western part of the country where Lagos is located, that selling one's landed property is a sign of distress, bankruptcy or failure. Hence, people would not divulge information regarding the sale of their properties. For this reason, most property sellers would not want the information about the transaction to be made public. The practice significantly affects the availability of market data. In the same vein, the confidentiality of information represents an obstacle to the free flow of data in the market. This is because the information does not belong to the property consultant (Adair et al., 1998). Transaction data belong to transaction parties (buyer and seller); hence, property consultants require the consent of their clients before making information about property transactions available for other market players to use (Adair et al., 1998). For example, Olapade and Olaleye (2018) find that confidentiality is the most significant factor influencing data. Therefore, data sharing is a great concern in an environment like Nigeria, where people hardly divulge information about their property deals due to socio-cultural beliefs and security reasons. The confidentiality clause associated with real estate

transactions often impedes data sharing. Nevertheless, the recent advancement in technology, especially the advent of social media platforms, has made data sharing faster and less cumbersome. However, information on social media platforms is associated with reliability and quality challenges. For instance, Agarwal and Yiliyasi (2010) found that information from social media is fraught with quality challenges.

Another feature of information in the property market is information asymmetry. This is when one party possesses better information about a property than the other in a contract or when parties possess different information about a property, thereby holding different perceptions of such a property (Eog Ong and Brown, 2001). It could also be a situation where each party has an advantage of certain information in a transaction (Garmaise and Moskowitz, 2004). In such a situation, each party may misrepresent the information to the other for their benefit. For instance, Williamson (1975) asserts that information asymmetry may result from deliberate action by the parties involved in the exchange. It may be a case of opportunism whereby a privileged party in the custody of important information intentionally misrepresents the information to the other party to gain certain advantages over the other. In the case of valuation, the buyer has the advantage of information about factors affecting the values of properties in a locality. At the same time, the seller is better informed about the conditions of the property in question (Garmaise and Moskowitz, 2004). Hence any of these parties may mislead the valuer concerning the piece of information in which he/she has an advantage. In such cases, the uncertainty is high and would require that the valuer probes the market deeply to confirm and establish the appropriateness of the information. The need for further investigation of the available data demands the expertise and dexterity of the valuer, which translates to higher transaction costs. In line with this, Buitelaar (2004, p.33) states, “the higher the uncertainty, the higher the need for uncertainty reduction, and the higher the transaction costs”.

Furthermore, government agencies like Land Registry are expected to be the custodian of reliable information on real estate transactions. According to section 21 of the Land Use Act of 1978, alienation of property by assignment, mortgage, sublease, or transfer of possession requires Governor's consent to be valid. It is therefore expected that Land Registries across the states would have adequate records of all real estate transactions within the geographical boundary of such state. However, it is unfortunate that reality in the Nigerian property market is far from this. Only a negligible percentage of alienation of real estate property is done with the Governor’s consent and, subsequently, recorded in Land Registries. For example, only about 3 per cent of property owners have a Certificate of Occupancy (CofO) (the legal

document that shows government-approved ownership of real estate assets) in Lagos state (Ashaolu and Olaniran, 2016). In another instance, what Ashaolu and Olaniran (2016, p. 168) refer to as the practice of 'double agreement' is rampant in Nigeria. This is when two different sale documents are prepared for a single sale transaction – one reflecting the actual sales price and the other a far lower price. Then, to reduce the statutory charges (tax) on the transfer of an asset, the document bearing a lower price is submitted to the registry for documentation.

2.7.2 Challenges of cognitive limitations

As human decision-making studies have established, the concept of bounded rationality explains that human beings are limited by the cognitive limitations of resources, knowledge, and time, among others (Simon, 1979; Simon 1981; Gigerenzer and Selten, 2001; Furubotn and Richter, 2005). They do not possess perfect knowledge because of the composite nature of the knowledge itself and because some tasks could be too complex to have one true answer (Handmer, 2008). Therefore, as human beings, valuers execute professional duties within the framework of these cognitive limitations (Amidu, 2011) and, as such, are subject to inherent uncertainty. For instance, the valuer may not have enough time to conduct a thorough market survey and analysis or lack experience in valuing certain types of properties. Dosi and Egidi (1991) refer to this as procedural uncertainty, in which decision-makers' computational and cognitive capacities constrain task outcomes. This constraint usually involves the decision maker's experience, education, training, and working environment.

Furthermore, behavioural property research, which anchors on the study by Newell and Simon (1972), is premised upon the fact that human beings are limited in memory and problem-solving capacity. This natural limitation explains the need for continuous improvement through education, training, and skill acquisition. Basically, factors contributing to the degree of expertise a professional displays include formal knowledge/education, on-the-job training, and accumulated experience (Bellman et al., 2016; Amidu et al., 2019). For instance, studies like Bellman et al. (2016) have shown that the quality of formal education valuers receive may affect the quality of the valuer's judgement. These limitations, therefore, shape individuals' reality and thought patterns upon which judgement and decisions are based (Bellman and Ohman, 2016). Hence, the valuation quality may be affected if a valuer is significantly limited in any of these factors.

2.7.3 Challenges of clients' influence

It is natural for human beings to utilise their competitive edge to influence the course of things for their benefit. This phenomenon plays out between valuers and clients as it has been reported that clients are found to use whatever advantage they have to influence valuers' decisions. Achu (2013) defines clients' influence on valuation as any form of action (in the form of pressure or feedback) from clients to change the outcome of property valuation. Therefore, since the influence of the client on valuation introduces bias into valuation, valuers' strategies for managing these influences determine the reliability of the valuation. Based on this, there has been a commendable research effort on client influence among real estate researchers.

Studies have shown that clients influence valuation through various means. The study by Levy and Schuck (1999) was among the pioneering studies on this subject. The study produced a comprehensive framework that spelt out the factors affecting client influence and the tools clients use to influence valuers to do their bid, including reward/coercive power, expertise power and information power. The framework developed by Levy and Schuck (1999) has served as the foundation for most subsequent studies.

Pressure to influence valuation comes from varied categories of clients. For example, it has been found that clients' influence is more frequent with valuation for mortgage purposes than other valuation purposes (Nwuba et al., 2015b). Furthermore, Smolen and Hambleron (1997) identified three types of clients that commonly influence valuation: mortgage banks, commercial banks and savings and loans. Similar to this, Levy and Schuck (1999) identified bankers and developers as clients who often pressurise valuers in different directions. So, while bankers demand a downward review of value, developers are always interested in an upward review of value. However, while it is reasonable that both categories of clients apply pressure on valuers for their interests, the two directions of pressure influence valuation.

Furthermore, among factors that increase the susceptibility of valuers to client influence include the fact that the valuer's fee is based on the value of the property and because the valuer's income is based on the continuous business relationship with the lending organisations (banks) (Fletcher and Diskin, 1994). Therefore, clients' promises of increased fees and future jobs are common tools that clients use to pressurise valuers (Nwuba et al., 2015b).

Also, influence can come into valuation at any stage of the valuation process. That is, clients can influence valuation at the pre-instruction stage, instruction stage, valuation stage, and draft valuation stage (Achu, 2013). According to Achu (2013), the point at which a client brings

influence into valuation, and the degree of interference may vary based on variables such as the sophistication of the customer, the reason for the valuer, and the value of the subject property. It means that every step of the valuation process should be subject to appropriate examination.

Studies have also shown that the dynamics of client influence are different across markets. For instance, differences in business environment and language can make market players behave differently. Chen and Yu (2009) established that though clients' influence exists in Taiwan and Singapore, the degree and extent of occurrence differ because of the differences in business culture, communication medium and level of development of the valuation industry. Similarly, Nwuba et al. (2015b) find that the dynamics of clients' influence differ across regions in Nigeria.

However, while it has been established that clients' influence exists within the context of both the interest of the client and the integrity of the valuer, most of the available studies mainly emphasise the means through which clients influence valuation outcomes. In contrast, the resultant behaviour of valuers to such pressure has not been emphasised.

2.8 Summary

This chapter provided a summary of the extant literature on fundamental concepts associated with the subject of this study. The review revealed the contributions of prior research to the understanding of the relationship between these concepts and the phenomenon under investigation. The review also uncovered the link between property market behaviour, market information, and property valuation, as well as the role of property valuers in the property market's operation. Additionally, the issues involved with property valuation and the attempts of researchers to address them were examined. However, the literature left gaps which necessitated this type of study. For instance, it is obvious from the literature that challenges regarding valuation are more prevalent in developing markets due to the environment's specific characteristics. However, research on the behaviour of property markets in developing nations is limited. Researchers have not paid sufficient attention to how the particular nature of the market influences the practise of valuation. In addition, previous studies on valuation uncertainty, valuation challenges, and valuers' behaviour have not focused on the precise coping strategies valuers employ when confronted with the numerous challenges they face when providing valuation services.

In conclusion, this chapter demonstrated that the current issues facing property valuation practice are attributable to market uncertainty, for which valuers employ professional skills to achieve a subjective value opinion. Valuers demonstrate these skills within the limited human cognitive ability and a pool of external influences. However, knowledge about the nature and sources of valuation uncertainties in developing markets and how valuers behave in an environment fraught with high uncertainty is limited. Therefore, it is believed that an investigation into the nature of such a market and the response of valuers to the associated uncertainties would considerably add to the existing body of knowledge.

CHAPTER THREE

THEORETICAL AND CONCEPTUAL FRAMEWORK

3.1 Preamble

A theory is essential for producing knowledge as it occupies the centre of scientific knowledge. Definitions of theory from different authors seem to have the same themes and characteristics. Imenda (2014) summarised the writers' perspectives on the definitions of theory and concluded that theory is a set of interrelated propositions or systematic points of view that specifies the relationships between ideas to explain and/or predict events. Strauss (1995) describes theory succinctly as a model that explains why the world is the way it is. Consequently, a theoretical framework guides a research journey (Sinclair, 2007; Creswell, 2014). In the same vein, a conceptual framework is a product of synthesised theory(ies) and empirical evidence to produce a broader understanding of the research problem (Imenda, 2014). This section explains the theoretical and conceptual framework that underpins this study.

3.2 Theoretical foundation of behavioural studies in property valuation

There has been a fair attempt in the literature to explain valuers' behaviour and their decision-making process. For example, studies have reported that when the required data are not available or accessible, valuers resort to heuristic behaviour which exposes valuations to bias and clients' influence (Gallimore, 1994, 1996; Adegoke and Aluko, 2007; Amidu, 2011; Mooya, 2016). Generally, heuristic refers to the behavioural model (rule of thumb or shortcut) that humans apply in making decisions under constraints (Gigenzer and Todd, 1999; Todd and Brighton, 2016). There are variants of heuristic tools, and the common ones include anchoring-and-adjustment heuristics, availability heuristics, representativeness heuristics, and positivity heuristics (Tversky and Kahneman, 1975; Evans, 1989; Harvard, 2001b). However, anchoring and adjustment have been the principal heuristics reported in the valuation literature, while others are conspicuously absent (Diaz and Hanz, 2001; Hansz, 2004; Bokhari and Geltner, 2011; Amidu, 2011; Scott and Lizieri, 2012), save few studies like Iroham et al., (2014). Anchoring, as a heuristic tool, is a way to subdue the cognitive limitations inherent in the valuation process, especially when necessary information is unavailable (Amidu, 2011). Morgan et al. *(*1992) assert that man resorts to cognitive heuristics as strategies to cope with uncertainty, whereas these strategies often introduce error and bias into human judgement. Diaz (2010) also observed that the apparent human cognitive limitations coupled with the inefficiency in the property market create friction that valuers tackle through heuristic behaviour. In the world of statistics, it is believed that an increase in information reduces

uncertainty (Tabak, 2014). However, access to a large and accurate data set is not always possible, especially in the case of valuation practice in an uncertain environment. Hence, valuers' ability to get the best out of the available information becomes essential in this circumstance (Tabak, 2014).

Furthermore, while the research effort in this regard is commendable, the actual underlining motivation for the heuristic behaviour is still unclear in the literature. For instance, Hardin (1999) opines that the heuristic bias found in research could either be due to the lack of specific expertise on the part of valuers or its application during the research process. The author then concludes that it is not enough for research to show that valuers exhibit heuristic behaviour; it is important to probe further into the reason for such behaviour. Hardin (1999, p. 348) adds that "a generic argument for heuristic bias due to the ill-structured environment of real estate is insufficient". Then some critical questions emerge - how do valuers practice heuristics?; could it be that valuers irrationally resort to heuristics to avoid some "costs" associated with extensive data search and market research, thereby disguising under the fact that valuation is an art? These questions call for a deeper understanding of the reasons behind heuristic behaviour among valuers.

Property valuation derives its theoretical foundation from the neo-classical economic theory (Mooya, 2016), which lacks the capacity to demystify the uncertainties surrounding property valuation. This is because of the weaknesses of basic assumptions of neo-classical economics. According to North (1990) and Colander (2000), neo-classical economics is based on three main assumptions. First, there is perfect allocation of resources; that is, buyers and sellers have perfect information about market prices, and the perfect interaction of demand and supply determines the market price. Second is the assumption of perfect rationality; that is, the individual decision maker has an unrestricted capacity and complete information to make optimal decisions. The third assumption is methodological individualism which means that individual's decisions are mainly objective and not influenced by external factors. Succinctly, all market participants are rational in a neo-classical world, and they maximise behaviour with no information problem (D'Arcy, 2006). Going by this perception of the market, the market value exists independent of valuers and can easily be determined by any scientific method (Mooya, 2009).

More importantly, the definition of market value, which is the most important bases of value, is derived from neoclassical thinking. International Valuation Standards 2020 defines market value as

> "Market Value is the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." (IVSC, 2019).

While defining the conceptual framework within which the above definition is applied, IVSC (2019) states in IVS 104 paragraph 30.2 (h) that:

> "Where the parties had each acted knowledgeably, prudently" presumes that both the willing buyer and the willing seller are reasonably informed about the nature and characteristics of the asset, its actual and potential uses, and the state of the market as of the valuation date. Each is further presumed to use that knowledge prudently to seek the price that is most favourable for their respective positions in the transaction.

It is obvious that the definition and the basis are based on neoclassical framework.

However, the capability of the neo-classical school of thought to explain the workings of the real estate market can be refuted on many grounds. First, the assumption of product homogeneity sees similar properties as perfect substitutes for one another, whereas a bunch of differences could exist between similar properties located within the same neighbourhood. It is therefore expected of valuers, apart from searching for recent transactions on similar comparables, to exhibit professionalism in identifying all the similarities and dissimilarities of the extrinsic and intrinsic features between the subject and the comparable properties. Secondly, the assumption of the existence of many buyers and sellers presupposes sufficient evidence of transactions in the market; hence only the forces of demand and supply in the property market determine property values. While this assumption appeals to rational reasoning, it excludes some conditions of a thin market where sufficient market data do not exist and where comparables may not exist due to the unique characteristics of the subject property. Third, the assumption that an individual can consistently make perfect decisions is refuted because human beings are cognitively limited, lacking what it takes to make perfect decisions consistently.

In light of this, Agboola (2015) concludes that:

"*Mainstream neo-classical approach which dominates the study of economic phenomena does not provide an adequate theoretical perspective for a full understanding of how real estate market works. Neo-classical principles provide substantial heuristic insights about the property market based on the assumptions of perfect competition, utility-maximising individuals and the resultant equilibrium price and rent which is achieved from the interplay of the forces of demand and supply. However, given the real world of positive TCs* [Transaction Costs]*, the neo-classical principle is a simplistic and impossible normative standard" (p.* 424).

It is, therefore, reasonable to conclude that neo-classical economics lacks the necessary measures to address the three previously mentioned sources of valuation uncertainty. First, the assumption of perfect information and enough knowledge among market participants cannot explain the behaviour of market participants in the presence of imperfect market information and a lack of suitable knowledge. Second, the assumption of a rational decision cannot account for the actual human nature of limited knowledge. Third, the concept of methodological individualism cannot explain the decision maker's behaviour under the impact of clients' influence in the valuation practice.

The search for a better explanation for valuers' behaviour around uncertainties has led to a shift towards behavioural studies in property valuation in recent times (Diaz, 2010). Such studies have been conducted in varied dimensions across the globe (see Diaz and Hansz, 2007; Klamer et al., 2017). However, the prevalence of inaccuracy issues in property valuation indicates the necessity for a more pragmatic approach to studying the behaviour of valuers. The focus of previous behavioural studies in valuation also calls for concern. Most of the available studies in this area have been on the valuation process, specifically emphasising four major aspects: valuation models, comparable selection, biases and client-related impacts (Diaz and Hansz, 2007; Amidu, 2011). Behavioural research in property valuation has its root in the human problem-solving theory from cognitive psychology developed by Newell and Simon (1972) and Simon (1978) (see Diaz and Hansz, 2002; Diaz and Hansz, 2007). This theory assumes that human being resorts to heuristic behaviour as shortcuts when faced with uncertainty. However, heuristics behaviour generates biases which the theory itself cannot explain. Diaz (2010) confirms that these psychological-based real estate researches lack economic footing and calls for a more pragmatic theoretical approach by asserting that:

"I have heard the argument that all real estate research is behavioural because every one of us is trying to model human behaviour in real estate environments. Of course, I agree with this broad generalisation, yet it does trivialise the distinctiveness of a behavioural point of view, for along with the point of view comes a set of theories and methods that are not yet compatible with the theories and methods attached to the economics/ finance approach to real estate research. We all look to the enriching day when the various theories and methods can come together in an overarching approach to research that will doubtlessly quicken the pace and deepen the reservoir of knowledge generation in the real estate discipline" (p. 204).

Therefore, it is evident that both the theoretical foundation of property valuation and the theory upon which behavioural studies in property valuation are not adequate to offer an appropriate conceptualisation of uncertainty and explain valuers' behaviour around it. In line with this argument, Kucharska-Stasiak (2018), while analysing various myths about the concept of market value, submitted that value belongs to the economic category and should be conceptualised in an economics theory.

In light of the foregoing, it appears that the expansion of behavioural studies in the real estate literature necessitates using theories to explain some phenomena related to valuation practice. However, given the inability of the cognitive psychology theory and neo-classical economics to adequately address the phenomena, there is a need for an alternative theoretical approach. Studies have suggested New Institutional Economics (NIE) as the appropriate theoretical lens to study such a pluralistic environment as Nigeria's property market, which exists within the context of formal and informal institutions (Mooya and Cloete, 2012; Agboola, 2015; Omirin and Antwi, 2004; Gbadegesin, 2018). The present study takes this direction.

3.3 New Institution Economics (NIE): a brief introduction

The origin of the phrase "New Institutional Economics" (NIE) has been traced to the works of both Coase (1937) and Williamson (1975). While the concept was generated through Coase's study, the formulation of the phrase can be credited to Williamson. The coining of the phrase came as a way of distinguishing NIE from the "old institutional economics", which recognises the influence of institutions on economic behaviour but lacks the required analytical details (Kherallah and Kirsten, 2002). Many other studies from various authors followed this line of thought using the same phrase, hence the wide acceptability of NIE.

As a body of knowledge in economics, NIE brought a new dimension to the understanding of economic agents' behaviour. Precisely, NIE brings to the fore the importance of the roles of institutions within the framework of economic performance (Furubotn and Richter, 2005). The role of institutions as drivers of economic efficiency has been shrouded in obscurity by neo-classical economics, which sees economic efficiency under the "ideal typical condition of perfect information and foresight" (Furubotn and Richter, 2005, p. 1). Neo-classical economics theory lacks an explanation for what is responsible for the changes in the market structure (Van der Krabben and Lambooy, 1993). NIE extends the tenets of neo-classical economics by incorporating the roles of institutions and the importance and influence of transaction costs within the system (Dequech, 2006). It accommodates some important hidden factors germane to any process, as well as the effects of institutions, rules and challenges, and transaction costs they generate (North, 1991; Ostrom, 2005). In addition, Eggertson (2013) notes that NIE provides a theoretical framework for examining comparative economic systems, which was previously absent from the economics body of knowledge. In other words, NIE provides for both theory and institutions, thereby bridging the deficiencies of neo-classical and old institutional economics (Langlois, 1986).

In the process of recognising the role and influence of institutions within the context of economic behaviour, the early proponents of NIE extended the frontier of knowledge by developing new theories capable of explaining the behaviour of different institutional arrangements. According to Richter (2005), the theories of NIE include property rights analysis, transaction costs economics (TCE), the theory of collective action, and the principal-agent approach. Early contributors to these thoughts include Coase (1937; 1960), North and Thomas (1973), and Williamson (1975). Among these, TCE and property rights analysis are considered prominent fields. For example, a study by Richter (2005) revealed that all the six editors of collective volumes in the field of economics alluded to this fact. Other authors have considered TCE and property rights analysis as the core concepts in the NIE (Klein, 2010; Eggertson, 2013).

Transaction Costs Economics (TCE) occupies the centre position among the theories of NIE. According to Williamson (1975), the study of transaction costs occupies a vital position in the working of the institutional environment and thus deserves renewed energy. It is therefore considered the most useful theoretical contribution of NIE. As a result, TCE has received more attention from authors than other theories within the framework of NIE (Eggertson, 2013).

The application of theories of NIE is wide in scope. The theories have been widely applied across disciplines and embraced by varied fields of human endeavour. NIE is a multidisciplinary field. Therefore, contributions to various debates relating to it transcend the field of economics to include sociology and political science, business management and law, among others (Kherallah and Kirsten, 2002). However, Richter (2005) concludes that the application of NIE is still minimal, considering the potentiality of its applicability to virtually all economic issues. This limitation is evident in real estate literature as its application among real estate studies is hard to come by, especially in property valuation. Therefore, this study extends the application of TCE to the understanding of valuers' behaviour within an uncertain market.

3.3.1 Institutions

The term institution within the context of the NIE refers to a set of formal and informal rules guiding the interaction between individual and group economic agents (Searle, 2005). They are humanly devised constraints designed to govern the interaction among people and their expectations (North, 1990). Institutions are designed to reduce the uncertainty arising from human interaction due to the complexity of tasks and human cognitive limitation (North, 1990). It reduces transaction costs and enhances efficiency (Eggertson, 1990). There are formal and informal institutions. Formal institutions include laws, contracts, political systems, property rights, and markets, while informal institutions include sanctions, taboos, norms, value systems, traditions, religions, and sociological trends (Kherallah and Kirsten, 2002).

Constraints created by institutions determine the behaviour of economic agents. North (1990) compares this to the rules of the game in a sports competition which determine the conduct and behaviour of team members. As a result of the role of institutions and the nature of the environment they create, decision-making under uncertainty is framed by the existing institutional environment and human cognitive processes (Denzau and North, 1994; Clark, 1997, cited in Klein, 2000). Klein (2000) argues that the structure of individual behaviour under uncertain conditions is a product of ideology and institutions. In the words of Denzau and North (1994, p. 4), ideology refers to "the internal representations that individual cognitive system creates to interpret the environment". This suggests that human behaviour is formed out of framed beliefs and ideologies.

The influence of institutions on economic behaviour is diverse. Dequech (2006) identifies three major types of institutional influence: restrictive function, cognitive function, and motivational

or teleological function. According to the author, the restrictive function of institutions refers to the constraints on economic behaviour, which is the general perception about institutions. The cognitive function is the role of institutions in supplying information to individuals and their impact on how such individuals see reality, particularly in selecting, organising, and interpreting information. The motivational or teleological function of institutions is the patterning of the pursuit of the individual by institutions.

3.4 Transaction Costs Economics (TCE)

3.4.1 The concept and application of TCE

The Coase (1937) article on "The Nature of the Firm" emphasised the importance of transaction costs within the economics discourse. The concept evolves to correct the notion that the cost of transaction is zero. Under the assumption of neo-classical economics, it is taken that the decision makers acquire all the needed information and process the same at no cost; hence they make perfect decisions (Furubotn and Richter, 2005). This assumption, in essence, renders the existence of institutions inconsequential within the economic process and assumes that human being has unlimited capacity to process and utilise information. This is a fundamental flaw as it is hardly a real-world experience. Hence, the concept of transaction costs was propounded to correct this notion (Williamson and Ghani, 2012). Coase (1988) asserts that "without the concept of transaction costs, which is largely absent from current economic theory, it is my contention that it is impossible to understand the working of the economic system, to analyse many of its problems in a useful way, or to have a basis for determining policy" (p. 6).

Transaction cost is "the cost of carrying out a transaction by means of an exchange in the open market" (Coase, 1937, p. 1961). Hence, the exchange process within the market gives rise to transaction costs. These costs include the cost of information search, bargaining and decision-making, and policing and enforcement (Furubotn and Richter, 2005). The coverage of transaction costs is still a continuous debate among scholars. While Dahlma (1979) believes that the definition of transaction costs could be simplified as costs of imperfect information, Rao (2003) believes that such a simplified definition has lost some vital parts of transaction costs like differential costs and behavioural effects of each element of transaction costs.

Rationally, any task that requires inputs affected by unpredictable factors is susceptible to having a questionable outcome unless the decision maker pays adequate attention to the hidden transaction costs involved in the process. This requires some extra effort, time, and resources.

While several means of executing a task may be available to an economic agent, TCE suggests that a typical decision maker would execute the task in such a way as to generate the least transaction costs (Liang and Huang, 1998). In essence, transaction costs are seen as opportunity costs. For example, various sources of information are available to a valuer, and the choice of one or combination of source(s) that he/she would go for is based on a number of factors of which transaction costs attached to each option is significant. Also, though there are fundamental criteria for the choice of suitable valuation method for any valuation assignment, costs involved in accessing data needed for a particular method may influence the valuer's choice. The concept of TCE, therefore, gives theoretical explanations for why an economic agent chooses a particular behavioural route over others (Liang and Huang, 1998).

The limited ability possessed by a typical decision maker and the imperfect nature of the environment within which the decision is made, together with the need for optimal decision, lend credence to the importance of identifying the transaction costs inherent in the process of executing a task. Irrespective of the profession or the nature of the activity involved, a decision maker is expected to incur certain transaction costs as a rational human being to subdue the effects of human limitations and uncertainty in the environment (Furubutn and Richter, 2005).

3.4.2 What constitutes Transaction Costs

What constitutes transaction costs has been conceptualised differently based on the context and the field of discussion. Hence, transaction cost has diverse definitions (Eggertsson, 1990; Benham and Benham, 2010). For example, transaction costs are "all costs other than the cost of physical production" (Chung, 1994, p. 84, cited in Buitelaar, 2004). In essence, they are different from the cost of production. In line with this, the term "transaction" has been conceived as the delivery or movement of material or information for production purposes however, the delivery itself is not the production process (Furubotn and Richter, 2005). Transaction costs are also defined as the costs of "resources utilised for the creation, maintenance, use, change and so on of institutions of and organisations" (Furubotn and Richter, 2005, p. 48) which include the cost of information, negotiation, and enforcement. For Biuttelaar (2004), transaction costs are what organisations incur to make information available and reduce uncertainty. In essence, it includes what is required to acquire reliable information within an uncertain environment filled with institutional hurdles, bureaucracies, fluctuating economic variables and a dearth of information. Therefore, transaction costs cover the costs involved in developing the exchange process, maintaining such process, monitoring the exchange

behaviour, and minimising opportunistic behaviour within the exchange relationship (Williamson, 1985; Pilling et al., 1994). In the context of property valuation, transaction costs include the effort, time, and resources spent searching for data, validating the data, analysing the data, and presenting the information. It spans the entire evaluation procedure.

Another line of thought distinguishes transaction costs from production costs being emphasised in the neo-classical model. For example, Buitelaar (2014) clarifies the two concepts by classifying transaction costs as components of production costs, as depicted in Figure 3.1. Production costs are equated to the costs of producing goods under neo-classical economic theory, while under NIE, other costs (i.e. transaction costs) are added to the production costs. The transaction costs here consist of information costs and the costs of creating and using institutions (institutional costs). These are other unplanned costs aside from production costs which are often hidden and unforeseen.

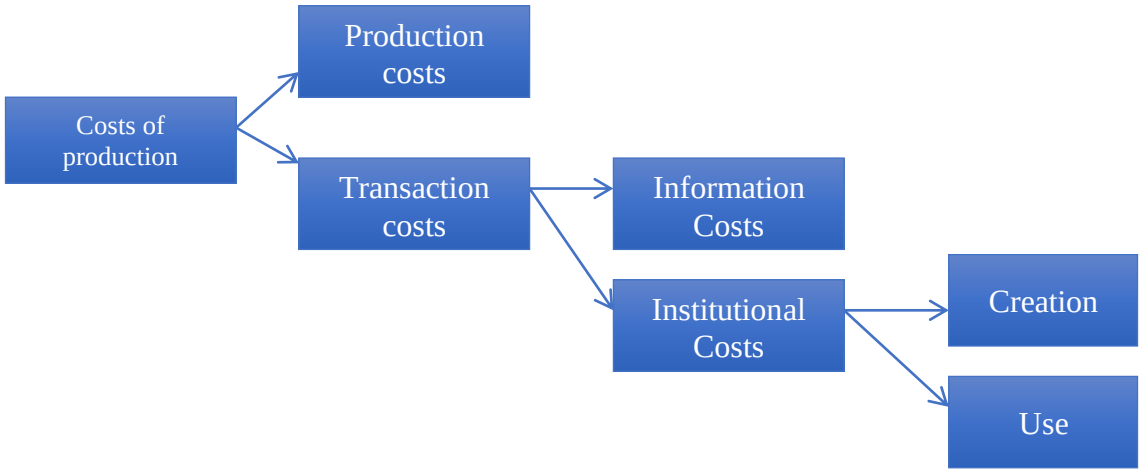


Figure 3.1: Analysis of costs of production

(Source: Buitelaar, 2004)

Therefore, it can be said that the valuation process involves more transaction costs than production costs. At least market data is sought and not produced. Hence, valuers face transaction costs in the search for information and the creation and use of institutions (Buitelaar, 2004). It requires effort, time, and resources to seek reliable data in the market.

3.5 Measuring Transaction Costs

One of the fundamental challenges of applying TCE is the ability to quantitatively and accurately measure the costs. Efforts toward measuring transaction costs have been challenging and are still being debated in the literature (Furubutn and Richter, 2005; McCann et al., 2005. In the opinion of McCann et al. (2005), transaction costs can hardly be measured accurately. Furubotn and Richter (2005) also observe that although volumes of studies exist on transaction costs, there have not been many efforts to establish universal measurement tools.

Issues relating to transaction costs in property valuation are crucial as the profession strives on information acquisition and processing. However, transaction costs are rarely considered in valuation literature. Hence, identifying transaction costs and accessing valuers' disposition to them are necessary to understand valuers' behaviour in uncertain market circumstances.

3.5.1 Components of measuring TCs (measuring constructs)

Despite the challenges in measuring transaction costs, as earlier stated, researchers from various fields have made remarkable progress in this direction. Such efforts have led to various constructs to measure transaction costs. Though most of these studies are outside the real estate field, much of their submissions are relevant to real estate research.

There is a diversity of opinions regarding the measurement of the transaction cost. Wang (2003) summarises various opinions and research directions on the concept of TCs by examining diverse schools of thought from varied authors. The author identifies seven perspectives: monetary/financial economics, Williansonian transaction cost economics, transaction sector, non-market transaction costs, environmental economics transaction costs, institutions and economic growth, and economics of identity. The financial economics' view sees transaction cost as the economic value of resources used in executing transactions (for example, brokerage fees). Williamsonian transaction cost economics measures the relative costs of conducting transactions through proxies like uncertainty, frequency of transaction, asset specificity, and opportunism. The transaction sector is a perspective of transaction costs that measures the aggregate value of resources used as the cost of transactions economy-wide. In contrast, the non-market transaction costs perspective emphasises costs emanating from the process of eliminating barriers to smooth operations in the market, like the cost of securing permission and bribing officials, among others. Environmental economics view measures the transaction costs involved in the working of emission trading and the costs of protecting the

environment. Furthermore, the institutions and economic growth perspective on transaction costs recognises the roles of institutions and measures transaction costs in proxy by identifying the cost of institutional efficiency or poor governance. Economics of identity's view of transaction cost claims that the identity of the decision maker matters in measuring transaction cost. That is, transaction costs should be agent-specific rather than transaction-specific. In general, all these perspectives agree on one point – that every transaction contains an element of cost of exchange. The nature of the cost could be monetary, resource, or effort. However, Wang (2003) affirms that non-market TCs are rampant in developing economies like Nigeria, where the informal sector is prominent. That is, the need to eliminate barriers to smooth operations in the market is crucial.

Transaction costs are classified into various types. Furubotn and Richter (2005) explain three classes – market transaction costs, managerial transaction costs, and political transaction costs. Market transaction costs refer to the information and bargaining costs, which are divided into three – search and information costs, bargaining and decision costs, and supervision and enforcement costs. Search cost was first described by Stigler (1961) as the cost attached to the phenomenon of canvasing various sellers and buyers in order to ascertain the most favourable price. Nelson (1970) adds that experience is also essential to finding information about a product; sometimes, the search may be too expensive. According to the authors, managerial transaction costs deal with the costs of executing the labour contract between a firm and its employees. These include the cost of personnel management and the cost of controlling the managers and the costs of monitoring the execution of orders. On the other hand, political transaction costs are the costs of supplying and running public goods. They also include the costs of running a polity.

Benham and Benham (2010, p. 108) see the measurement of transaction costs from the perspective of costs of exchange which they describe as the "opportunity cost faced by an individual to obtain a specified good using a given form of exchange within a given institutional setting". The authors affirm that exchange costs vary across countries, individuals, and groups. This variation across countries is premised upon the fact that countries differ in terms of institutions – formal and informal, level of corruption, social capital and legal frameworks. Across individuals, exchange costs may vary based on the level of specialisation in the exchange, negotiation skills, knowledge of the local market, and the extent of personal networks (Benham and Benham, 2010). It could also vary between transactions and contexts (Kreps, 1990).

However, several authors have applied the TCE framework to study and explain various phenomena in their various fields of endeavours, such as information technology sourcing Nagpal (2004), education (Neal et al., 2018), accounting (Everaert et al., 2010), consumer behaviour (Teo and Yu, 2005), among others. The typical approach among these studies is the adaptation of the basic concepts of TCE to the context of various fields of study and analysing of the analogous variables for understanding the phenomenon. This study adopts this approach by elaborating on the concepts of TCE and translating the same to the property valuation context to bring out the variables of transaction costs within the property valuation process.

3.6 Contextualising basic TCE concepts into property valuation framework

Property valuation involves a process of exchange of information, interactions of variables and objective analysis of the market, hence the existence of varied forms of transaction costs in the process. This section presents the analysis of transaction costs in the property valuation process from the perspective of the basic fundamental concepts of TCE.

3.6.1 Key concepts of TCE explained

TCE is premised upon a number of concepts which are classified into assumptions and attributes. The concepts are bounded rationality, opportunism, frequency of transaction, uncertainty, and asset specificity. These are the basis of TCE and the pointers to the sources of transaction costs. Scholars have examined these concepts and applied them to explain phenomena in several fields of study. The application of TCE in any field requires that these assumptions are well articulated and described in a way that explicitly reveals the applicability of TCE to the subject of discussion.

Coase (1937) first started with the concept of uncertainty and the complexity of the environment as the contributing factors to transaction costs. Williamson built upon Coase's submission by building the transaction cost theory on six sources. These are uncertainty, bounded rationality, opportunism, transaction frequency, impactedness, and atmosphere (Williamson, 1975; Hsieh et al., 2016). Williamson (1985) classifies the significant factors into three – asset specification, uncertainty, and transaction frequency. Therefore, these concepts are classified differently based on the author's perception and utilisation of the theory in most instances.

Generally, bounded rationality and opportunism are seen as the basic assumptions of TCE, while the latter three are classified as the variable or construct underlining transaction costs (Grover and Malhotra, 2003; Teo and Yu, 2005). Therefore, bounded rationality and opportunistic behaviour are the basic assumptions of TCE about human agents. Hence, they are the cognitive attributes of human beings which form the foundation upon which TCE is based (Fredikind, 2014). In an actual sense, the two assumptions are the causes of contractual inefficiency in economic allocation (Fredikind, 2014). The other three concepts – asset specificity, uncertainty, and transaction frequency are the variables or key attributes that determine the degree of transaction costs involved in a process.

In summary, while the assumptions of TCE represent the factors impacting transaction costs, the key attributes of TCE determine the extent of or impact of these factors on the costs.

3.6.2 Basic Assumptions of TCE

This section presents brief explanations of the basic assumptions of TCE while putting the analogous variables into the operational perspectives within property valuation processes.

(i) Bounded Rationality

The assumption of bounded rationality represents a contrasting paradigm and departure from the neo-classical economics theory of full rationality. It is the rejection of the assumptions of perfect knowledge, complete information and perfect decision-making by an economic agent. The concept proposes that human beings make decisions under a series of constraints, including limited time, limited resources and limited knowledge (Simon, 1979; Simon, 1981; Gigerenzer and Selter, 2001; Furubotn and Ritcher, 2005). A decision maker is limited in acquiring adequate information and in the ability to evaluate and process the available information to make an informed decision (Conlisk, 1996; Fror, 2008). Among valuers, such limitations relate to lack of adequate experience, lack of adequate training needed to execute valuation tasks effectively and limited time given by clients to execute valuation tasks. Therefore, valuers face transaction costs attributable to these limitations when making decisions.

Empirical evidence shows that the concept of bounded rationality is widely accepted and utilised as a realistic way to study and conceptualise human behaviour under uncertainty as it recognises natural human constraints as essential blocks in the decision-making process (Simon, 1979; Simon, 1981). As summarised by Furubotn and Ritcher (2005, p. 47):

"insofar as people are conceived as possessing limited and bounded rationality, it is clear that they must incur what we call 'transaction costs' and that nonzero transaction costs will be incurred no matter what sector of an economy the decision makers are conducting operations in and what type of activity they are performing".

Authors have utilised this concept to explain human behaviour in several ways. De Bruin and Flint-Hartle (2003) utilised the bounded rationality framework to analyse the behaviour of real estate investors in New Zealand, while Liang et al. (2017) examined investors' asset pricing behaviour using the framework of bounded rationality and anchoring-and-adjustment sentiments. Liang et al. (2017) also adopted the concept of bounded rationality from two aspects – limited attention and adjustment sentiments. Limited attention is when investors are limited in the amount of information they can react to among many in the market, while adjustment sentiment is when the limited computing capacity of investors affects their assessment of external factors determining the dividend. They find out that the combined effect of the two is often embodied in the loss.

While it is established that bounded rationality explains the reality of human limitation in achieving optimisation and because a point of perfection is rarely attainable by human beings, Simon (1957) suggests that the notion of 'satisficing' behaviour should rather be expected of decision makers. According to Simon (1957), satisficing is a decision-making process that embraces adequate rather than perfect results. It refers to the behaviour where the decision maker utilises all available alternatives beyond the minimum to attain an acceptable threshold for achieving a satisfactory outcome (Bruin and Flint-Hartle, 2003; Colman, 2015). Though what is acceptable or adequate is hard to define, de Boer et al. *(*2006, p. 450) see the satisficing level as where "the search for solution terminates as soon as a satisfactory solution has been found". Therefore, the targeted satisfactory solution is subjective and may be adjusted depending on the time and cost required. For instance, the aspiration level is adjusted down when it seems too expensive (de Boer et al., 2006).

Therefore, achieving an acceptable threshold involves some transaction costs, especially in an environment where information does not flow freely. For example, in a condition of "information asymmetry", where a party to a transaction possesses a piece of information that the other party does not have, and "information impactedness", where a party has information that cannot be costlessly found out by the counterparty (Williamson, 1975 cited in Rawlence, 2010, p. 85), transaction costs are expected to be incurred by the disadvantaged party. For

instance, when a client uses information power to influence a valuer, in order not to succumb to such influence, the valuer is expected to go the extra mile in searching and validating reliable information.

In summary, bounded rationality is the neurophysiological and language limit exhibited by human beings, which reduces the ability to behave rationally (Simon, 1957; Grover and Malhotra, 2003). In property valuation, valuers are limited in knowledge, skills, experience and training. This determines their ability to give reliable professional advice on the value of real estate assets. Valuers need to invest in costs to minimise the effect of these limitations on valuation.

(ii) Opportunism

Opportunistic behaviour refers to "self-interest seeking with guile" (Williamson, 1975, p. 26). It means that individuals like to satisfy their interests instead of the firm's interest. Therefore, a party seeks to take advantage of another to achieve a better deal due to having one form of advantage or the other over the other party. It is also a situation where a party takes advantage of the mistakes or deficiencies of others. The possibility of opportunistic behaviour is always present in any exchange relationship; therefore, precautions must be taken by parties to transactions to protect themselves. Hence, to be protected from this behaviour, parties to transactions incur certain transaction costs.

Opportunistic behaviour may take the form of deception, empty promises, withholding of vital information from the other party to create a situation of information asymmetry, presentation of false information to mislead the other party, or a subtle form of violation of agreement (Williamson, 1985; Grover and Malhotra, 2003; Rawlence, 2010). Opportunism behaviour depends on what is at stake for the party in a particular transaction. It also depends on the party's position in the information flow. If a party is in an advantaged position and has a high interest in the deal, there is a high tendency to exhibit opportunistic behaviour.

Human beings indulge in opportunistic behaviour to gain an advantage over others. Williamson (1985) refers to this as behavioural uncertainty. Hadmer (2008) observes that sometimes the uncertainty may not be harmful when it is used as a self-protecting tool, that is, to have the best deal of the contract. However, it may have a negative impact on the other party. Hence, opportunistic behaviour may be created deliberately by hiding or distorting information to keep the other party in a weak position, just as it has been reported that clients use information power

to influence valuers' judgement in order to achieve their targeted value (Levy and Schuck, 1999; Chen and Yu, 2009)

In every transaction or contract, when one party tends to be opportunistic, the other party tries to protect his/her interest or prevent the other party from such act. This gives rise to transaction costs (Grover and Malhotra, 2003). The right approach is to expect opportunistic behaviour from any exchange relationship and prepare against it (Williamson, 1993; Krzeminska, 2009). Stringent behaviour and close supervision of contractual relationships have been identified as tools for reducing opportunistic tendencies (Dwyer and Oh, 1988). When a party is aware of the opportunistic tendency of the counterparty and tries to prevent it either by monitoring, confirming, or detailed drafting of contract terms, transaction costs are generated (Williamson, 1975; Zhou and Poppo, 2008).

In the context of property valuation, the valuer/valuation firm is involved with clients on the one part and valuation field officers (employees) on the other. These two categories of parties tend to exhibit opportunistic behaviour. For example, authors have reported that clients have the habit of influencing the outcome of valuation to suit their interests (Worzala et al., 1998; Levy and Schuck, 1999, 2005; Crosby et al., 2004). Also, employees' dishonesty and lack of integrity have also become issues of concern to organisations (Wang et al., 2005; Febrina & Syamsir, 2020). For example, a field officer may be enticed by the client during valuation inspection to collaborate in influencing valuation. Therefore, checkmating such clients and staff requires a considerable investment. Furthermore, clients may to reduce the possibility of influences from clients, which may be through clients' refusal to pay the valuer's remuneration, the valuer may need to ensure a well-documented term of engagement is put in place. It is referred to as the cost of contract in TCE. Also, to discourage field officers from exhibiting opportunistic behaviour, there is a need for the emplacement of quality control and monitoring system in the firm's process, which guarantees proper scrutiny and confirmation of the submissions of field officers to ensure quality and accuracy. This is synonymous with monitoring costs.

3.6.3 Attributes/Constructs of TCE

The attributes or constructs of TCE are the identified basic concepts influencing the assumptions of TCE. These factors determine the impact of bounded rationality and opportunism on Transaction Costs. They include frequency of transaction, uncertainty and asset specificity.

(i) Frequency of transaction

Frequency simply refers to the rate of recurrence. It is understandable from an economic perspective that recurring activities result in an advantage of economies of scale. Hence, organisations tend to internalise the production of what they frequently use while it is too costly to produce internally what is not needed frequently. Likewise, frequent services are better executed in the service industry using internal resources (Williamson, 1985). From the accounting perspective, Everaert et al. (2010) operationalised frequency of transaction as the accounting task's periodicity and the accounting activity's size, both of which vary across companies. The accounting task, in this case, may be carried out daily, weekly, monthly or yearly, while the task size relates to issues like the number of invoices to be processed. Teo and Yu (2005) also relate this to whether a firm should have an in-house management consultancy services department or outsource the services to external consultants. The decision depends on the frequency of such services. Furthermore, using transaction costs theory to explain open innovation among start-ups, Hsieh et al. (2016) likens transaction frequency to the use of unique patents for start-up products and suggest that the start-ups should purchase patents from the market if the frequency of use is low and vice-versa.

The frequency of transactions also influences transaction costs in the property valuation process. A valuation firm with a high turnover of valuation assignments may need to internalise some services, like quantity surveyors, while such service is better outsourced if the frequency of use is low. Also, in the condition of lack or paucity of market data, a firm with a high volume of valuation jobs tends to rely more on the robustness of its in-house database than a firm with fewer valuation assignments. The frequency of involvement in agency practice (buying, selling, leasing and letting of property) can also influence the tendency of a valuer to rely on the agency experience for value judgement. This is because a valuer can generate market data by searching and relying on experience. Experience is often resorted to when data is scarce or searching for it becomes problematic. In such cases, the experience becomes the cheaper information procedure (Nelson, 1970).

However, because valuation is market-based, no matter the volume of transactions or the share of the market a firm has, it only represents a small fraction of the larger market. Hence, the greater portion of data needed for an objective valuation is transacted outside the valuer’s firm. Therefore, valuers are expected to search for market-based information for any valuation exercise diligently.

(ii) Uncertainty

Uncertainty is the decision maker's inability to predict or consider all expected conditions (Williamson, 1985). According to Liang and Huang (1998, p. 32), "uncertainty refers to the cost associated with unexpected outcome and asymmetry of information". Uncertainty contributes to the transaction costs arising from bounded rationality and opportunistic behaviour. Grover and Malhotra (2003, p. 460) put this as "the effects of the bounded rationality constraint are accentuated by conditions of uncertainty". Every transaction has a degree of uncertainty attached to it, and costs are associated with it (Williamson, 1985; Aubert et al., 2004). The higher the level of uncertainty, the higher the effort and time required in the transaction process.

Authors from varied disciplines have given the concept of uncertainty within the context of transaction costs economics diverse interpretations. Aubert et al. (2004) identify demand uncertainty as the parties' ability to know the exact quality of products required and measurement uncertainty as the inability to evaluate precisely the quality, quantity and timeliness of products or services. Coggan et al. (2013) group uncertainty as a component of transaction costs into institutional uncertainty, biophysical uncertainty and environmental uncertainty. According to the authors, institutional uncertainty refers to the lack of clarity regarding the execution of a task, which is affected by the institutional context and policy design. Biophysical uncertainty is about the effect of the uncertain environment on the outcome of a task, while environmental uncertainty is about the behaviour of the parties involved and the possible effect on the transaction.

Hence, the degree of uncertainty surrounding the operation of the market in terms of quality of data, fluctuating economic variables, price instability, exchange rate instability, and political uprisings, among others, contribute to the degree to which valuers will able to interpret the market accurately in the course of valuation.

(iii) Asset specificity

Asset specification is the extent to which assets are specialised to support a particular transaction. That is when an asset is transaction-specific and non-deployable to another use (Williamson, 1985). Hence, it can hardly be channelled into another use if the transaction or the use it is made for is not successful. There are two forms of asset specificity - physical and human (De Vita et al., 2011). Physical asset specificity refers to when an asset is designed for

a particular use and cannot be converted to another. Examples include a customised machine, production line, and equipment whose alternative is rear to get in the market. Human asset specificity is the extent to which, for example, a service provider or an employee can perform only a service or a range of services. Such specificity could result from specialised educational or professional training, on-the-job training, or experience. Hence, some assets are common, while some are specific in their functions.

These two categories can be related to the present discussion. For instance, when a valuer is commissioned to value a specialised asset, it is expected that the valuer would exercise a higher level of caution, diligence and deeper analysis, which requires more effort than regular valuation. Also, gaining broad knowledge and experiences in valuation practice requires effort in terms of tutelage, training and retraining in the evolving issues of practice. It is also expected that the more knowledgeable a valuer is in the other areas of real estate practice (e.g. agency), the easier it is to interpret the market for valuation analysis.

Concerning the practice structure of estate firms, in a market like Nigeria, where general practice is the practice structure, the few available large firms departmentalise their operations. However, where a departmentalised structure is practised, a staff may serve in a department (like valuation) for a long time, and if there is no synergy in the firm's system of operation, such staff may not know about what is done in other departments like agency (brokerage), property management, among others. Mukhopadhyay and Kekre (2002) referred to this as procedural specificity. While the specificity of roles has the advantage of helping staff develop specialised skills in certain areas of practice, the nature of property valuation practice requires good knowledge of other aspects of real estate practice and property valuation skills.

3.7 Conceptual framework for valuation practice in an uncertain environment

This section presents the conceptual framework for this study. Based on the initial literature review on the theoretical framework for this study, the researcher combines the interaction between the concepts described Chapter Two of this study with the provisions of Transaction Costs Economics to develop the conceptual framework for this study as presented in Figure 3.2.

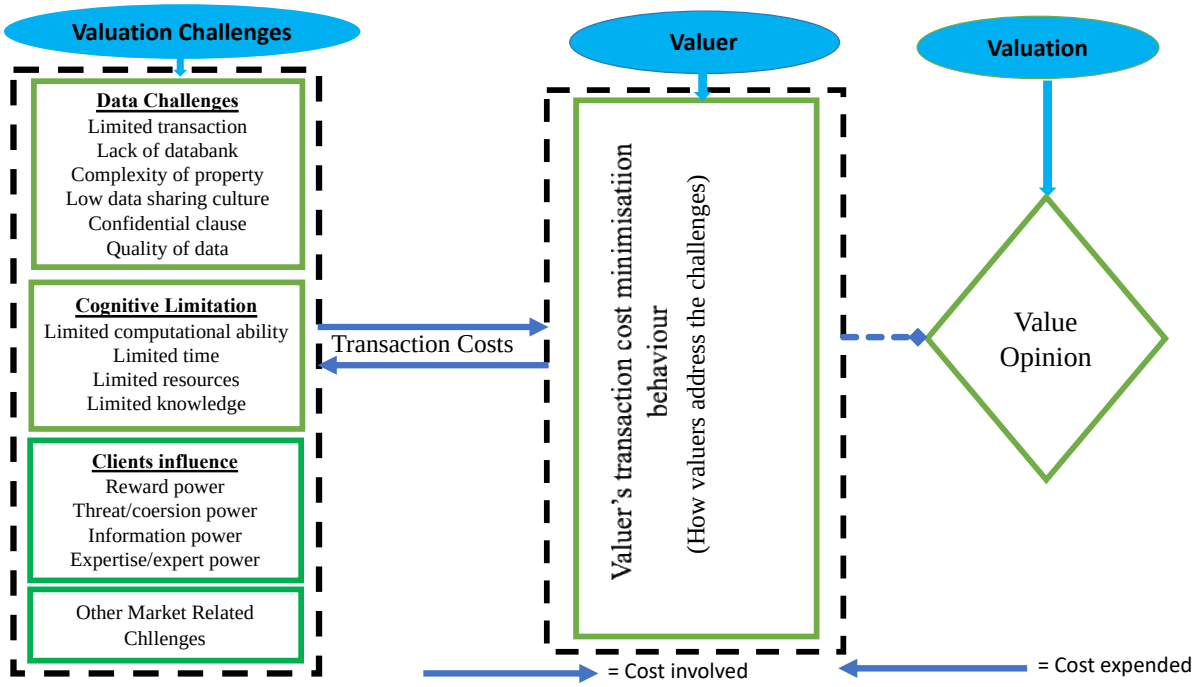


Figure 3.2: Conceptual Framework

Source: Author

Based on the review of literature on valuation concepts, valuation practice, and challenges of uncertain property markets, and the provisions of the theoretical framework used for this study (TCE), analytical propositions can be generated to assess valuers' behaviour towards valuation challenges to gain deeper insight into the practice of property valuation in an uncertain environment. That is, how can we use the theoretical lens of TCE to understand the challenges valuers face in an uncertain market and how they navigate around them? Therefore, the framework represents the researcher's conceptualization of the phenomenon under study.

Analytically, the theoretical framework (TCE) shows that the valuation process in an imperfect market involves some hidden costs (unforeseen circumstances). In reaction to these, valuers put up certain cost minimisation behaviour in the process of valuation as ways to manage the challenges. Such behaviour represents the valuers' response to TCs involved in the process. However, such behaviour could have specific effects on the outcome of valuation depending on the nature of such behaviour. Hence, valuers' behaviour towards these challenges determines the quality and reliability of the valuation.

Overall, this study focuses on understanding the actual nature of these challenges within a typical uncertain environment, the transaction costs involved, and valuers' minimisation behaviour towards the TCs.

While it was established earlier in this chapter that it is challenging to measure TCs quantitatively, the researcher contextualises the basic TCE concepts into a property valuation framework. Therefore, the following TCs are identified for quantitative assessment:
Data search costs: these include costs in terms of effort, time and resources required to obtain reliable data within market challenges and other uncertainties.
Monitoring costs: these include costs of monitoring and controlling staff actions to ensure professional standards. Examples include the emplacement of a quality control system and independent verification of data presented by field officers.
Data evaluation/decision making costs: these include costs associated with data verification, confirmation, and vigorous analysis for valuation. Examples include verifying client data and finding details about parties to transactions that produced the market data.
Opportunism costs: these include costs required to put a system in place to assist in avoiding or resisting opportunistic behaviour from clients and other parties involved in valuation. Examples include formalising briefs and resisting clients' influence by rejecting briefs.
Cognitive costs: these include costs involved in reducing the effect of limitations of human capacity, resources, and time on valuation. Examples include managing time pressure from clients and engaging in on-the-job training to bridge knowledge gaps.

The foregoing constructs are developed to quantitatively examine the behaviour of valuers to the hidden costs involved in the valuation process. The quantitative approach serves to provide embeddedness and triangulation benefits to the study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Preamble

This chapter presents a detailed description of the methodology employed in pursuing the aim and objectives of this study. Research methodology refers to the process of research procedures adopted by the researcher in selecting, processing, and analysing information to answer the research question. Deciding on research methodology requires that a researcher makes appropriate choices among several options. The appropriateness of these decisions defines the strength of the research design in addressing the research question. Saunders, Lewis and Thornhill (2009) explicitly broke this process down to cover the philosophical underpinning of the research, theoretical approach, research strategy, research methods, time horizons of the study, to research techniques. The authors described this as a research 'onion' (see figure 4.1) with varied options available for the researcher at every stage. The choices intertwine with one another in forming a complete research methodology. They are interrelated from the outermost layer to the innermost ring. More succinctly, Creswell (2014) grouped the components of research methodology into three major areas – the philosophy of the research (worldview), strategies of inquiry (designs), and research methods (see Figure 4.2).

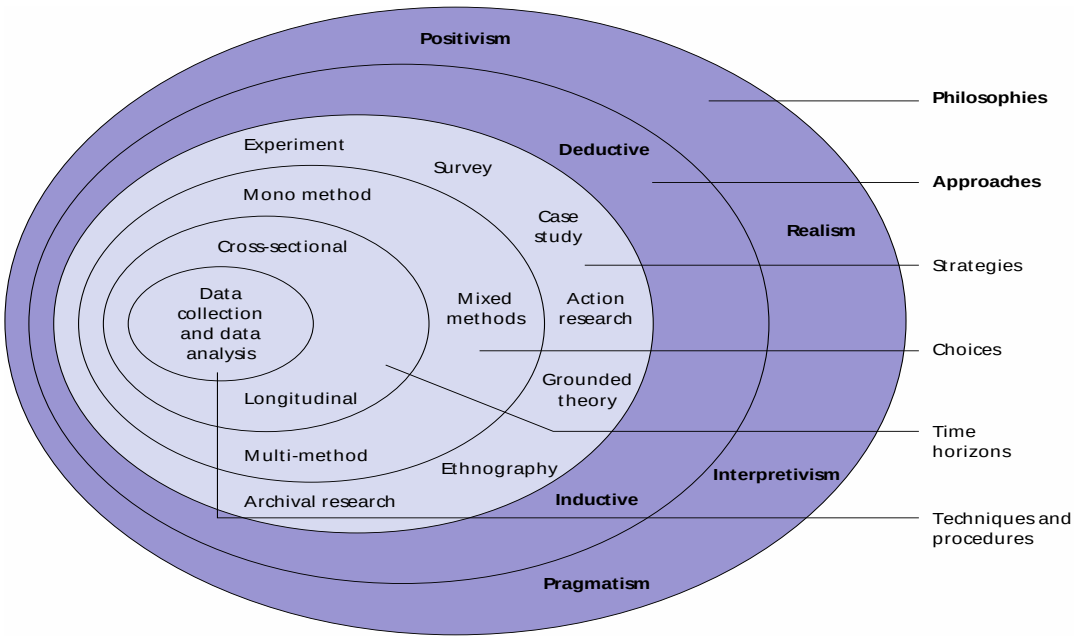


Figure 4.1: The research 'onion'

(Saunders et al. 2009)

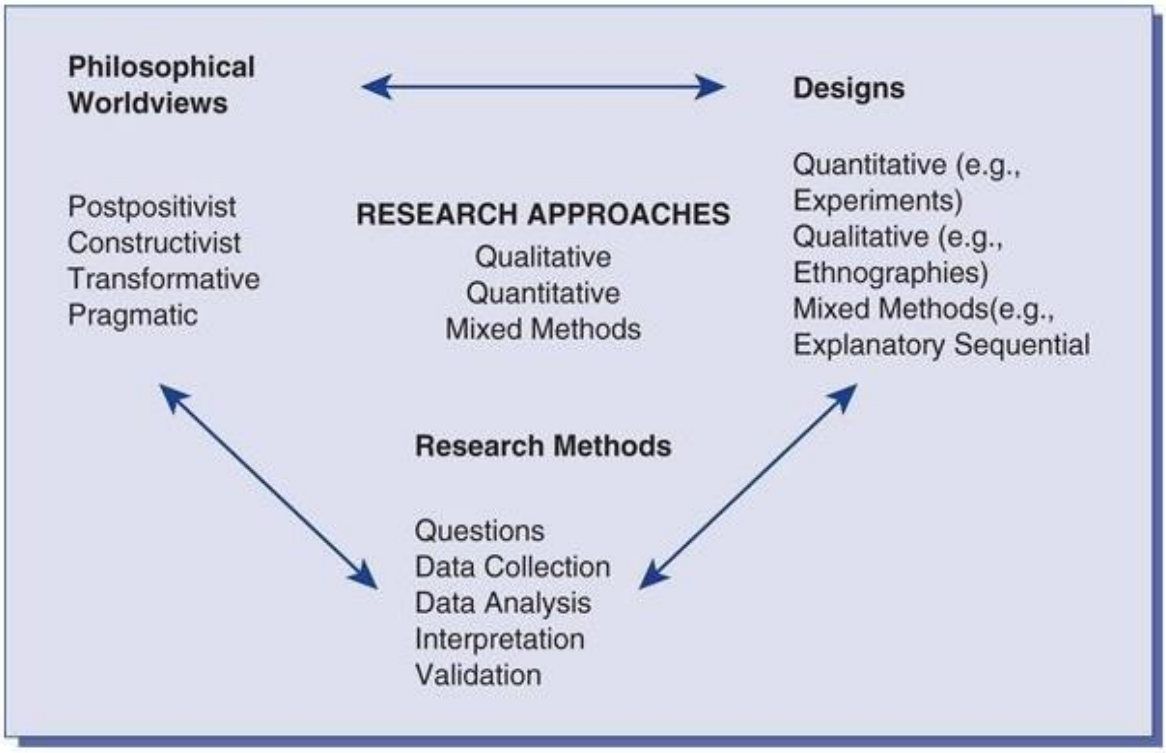


Figure 4.2: A Framework for the Research-The Interconnection of Worldviews, Designs and Research Methods

(Creswell, 2014)

Sauder et al. (2009) further explained the research "onion" under three broad headings similar to that of Creswell (2014). Hence, combining the authors' views, the researcher adopted a three-stage structure - research philosophy, research strategy, and research methods (including data collection and data analysis) - to discuss the research procedure for this study.

4.2 Research philosophy

The research philosophy refers to beliefs and assumptions that provide the foundation for the choice of research method (Creswell and Clark, 2018). It describes the basic assumptions that shape the conduct of the research. These sets of assumptions are commonly referred to as a worldview or paradigm (Creswell and Clark, 2018). Worldview is the lens through which we see reality. Hence, the research worldview or paradigm is the researcher’s orientation about the world and the nature of the research. It represents "an individual orientation of the world, research stance, and lens which resultantly influence methodological decisions" (Holt and Goulding, 2017, p. 288). The research worldview is influenced mainly by the researcher's discipline, research experiences, and the research orientation of the faculty of study (Creswell,

2009). In other words, the researcher's view about the knowledge and how such knowledge is generated underlines the research philosophy (Saunders et al., 2009). Thus, the researcher's belief about the nature of reality (ontology) and the approach researcher adopts in discovering the truth about the phenomenon being studied (epistemology) describe the philosophical stance of the researcher. Furthermore, Punch (2005) and Terre Blanche and Durrheim (1999) submitted that the research paradigm answers three basic questions: (i) the ontological question, that is, what the reality is and what can be known; (ii) the epistemological question, that is, what is the relationship between the researcher and the nature of the reality to be studied (what can be known) or what constitutes acceptable knowledge in a field of study (Saunders et al., 2009); and (iii) the methodological question which addresses the issue of what method(s) can be deployed in studying the reality.

The four basic philosophies in research are positivism, interpretivism, realism, and pragmatism (Creswell, 2014; Johnson and Onwuegbuzie, 2004; Saunders et al., 2009), each with its own ontological, epistemological, and methodological stance. However, the dominant philosophies among built environment studies, especially property valuation studies, are positivism and interpretivism (Saunders et al., 2009; Holt and Goulding, 2014; Klamer, 2017). The third dominant research approach among construction management studies is the pragmatism paradigm which represents a compromise between the two extreme philosophies (Dainty, 2008). While it is hard to conclude that one worldview is better than the other, the nature of the research question determines the applicability of the epistemology and ontology stance of any of these philosophical views (Saunders et al., 2009). That is, one may be better at answering a particular nature of research question than others or more suitable to a particular field than others. This study is based on pragmatism philosophy or a mixed-method approach. However, the researcher elaborates on features of the three dominant paradigms in this section to bring to light the rationale for the choice of the pragmatism paradigm. In doing this, the approach adopted by previous authors in analysing the paradigms based on the three basic questions of ontology, epistemology and methodology is adapted (Guba and Lincoln, 1994; Saunders et al., 2012). An overview of the four research paradigms in management research is presented in Table 4.1.

The importance of understanding the researcher's philosophical perspective to research is reinforced in Holden et al. (2004, p. 397)'s argument that "research should not be methodologically led, rather that methodological choice should be consequential to the researcher's philosophical stance". Moreover, examining research philosophy enables the

researcher to be clear about the overall study plan; it leads the researcher to select appropriate research methods; and it encourages the researcher to be innovative in adopting methods that he/she may not have used before (Easterby-Smith et al., 2012). It also guides how research is conducted, what people make of its findings, and its validity (Holt and Goulding, 2017).

Table 4.1: Overview of research paradigms in management research

	Positivism	**Interpretivism**	**Realism**	**Pragmatism**
Ontology: *the researcher's view of the nature of reality or being*	External, objective and independent of social actors	Socially constructed, subjective, may change, multiple	Is objective. Exists independently of human thoughts and beliefs or knowledge of their existence (realist), but is interpreted through social conditioning (critical realist)	External, multiple, view chosen to best enable answering of research question
Epistemology: *the researcher's view regarding what constitutes acceptable knowledge*	Only observable phenomena can provide credible data, facts. Focus on causality and law like generalisations, reducing phenomena to simplest elements	Subjective meanings and social phenomena. Focus upon the details of situation, a reality behind these details, subjective meanings motivating actions	Observable phenomena provide credible data, facts. Insufficient data means inaccuracies in sensations (direct realism). Alternatively, phenomena create sensations which are open to misinterpretation	Either or both observable phenomena and subjective meanings can provide acceptable knowledge dependent upon the research question. Focus on practical applied research,

			(critical realism). Focus on explaining within a context or contexts	integrating different perspectives to help interpret the data
Methods of data collection	Highly structured, large samples, measurement, quantitative, but can use qualitative	Small samples, in-depth investigations, qualitative	Methods chosen must fit the subject matter, quantitative or qualitative	Mixed or multiple method designs, quantitative and qualitative

Source: Adapted from Saunders *et al.* (2009, p.119)

4.2.1 Positivism paradigm

Positivism philosophy methodologically tends more towards quantitative research (Creswell, 2014). Therefore, when positivism is adopted, emphasis is be on quantifiable observations that lend themselves to statistical analysis (Saunders et al., 2009). It also distances knowledge from individual perceptions of it. In this sense, the research based on this philosophical paradigm attempts to test the applicability of theory to a phenomenon, that is a "top-down" approach (deductively) rather than generating a theory to explain a phenomenon which is "bottom-up" (inductively) (Creswell and Miller, 1997; Creswell and Clark, 2018). This approach makes it open to the application of any theory suitable for explaining the phenomenon being studied.

When approaching research from a positivist lens, the researcher adopts an established theory and collects data using either a survey instrument based on variables extracted from literature or an experiment. This is to ensure objectivity and avoid bias. It has, however, been argued that the pure positivism ideology disregards the fact that researchers make many subjective decisions during the research process, which may introduce subjectivity into the outcome, especially at the stage of developing instruments for empirical and objective decisions (Onwuegbuzie and Daniel, 2002; Onwuegbuzie and Leech, 2005). Onwuegbuzie and Leech (2005) further stated that while objects can be measured with almost perfect objectivity in the

natural sciences, the abstract nature of most of the variables of interest in social sciences makes it challenging to attain knowledge with perfect objectivity as presumed by positivism paradigm. Also, Lawson (2003) pointed to three critical elements of social reality that show that it does not fit into any strict qualitative methodology. These are social rules of how actions could or should be performed; different social positions occupied by different individuals; and social networks which connect different groups and individuals in the society together. These elements are the basic features of every social setting. Similarly, the positivism paradigm places both natural sciences and social sciences under the same methodological principles: dealing with facts and not values. This standpoint has been refuted by scholars like Mack (2010), who affirmed that when a researcher faults a hypothesis instead of affirming it, he/she reflects an element of objectivity as it is hardly possible to achieve a purely objective outcome. This is because individuals' multiple perspectives and interpretations make it impossible to attain an absolute truth in social science research (Mack, 2010).

4.2.2 Interpretivism paradigm

This ideology of interpretivism was developed as a result of criticisms against positivism. The development of the interpretive paradigm was influenced mainly by two philosophical movements of "hermeneutics" –the study of meaning and interpretation of historical texts, and "phenomenology"– the study of the structures of (human) experience (Mack, 2010). Therefore, the paradigm adopts the qualitative approach of making meaning of the transcribed texts derived from an oral discussion between researcher and subjects or physical engagement of the researcher in the process being studied.

The ontology of the interpretive paradigm rejects the positivists' assumption that there is only one truth which can only be investigated through scientific or empirical enquiry. Basic assumptions of the interpretivism paradigm were identified by Crotty (1998) (cited in Creswell, 2009, p. 8) as:

'i. Meanings are constructed by human beings as they engage with the world they are interpreting. Qualitative researchers use open-ended questions so the participants can share their views.

ii. Humans engage with their world and make sense of it based on their historical and social perspectives-we are all born into a world of meaning bestowed upon us by our culture. Thus, qualitative researchers seek to understand the context or setting of the participants through visiting this context and gathering information personally. They also interpret what they find, an interpretation shaped by the researcher's own experiences and background.

iii. The basic generation of meaning is always social, arising in and out of interaction with a human community. The process of qualitative research is mainly inductive, with the inquirer generating meaning from the data collected in the field'

Thus, the interpretive paradigm seeks to describe the subjective reasons behind people's behaviour and is therefore appropriate when 'reality to be studied consists of people's subjective experience of the external world' (Blanche et al., 2010, p. 7).

In terms of epistemology perspective, interpretivists see researchers as seeking to demystify social problem through the eyes of research participants (Cohen et al. 2007). Hence, the truth can only be observed from the inside by interacting directly with the research subjects rather than outside (Mack, 2010). The paradigm emphasises the meanings researchers can make from their individual experiences, memories and expectations of the situations (Flowers, 2009).

The Interpretivism paradigm is not without its criticisms. Its methodological approach has been criticised for lacking scientific verification procedures, which makes its results not to be generalisable. The generalisability of research results is an essential consideration because it allows for the applicability of research results to other members of the research population. However, interpretivists maintain that particularity, rather than generalisability, is the strength of good qualitative research (Greene and Caracelli, 1997; Creswell and Creswell, 2018). Particularity refers to deep description and themes development about an event or phenomenon within a specific context. At the ontological level, the subjectivity of the interpretivism paradigm is being criticised by positivists who believe that research must be objective. It is also argued that the individual interpretation and meaning-making by the research is subject to researcher bias (Mays and Pope, 2000).

4.2.3 Pragmatism paradigm

As earlier stated, the pragmatism paradigm occupies the centre position between the two extremes of positivism and interpretivism as it does not belong in entirety to any philosophical stance. Pragmatism focuses more on the problem being studied and less on the methods; hence it allows for the use of multiple methods as a researcher may deem appropriate for answering different research questions (Creswell and Clark, 2018; Creswell and Creswell, 2018). The idea was developed from the argument that none of the two extreme philosophies can reveal the absolute reality of the truth (Kivunja and Kuyini, 2017). Therefore, it is based on a pluralistic approach to solving a problem (Tashakkori and Teddlie, 2010).

The pragmatic paradigm, according to Kivunja and Kuyini (2017), promotes a relational epistemology, a non-singular reality ontology, a mixed methods methodology, and a value-laden axiology. In the same vein, pragmatics often adopt a mixed methods approach to research and may also combine inductive and deductive approaches to theory application. According to Cavaye (1996), inductive and deductive techniques can be combined in three ways. These include using a deductive approach to test the predictive and generalizable qualities of an inductively derived theory, deriving a theory inductively when testing fails to confirm initial propositions, and combining two research strategies in the same study, one to build theory, generate constructs, and formulate hypotheses, and the other to test the hypothesis. One of the most significant advantages of pragmatism is its ability to provide scholars with a flexible selection of works. For instance, the researcher is not limited to assumptions and principles of either positivism or interpretivism. Rather, the researcher is free to take advantage of the benefits provided by each of these ideologies while minimising their negative effects on the research outcome.

4.3 Research philosophy adopted for this research

This research focuses on how valuers behave around various uncertainties surrounding the practice of valuation; hence, the research is considered to be in the class of social sciences rather than natural sciences. This is because valuation, as substantiated by Klamer et al. (2017), is basically individual predictions based on facts and market assumptions. Therefore, the pure positivist paradigm does not provide an appropriate philosophy for inquiring into the focus of this study. However, for the advantages of generalisation and confirmation, this study utilised the positivist approach to some aspects of the research design. On the other hand, this research requires the researcher's interaction with valuers to get a deep understanding of the actual nature of uncertainty in the market and their various ways of managing it based on individual experience. It, therefore, suggests that the interpretive paradigm would provide an appropriate philosophical lens for the study. In recent times, there have been calls for an interpretive approach to built environment research in general (Umeokafor and Windapo, 2018a;b) and decision-making research in valuation (Klamer, 2017). However, while this research rests heavily on this philosophy, considering some shortcomings of the paradigm, the researcher believes that a pure interpretive approach would limit the detailed exploration of the research question. Hence, this study is based on the pragmatism paradigm.

It is evident that most behavioural studies in valuation are based on a positivist paradigm as the trend of real estate literature shows that the quantitative research approach dominates the property research cycle and, more importantly, among valuation judgement studies (Levy, 2006; Dainty, 2008; Klamer et al. 2017). Amaratunga et al. (2002) earlier observed that built environment studies are mostly mono-paradigm with more emphasis on an interpretive (quantitative) approach. Amaratunga et al. (2002) further advocated for pragmatism philosophy by concluding that no single approach can provide such a range of advantages provided by the two extreme approaches. Levy (2006) also stated that while the quantitative approach provides generalisable results, it does not guarantee a rich and in-depth understanding of a phenomenon. Hence, property research needed to move from a mere empirical description of the market, which a positivism perspective provides, into research that provides understanding and interpretation of the market.

4.4 Research approaches and designs

As earlier stated, the present study is in the class of real estate behavioural study enshrined in economic theory, which belongs to the social sciences research strand. After discussing research philosophies, social scientists have three research methodologies including quantitative, qualitative, and mixed. The first two are basic techniques while the third is a hybrid. These approaches are differentiated by their different philosophical underpinnings, research strategies, and methods (Creswell and Creswell, 2018). Generally, while none of the three approaches is perfect, each offers certain advantages over others and proffers more appropriate answers to specific research questions than others. The more distinct difference between quantitative and qualitative approaches is that data in the former are framed in numbers while data take the form of words in the latter (Creswell and Creswell, 2018). While quantitative and qualitative approaches differ in strengths and weaknesses, the mixed methods approach maximises the strengths of the two, though not without its compromises.

Research designs refer to "types of inquiry within qualitative, quantitative, and mixed methods approaches that provide specified direction for procedures in a research study" (Creswell and Creswell, 2018, p. 11). Therefore, each research approach offers varied designs from which researchers can choose as they deem appropriate. Some authors describe research designs as enquiry strategies (Denzin and Lincoln, 2011) or research strategies (Saunders et al., 2009). Table 4.2 presents some alternative research designs associated with each research approach.

The choice of research approach and strategies is guided by the nature of the problem being investigated (that is, research question), researcher's personal experience, the unit of analysis, type of data, the time horizon of the study, the expected conclusions to be drawn from the study, as well as the researcher's philosophical paradigm (Saunders et al. 2009; Creswell, 2014). The three approaches are further explained in the next section.

Table 4.2: Alternative Research Designs

Quantitative	Qualitative	Mixed Methods
Experimental designs **Non-experimental designs, such as surveys** **Longitudinal designs**	Narrative research Phenomenology Grounded theory Ethnographies Case study	Convergent Explanatory sequential Exploratory sequential Complex designs with embedded core designs

Source: Creswell and Creswell (2018, p. 12)

4.4.1 Quantitative approach

A quantitative research approach is widely applied in natural and social sciences to test theories and hypotheses using statistical procedures. It stems from the positivist paradigm, which explains human behaviour through social facts (Amaratunga et al., 2002; Creswell, 2014). One of the features of quantitative research is that it measures how often research subjects engage in an act (Tracy, 2013). Therefore, a quantitative approach works with numbers whereby the researcher collects, analyses, and describes research data in the form of numbers. This explains why examining research questions under a quantitative approach is often done through hypothesis testing and experimentation. It is, therefore, advantageous for studies that measure differences between groups or effects of one or more variables on another because it often answers the questions of amount, degree, and extent (Rasinger, 2013). Quantitative research can be conducted using an experimental or survey design (non-experimental) (Cooper, Heron, and Heward, 2007; Creswell, 2018).

One of the merits of the quantitative research approach is that the results can be generalised to the whole sample population. However, it cannot ascertain deeper meanings and explanations or reveal a detailed description of social phenomena (Rahman, 2016; Tracy, 2013). This is because it only provides a picture of a phenomenon without taking into account how such a phenomenon is shaped and sustained by the social and institutional structures of the people and

their environment. For this reason, quantitative researchers in the 1960s and 1970s were criticised for their alienation from the real world they were investigating by mere sitting down in their offices to develop questionnaires instead of involving with the social world to get an adequate understanding of social phenomena (Kelle, 2006)

Also, because quantitative research relies mainly on quantifying variables for the researcher to make inferences, it lacks the capacity to capture many unquantifiable factors that govern human behaviours and characters. For instance, while valuation accuracy can be determined by comparing the valuation with market prices and valuation variance by comparing the valuation figures of different valuers, the subjective behaviour of valuers and clients, as well as market and institutional factors that influence valuation, may not be easily quantifiable.

Despite these limitations, the quantitative approach has gained wide acceptance in property research. For example, authors like Diaz (2002), Diaz and Hansz (1997), and Diaz and Hansz (2010) have researched behavioural issues in valuation using an experimental approach. However, Klamer et al. (2017) conducted a systematic review of literature on valuation judgement research and concluded that valuation judgement research is biased towards a quantitative approach as almost all studies reviewed were based on a survey approach. This has created a methodological gap in the real estate body of knowledge. In order to bridge this gap, Klamer et al. (2017) advocated for more qualitative research into the decision-making process in valuation to enhance validity and deepen the present understanding of valuers' behaviour.

4.4.2 Qualitative approach

The qualitative research approach has been defined as a subjective approach which includes examining and reflecting on perceptions in order to gain an understanding of social and human activities (Collis and Hussey, 2013). Using the qualitative research approach, the researcher is collecting non-standardised data or statistics to analyse the subjective significance or social creation of issues (Flick, 2014). It produces a detailed description of the phenomenon (Tracy, 2013). A qualitative researcher approaches the world through the views and opinions of the people – research objects (Greener, 2011). This approach is based on an interpretive research paradigm. Therefore, the approach is appropriate for research focusing on people's behaviour, lives, emotions, and feelings, including organisations' functions and strategies.

According to Creswell and Creswell (2018), a qualitative research technique can be approached through various designs, including narrative research – the study of individual lives; phenomenology – the study of individuals' experiences of a phenomenon; and grounded theory – generating theory through rich data from participants' views. Others include ethnographic – the study of shared patterns of behaviour and actions of a particular group within their natural setting, usually for a prolonged period; and case studies – using a variety of data collection methods to develop an in-depth analysis of a case which could be an event, organisation, process, or individual(s). The common data collection methods under the qualitative approach include interviews (unstructured or semi-structured), focus group interviews, observation (participatory or non-participatory), and document or visual data analysis (Dainty, 2008)

This approach has the advantage of getting a detailed description of a phenomenon through participants' stories, experiences, opinions, and feelings (Rahman, 2017). It also reveals the true meaning of what would have been coded in figures, scores, or grades under a quantitative approach. For example, what does an assessor mean by "satisfactory" or "good" in the assessment of written assessment? (Leung, 2012; Rahman, 2017). What does it mean in the context of the institutional factors and the behaviour of the market when we say valuers resort to heuristic behaviour? In such cases, qualitative research brings out the actual interpretations of the terms through in-depth interaction with participants.

Some shortcomings also characterise the qualitative approach. The small sample size may not produce generalisable results (Allsop, 2013). It is also time-consuming for data collecting and analysis. According to Amaratunga et al. (2002, p. 21), "qualitative research is conducted through an intense and/or prolonged contact with a field or life situation". Another major shortcoming of quantitative research is the subjective nature of its philosophical underpinnings. Because it is based on an interpretive paradigm where the researcher makes sense of non-numeric data from participants, the interpretation is subject to the researcher's personal bias (Mays and Pope, 2000).

Authors have identified the apparent dearth of qualitative studies in the built environment literature. For example, qualitative approach studies are as low as 6 per cent in construction journals and 8 per cent in construction conference proceedings (Loosemore, 1996; Carter and Fortune, 2004). Umeokafor and Windapo (2018a, b) established the underrepresentation of the qualitative approach among built environment research in general, while Klamer (2017) confirmed the apparent scarcity of qualitative studies among valuation judgement research.

Specifically, Klamer et al. (2017) conducted a systematic review of studies on valuation judgement and found that only two out of 33 studies utilised a qualitative approach. Levy and Henry (2003) also called for more rigorous qualitative research in property valuation as a possible means of addressing some important aspects of research that quantitative approaches could not address. One of the few qualitative studies that significantly contributed to behavioural studies in valuation was the study by Levy (2005), which gave direction for further studies of the influence of clients on valuations. Levy (2005) produced a significant framework for studying the influence of clients on valuation. The study has therefore been the point of reference for subsequent studies on clients' influence.

4.4.3 Mixed methods approach

As the name connotes, the mixed methods research approach combines the features of both quantitative and qualitative approaches. A mixed methods researcher forms an opinion based on subjective and objective stances (Creswell and Miller, 1997). This approach emerged as a way to neutralise the limitations and biases of both quantitative and qualitative data, as the strengths of one can offset the limitations of the other (Creswell and Creswell, 2018). The approach stems from the perspective of pragmatic paradigm (or methodological pluralism), which was developed to obliviate the 'paradigm wars' between the qualitative researchers (positivists) and interpretivists (qualitative researchers) (Holt and Goulding, 2014). The paradigm war has existed between the proponents of the two extreme approaches for decades, whereby researchers from both ends emphasise on differences between and weaknesses of either qualitative or quantitative approaches instead of similarities. Some researchers even believe that quantitative and qualitative data are interchangeable and similar in many areas (see Sechrest and Sidani, 1995; Onwuegbuzie and Leech, 2005). For example, qualitative research can test hypotheses and theories, while quantitative research can generate hypotheses and theories (Punch, 2005).

A mixed methods approach is considered to strengthen the outcome of a research. For example, mixed methods is used when a researcher realises that different methods fit different research questions or objectives better instead of choosing one method based on the topic (Kelle, 2006; Creswell and Creswell, 2018). It also applies when, for example, in-depth experiences of research participants are needed to gain deep insight into a phenomenon, and the results need to be generalised; hence the research needs to approach the research from both standpoints. A mixed methods researcher should therefore combine quantitative and qualitative approaches in a way that maximises the strengths and suppresses weaknesses of the two approaches (Johnson

et al., 2007). The fusing of these strengths manifests in the purposes of mixed methods, including triangulation, expansion, complementarity, initiation, and development (Greene et at., 1989; Johnson et at., 2007).

The combination of the two approaches could be for various rationales, and the combination could take various forms. According to Punch (2005), the two approaches could be added, interwoven, integrated, or linked to each other. According to Kelle (2006, p. 293), combining both quantitative and qualitative approaches in research serves two purposes - "the mutual validation of data and findings" and "the production of a more coherent and complete picture of the investigated domain than monomethod research can yield". More elaborately, authors like Bryman (2006) and Punch (2005) provided various forms or rationale for combining the two approaches in one study. Based on an extensive review of studies based on mixed methods, Punch (2005) identified eleven forms of combining the two approaches, as presented in Table 4.3. The study by Bryman (2006) confirmed that the most common rationale for combining methods in research is for enhancement purposes, that is, augmenting findings from one approach by gathering data sung the other approach. This might be accomplished by combining one or more of the numerous types defined by Punch (2005), as several of the forms overlap.
Other essential aspects that determine mixed method procedure are the influencing factors, including timing, weighting or priority, mixing and theorising (Creswell, 2009). Timing relates to the time of collection of one data (e.g. quantitative) in relation to the other (e.g. qualitative), which may be sequential (in phase) or concurrently (same time). Weighting or priority refers to the skewness of priority to either of the two approaches, which might be equal or emphasis on either quantitative or qualitative. The third aspect, mixing, is about the point at which quantitative and qualitative data are merged, which may be at the analysis or interpretation stage. The last factor is theorising, which bothers on the theoretical perspective of the research, whether explicit or implicit.

Table 4.3: Forms of mixed methods approach

No	Forms of Combination	Description
1	Logic of triangulation	The findings from one type of study are checked against the findings from another type and vice versa in order to enhance the validity of findings.

2	Qualitative research enabling quantitative research	Qualitative research helps to create background information on context and subject; acts as a source of hypothesis; and aids scale construction.
3	Quantitative research enabling qualitative research	Here, quantitative research helps with the choice of subjects for a qualitative study.
4	Combined to give a general picture of phenomena	This applies where research realises that not all issues under investigation are amenable solely to a quantitative or qualitative approach.
5	Structure and process	Here, the strength of quantitative approach at getting to the 'structural' aspect of social life is combined with the strength of qualitative approach in terms of 'processual' aspect in a single study.
6	Researchers' and subjects' perspectives	This is when the approaches are combined in order to take the advantage of considering the researcher's concerns and the subject's perspective in enhancing a research
7	Problem of generality	The addition of some quantitative research may help in generalising the findings of qualitative research.
8	Qualitative research may facilitate the interpretation of relationships between variables.	Quantitative research usually allows the researcher to establish relationships among variables, but it is often weak when it comes to exploring the reasons for the relationships. Combining qualitative study may help in explaining the factors underlying the relationships that are established.
9	The relationship between macro-and micro-levels	Combining the quantitative and qualitative approaches helps researcher to explore both the structural aspect (large-scale) and behavioural aspect (small-scale) of social life in one study.

10	Stages of the research process	Quantitative and qualitative research may be appropriate at different stages of a longitudinal study.
11	Hybrids	This is when, for example, when qualitative research is conducted within a quasi-experimental (quantitative) research design.

Source: Adapted from Punch (2005, p. 241)

4.5 Research approach and design adopted for this study

The essence of researching the social world is to understand the complexity of human behaviour and experiences, and the understanding the researcher can gain is limited by the applied research method (Morse, 2003). The choice of research strategy and method contributes to the extent to which research findings address the research question. AlSehaimi et al. (2012) attributed the failure of some construction delay studies to adequately address their research questions to poor research strategies and methods adopted. This has implications for the unmatched recommendations emanating from such studies. It is also important to note that adopting an inappropriate research strategy has implications for the problem-solving ability of any research. For example, the in-depth interview approach adopted by Levy and Schuck (1999) provided a better understanding of the valuation process and how it may affect appraisal smoothing (Levy and Henry, 2003).

Real estate research has taken a different turn in the last three decades due to the rising interest in behavioural research, especially in property valuation. Until this major shift, valuation research has been more of the traditional approach. The authors have examined important works in this area and described behavioural property research's purpose, methodology, and biases (Diaz, 1999; Diaz and Hansz, 2001; Diaz, 2002; Yiu et al., 2006; Klamer et al., 2017). The profound cultural context which characterises developing countries like Nigeria, coupled with a high degree of informality in real estate development and housing sectors, presents a viable prospect for qualitative research (Crossley and Vulliamy, 1996; Gbadegesin, 2018). This argument is strengthened because one of the major challenges facing property valuation practice is the secrecy of information among practitioners. In the same vein, the ability to

generalise findings provided by the quantitative research approach strengthens the usefulness of research outcomes, especially for decision-making. Hence, the researcher adopted a pragmatic paradigm to address the present study's research question. In this light, a mixed methods approach was applied to collecting, analysing and presenting research data.

Defining the mixed methods approach elaborately and considering the timing of data collection and the priority given to each form of data in the research, Creswell et al. (2003, p. 212) asserted that:

"A mixed methods study involves the collection or analysis of both quantitative and/or qualitative data in a single study in which the data are collected concurrently or sequentially, are given a priority, and involve the integration of the data at one or more stages in the process of research"

The debate on the standard for reporting mixed methods research is ongoing. However, the literature emphasises some approaches. Authors often choose the best way to convey research information to the intended readers (Leech, 2012). Diverse solutions for a mixed-methods approach proposed in the literature share similar conceptual underpinnings and descriptions but have distinct names. For example, authors based their description of mixed methods designs on one of the fours bases, which include the order of data collection between the two approaches; paradigm emphasis (or priority given to each approach); theoretical orientation of the study (that is, whether inductive or deductive); or mixing procedures (Johnson and Onwuegbuzie, 2004; Creswell et al., 2003; Morse, 2003; Punch, 2005; Creswell and Clark, 2011; Creswell and Clark, 2018). However, in order to reduce the case of overlaps between the various forms of strategies, Creswell and Clark (2018) recently provided a more detailed description of mixed methods typologies in a precise manner by taking into consideration the intent of the design, timing, priority of approach, and mixing procedure. The authors proposed three basic types of mixed methods designs and based their classification on two grounds - the intent of the design (that is, whether to explain, explore, or converge) and the sequence of order of the approaches (that is, sequential). The three basic designs suggested are convergent design, explanatory sequential design, and exploratory sequential design. Convergence design is when quantitative and qualitative data are collected and analysed concurrently, and the researcher then compares or combines the two results. The explanatory sequential design is where the quantitative data is collected and analysed first, followed by qualitative data collection and analysis. Under exploratory sequential design, qualitative data is collected and analysed first,

followed by quantitative data analysis. Based on this, this research adopted an exploratory sequential design.

4.5.1 Exploratory sequential design strategy

Exploratory sequential design is a variant of mixed methods research design in which the two data sets are collected one after the other (sequentially) as against collecting them simultaneously (concurrently). An exploratory design is iterative, whereby the researcher explores the qualitative data first to develop the quantitative instrument before collecting quantitative data (Creswell and Clark, 2018). In the context of the existing literature, this design presents the combination of the two approaches in a way that the two types of data sets are not collected at the same time (sequential), and one data set builds on the other. The design is time-consuming, especially at the data collection and analysis stages. Specifically, exploratory sequential design involves three stages of fieldwork – collection of qualitative data, development of quantitative instrument with input from the qualitative phase, and collection of quantitative data, in that order (Creswell and Clark, 2018). Hence, in terms of timing, qualitative data is collected first, and in terms of priority, the qualitative approach is dominant.

This approach provides advantages of the combination of some overlapping designs described by Punch (2005), including structure and process, whereby the researcher uses a quantitative approach to explore the processual aspect of the study and use a quantitative approach to get the structural aspect of the study in order to achieve a general picture of phenomena and suppress the problem of generality (see Table 4.3). It also seeks to achieve this purpose of development and complementarity, as Greene (1989) suggested. With this design, the insight from the first phase (qualitative) helps in the development of the instrument for the second phase (quantitative) (Greene et al., 1989; Creswell and Clark, 2018). Therefore, the quantitative aspect is well grounded in qualitative insights (Clark and Creswell, 2015). This makes the participants feature more than when variables were extracted from existing literature. Another advantage of the exploratory design is that it makes an existing quantitative measure or instrument as specific to the participants as possible (Creswell and Clark, 2018).

This approach fits more appropriately when the phenomenon under study is not adequately covered by the existing variables in the literature (Clark and Creswell, 2015). In the case of this study, while the existing literature provided variables for assessing the existence and effects of the challenges valuers face in the market, the instruments and variables to assess how valuers deal with these challenges have not been well developed in the literature. It is, however,

noteworthy to mention that in this present study, the exploratory sequential design was slightly modified as the researcher combined insights from qualitative interviews with some variables derived from the literature in designing the survey instrument for the quantitative approach. This approach helps to operationalise the existing variable to the study area and broaden the existing literature.

The design also affords the researcher the flexibility of choice of paradigm stands and theoretical orientation so that researcher can choose as appropriate. For example, a theory may be inductively developed or deductively applied by testing its relevance to the study (Creswell and Clark, 2018). For this study, the researcher applied theory deductively. That is, an existing theory is tested with the phenomenon of study. Hence, the theoretical framework guided the framing of data collection and the connection between the qualitative and quantitative strands of the study.

The use of exploratory sequential design involves four basic steps, as Creswell and Clark (2018) identified. The four steps are:

Design and implement the qualitative strand

Use strategies to build on the qualitative

Design and implement the quantitative strand

Interpret the connected result

The exploratory sequential mixed methods design employed in this study is presented in Figure 4.3.

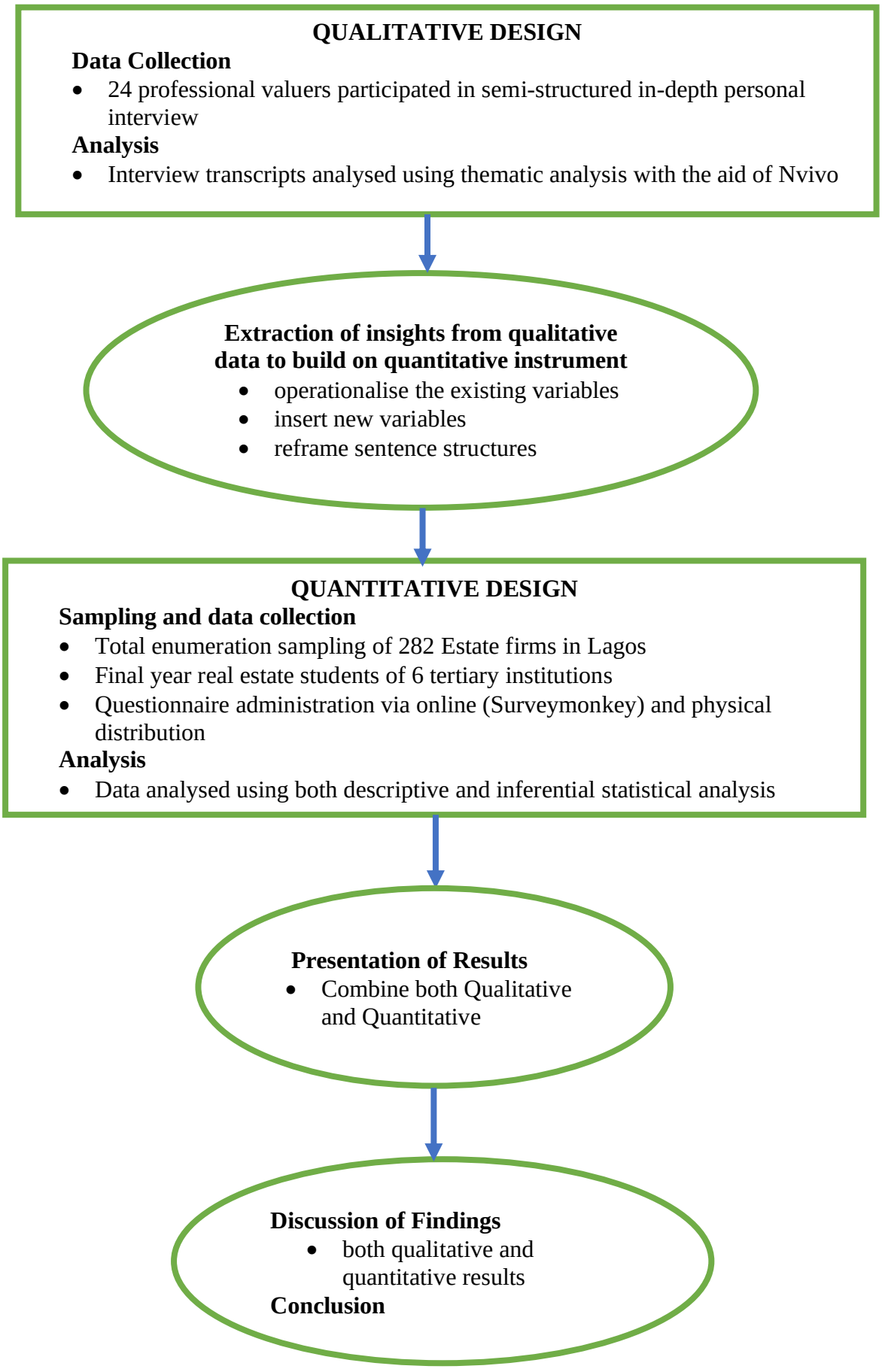

QUALITATIVE DESIGN
Data Collection
24 professional valuers participated in semi-structured in-depth personal interview
Analysis
Interview transcripts analysed using thematic analysis with the aid of Nvivo
Extraction of insights from qualitative data to build on quantitative instrument
operationalise the existing variables
insert new variables
reframe sentence structures
QUANTITATIVE DESIGN
Sampling and data collection
Total enumeration sampling of 282 Estate firms in Lagos
Final year real estate students of 6 tertiary institutions
Questionnaire administration via online (Surveymonkey) and physical distribution
Analysis
Data analysed using both descriptive and inferential statistical analysis
Presentation of Results
Combine both Qualitative and Quantitative
Discussion of Findings
both qualitative and quantitative results
Conclusion

Figure 4.3: Flowchart of the procedures in the exploratory sequential mixed methods design employed in this study

(Adapted from Clark, 2015 & Creswell and Creswell, 2018)

4.6 Study population and sampling technique

4.6.1 Study population

Study population refers to the group of individuals or organisations of focus in a research study (Clark and Creswell, 2015). This study focused on registered property valuers, generally referred to as Estate Surveyors and Valuers (ESV) in Nigeria. However, for general understanding, they are henceforth referred to as valuers in this study. As earlier stated, any qualified real estate professional can practice every aspect of the profession without any restraints. Therefore, it is worthy of note to state that this study focused specifically on practitioners practising the profession as valuation consultants as not all registered professional valuers are involved in the practice of valuation consultancy. Some professionally qualified valuers work with private or governmental organisations engaged in other aspects of the profession as their employers require. This category of valuers was excluded from this study.

The second group of study population considered for this research are the students undergoing studies for their first degree in real estate in Nigerian tertiary institutions. This population category was considered to achieve objective 3 of this study, which investigated the academic training system of valuers. In Nigeria, degrees in real estate are offered in universities and polytechnics. Universities award Bachelor of Science (B.Sc) while polytechnics award both National Diploma (ND) and Higher National Diploma (HND). The course of study is referred to as "Estate Management", except for the recent advocate from the regulatory body (ESVARBON) to change the nomenclature of the course to "Estate Management and Valuation", which is still an object of debate and yet to be ratified by National University Commission (NUC) and National Board for Technical Education (NBTE) which are the national supervisory bodies for universities and polytechnics. Nevertheless, some universities and polytechnics have implemented the change of nomenclature. However, the changes in course nomenclature did not affect the curriculum contents. For consistency in this study, "Estate Management" is adopted as the name for the real estate programme. Also worthy of note is that estate management runs for five years under the university system while HND

runs for four years (two years for ND and two years for HND) for academic and one year of industrial training.

Specifically, students in the final year of their studies (500 Level in universities and HND II in polytechnics) were considered an appropriate population for this study. Based on the academic curriculum in Nigeria, students in their final year in some disciplines, including the built environment and engineering faculties, must undergo compulsory industrial training (IT) for a specified period - at least six months for the university students and one year for the polytechnic students. Industrial training is designed to expose students to practical experience during their academic training to prepare them for the industry. Therefore, the researcher considered this group of individuals appropriate to give information about the adequacy of valuers' academic training for the actual practice of valuation because of the currency of their academic knowledge and their fresh encounter with the practice.

4.6.2 Sampling frame

According to Cochran (2007), a reasonable frame must cover the whole population of the study without overlap or duplication. Hence, selecting a sample frame is essential to the credibility of a sample. Based on the nature of the study population as described in Section 4.6.1, the appropriate sample frame for the professional valuers in Lagos is the 2017 membership directory of the Lagos state branch of the Nigerian Institution of Estate Surveyors and Valuers (NIESV), a copy of which was obtained by the researcher. The directory is a publication of the professional association, and it contains the list of all professional valuers and registered estate firms practising in Lagos, including their contacts. A list of firms, rather than individuals, was considered an appropriate frame for this study to avoid repetition because a firm may have as many professional valuers as possible. One respondent (valuation surveyor) per firm was considered sufficient for the study. Based on this, 282 firms were listed in the directory and considered the target population for this study. The registry has only one record per company, regardless of the number of its branches. This feature prevented a firm from submitting duplicate responses.

The second category of the study population (students) was selected from tertiary institutions offering degrees in Estate Management. For this purpose, the list of tertiary institutions accredited to offer the course by the Estate Surveyors and Valuers Board of Nigeria (ESVABORN) was considered an appropriate frame from where students were selected. ESVARBON accredited list was considered appropriate for this study because, in Nigeria, any

academic discipline that requires professional certification to practice must be accredited by the regulatory authority of the profession. Hence, apart from the required accreditation by NUC and NBTE, estate management degree programmes must also be accredited by the professional regulatory body - ESVARBON. According to the information obtained from the website of the Board, 18 Universities and 23 Polytechnics had valid accreditation to run estate management as a course as of May 2018 (ESVARBON, 2019). Hence, the list of students in their final year in each tertiary institution served as sample frames from where students surveyed for this study were selected.

4.6.3 Sampling technique and sample size

As it is virtually difficult to collect data from the entire study population, the goal of a sampling technique is to carefully pick a subset of the population from whom representative data can be acquired. To avoid gathering biased data, selecting the sample to accurately represent the population must adhere to the proper methodology and not be arbitrary (Blumam, 2009). Sampling methods can be categorised into probability or representative, non-probability, or judgemental (Saunders et al. 2009). Probability sampling techniques are often used for quantitative studies, while non-probability sampling techniques are associated with qualitative-oriented studies (Teddlie and Yu, 2007; Saunders et al., 2009). The sample size might be small or large depending on the research goal and the approach adopted. While small sample size is justifiable for qualitative studies, larger sample size is always associated with quantitative studies. Hence, because of the multiple methods approach adopted for this study, different sampling techniques adopted for each strand of the study and the sample size selected are discussed in this section.

(i) Qualitative strand

The selection of sample for the qualitative strand of this study follows a snowballing sampling technique. Snowballing technique, also known as chain-referral sampling, is defined by Noy (2008, p. 330) as "when the researcher accesses informants through contact information that is provided by other informants". This technique is arguably the most widely employed sampling technique in qualitative research (Noy, 2008). Snowballing sampling was considered appropriate for the recruitment of professional valuers for the interview phase of this study. This sampling technique generates a research sample through a chain of referrals, making accessing the participants easier (Atkinson and Flint, 2001). According to Atkinson and Flint (2001), the advantage of snowballing technique is that it allows the researcher to get the attention of seemingly busy or hard-to-get individuals like valuers, who are the subject of this

study. This advantage was enjoyed during data collection for this study as several participants referred the researcher to their colleagues, sometimes with complementary cards encrypted with short referral notes. This gesture helped immensely in assessing research participants. Another advantage of snowballing technique is that it helps recruit participants from a specific social network among a specific population (Browne, 2005). Therefore, the technique helped the researcher recruit professional valuers from firms that are well rooted in the practice of valuation to extract rich information because it was discovered during the pilot survey that not all firms are deeply into valuation practice. Precisely, the researcher encountered two professional valuers, heads of firms, who turned down the request to participate in the study claiming that they would not be able to give reliable information because they have not been involved in valuation for a long time.

In adopting the snowball sampling technique, it has been observed that the selection of the initial participant is crucial to the success of the procedure, as the suitability of the participant who initiates the chain of referrals impacts the quality of the subsequent participants (Atkinson and Flint, 2001). For this reason, the researcher first selected two firms that are well known as big players in among valuation consultancy firms in Lagos property market as the starting point for recruitment of professional valuers for this study. The researcher's familiarity with the market and initial discussion with few practitioners at the preliminary stage assisted in making this choice.

Due to the unique nature of the required information, participants selected for this study were either the principal partners of firms or the heads of the firms' valuation units. However, in cases where the operations were not departmentalised or the principal partners were unavailable, senior estate surveyors were selected (see table 4.4). This decision was considered essential because an interview-based qualitative research approach emphasises the quality of the respondents or sample cases in yielding robust research outcomes (Kuzel, 1992).

A total of 24 professional valuers were interviewed for this study. In qualitative research, the richness of information is of concern rather than the number of participants, as deep insight into the phenomenon of study is the main aim rather than the generalisability of findings (Kuzel, 1992; Bowen, 2008). Hence, the number of participants in this study was based on the level of data saturation. Generally, data or thematic saturation is when both depth and breadth of information are reached (O'Reilly and Parker, 2012). This is the point at which no new pattern or idea emanates from the enquiry (Green and Thorogood, 2004; Fusch and Ness,

2015). For the quality of transparency in data saturation, O'Reilly and Parker (2012) opined that researchers need to state clearly how saturation was reached and what challenges they faced during recruitment. For this study, saturation was deemed to have been reached when no new insight could concretely be generated from the last three interviews; instead, the participants were repeating some of the points already captured in the previous interviews even though the interviewer utilised various probing means of asking questions. In terms of challenges with recruitment, the researcher experienced some difficulties in fixing meeting times with most participants as they were always on the field. This delay slightly extended the time frame projected for data collection. Data collection through interviews was conducted between February 2018 and June 2018.

Details of the participants are presented in Table 4.4. For confidentiality and ethical purposes, the participants' identities are denoted and arranged in an alpha-numeric sequence starting with "R" and followed by the sequence number (R1 - R24). While some participants gave their years of experience in absolute figures, about 45 per cent (11) responded in a loose term by using words like "about", "like", and "over".

Table 4.4: Participants' information

Participants' ID	Academic Qualification	Professional Qualification	Position in the Firm	Years of experience
R1	HND, MBA	ANIVS	Head, Valuation	About 15
R2	BSc.	ANIVS	Head, Valuation	11
R3	HND	ANIVS	Head, Valuation	10
R4	HND	ANIVS	Head, Valuation	7
R5	MSc.	ANIVS	Principal Partner	About 10
R6	MSc.	FNIVS	Principal Partner	20
R7	BSc., PGD	ANIVS	Principal Partner	About 23
R8	BSc.	ANIVS	Head, Valuation	16
R9	MSc.	ANIVS	Principal Partner	About 30
R10	MSc.	ANIVS	Partner	About 23
R11	HND, PGD	ANIVS	Principal Partner	About 20
R12	MSc.	ANIVS	Principal Partner	Above 20
R13	BSc.	ANIVS	Head, Valuation	12
R14	HND	ANIVS	Head, Valuation	12
R15	BSc.	ANIVS	Partner	About 25

R16	HND, PGD	FNIVS, FRICS	Principal Partner	About 20
R17	HND	ANIVS	Principal Partner	Over 20
R18	HND, PGD	ANIVS	Head, Valuation	About 15
R19	HND	ANIVS	Principal Partner	8
R20	BSc.	ANIVS	Senior Surveyor	10
R21	BSc.	ANIVS	Principal Partner	15
R22	BSc.	ANIVS	Principal Partner	17
R23	MSc.	ANIVS	Head, Valuation	6
R24	HND	ANIVS	Principal Partner	14

ANIVS: Associate member of NIESV; **FNIVS**: Fellow of NIESV; **FRICS**: Fellow of RICS

Source: Author

(ii) Quantitative strand

Sample and sampling methods are considered for extracting data about a population when, among other things, it is impracticable to survey the entire population (Saunders et al. 2009). However, where it is possible and practicable to access every member of the group being studied within the time and resources available for a study, a census approach is appropriate. The census approach to sampling is when every member of the study population, as contained in the frame, is surveyed for the study. In the case of this study, the study population for the quantitative strand included professional valuers and final-year students in tertiary institutions in Nigeria. So, based on the sample frame as explained in Section 4.6.2, the researcher considered it practicable to access every member of these groups for data collection. Therefore, the census approach was considered appropriate and applied for this study. Hence, no sampling technique was employed for the collection of quantitative data.

In the case of the valuers, the researcher obtained a directory of the Lagos branch of NIESV. The directory is considered reliable and sufficient for this study because membership of the professional body (NIESV) is a prerequisite to being licensed to practice valuation in Nigeria. The directory includes the names and contact information of each individual and company member of the association. Because of this, the researcher could contact them using their email addresses and phone numbers. Based on this, it was possible to include all valuation firms in Lagos in the study.

Similarly, a census method was utilised for the second demographic category (final year students). With the permission of their lecturers, the researcher approached the students immediately after one of their major classes. Therefore, the researcher could access all class members without additional effort.

However, the convenience sampling method was adopted in selecting a sample among tertiary institutions offering estate management in Nigeria. Convenience sampling is adopted when the researcher has easy access to informants (Punch, 2005). As earlier stated in Section 4.6.2, 18 universities and 23 polytechnics across Nigeria had accreditation for degrees in estate management by ESVARBON at the time of data collection. However, considering the time available for data collection, the researcher selected tertiary institutions within the Southwestern geopolitical zone of Nigeria for this study. This geopolitical zone of the country houses five universities and eight polytechnics offering estate management at Bachelor's level. Out of these, three universities and three polytechnics were selected. In addition to their proximity to Lagos, the researcher selected these tertiary institutions due to their long history. Hence, first-generation universities and polytechnics in southwestern Nigeria were selected. Table 4.5 shows details about the selected tertiary institutions and the corresponding number of students surveyed from each institution.

Table 4.5: Details of tertiary institutions where students were surveyed

Institution	State of location	Year of establishment	Number of students surveyed
Obafemi Awolowo University (OAU)	Osun	1961	77
University of Lagos (UNILAG)	Lagos	1962	23
Federal University of Technology, Akure (FUTA)	Ondo	1981	41
The Polytechnic, Ibadan (IbadanPoly)	Oyo	1970	55
Yaba College of Technology (YabaTech)	Lagos	1947	56
Federal Polytechnic, Ede (EdePoly)	Osun	1992	31

Source: Author

4.7 Data Collection Procedure

As earlier stated, the methodological approach for this study was designed so that the data collection was sequential, with qualitative strands coming first. Consequently, this section describes the data gathering procedure for this phase of the study.

4.7.1 Qualitative strand

Since this study aims at investigating personal experiences of valuers regarding the challenges of the market and how they manage them, priority is given to the qualitative strand. For this reason, a semi-structured in-depth interview approach with professional valuers was considered the most appropriate approach for collecting data for this phase of the study. An interview is a "purposeful discussion between two or more people" (Saunders et al., 2009, p. 318). According to Saunders et al. (2009), an interview may be structured, semi-structured, or unstructured. The semi-structured interview was considered for this study because it suppresses the disadvantages of the other two extremes. That is, it is not in a fully standardised (structured) format where there is no room for review or modification as may be required on the field, and it is not an unstructured format where no predetermined questions are provided to give direction for the interview. Semi-structured interview method allows the researcher to pre-design some questions in themes to give direction for the interview, while the researcher can vary the questions according to the circumstances on the field - responses from the interviewees and the setting of the interview (Creswell, 2014; Saunders et al. 2009). This flexibility allows researchers and participants to clarify ambiguous questions or responses. It also allows for probing as a follow-up to incomplete answers, which helps extract more detailed information.

Furthermore, a semi-structured interview was adopted because of its advantages over other alternative data collection methods. For example, a telephone interview is the closest alternative to a face-to-face interview. However, there is a bias against the use of telephone interviews among researchers based on its setbacks, which reduce the data quality. Another setback of telephone interviews is the absence of visual cues, which results in loss of nonverbal data like body language, contextual data (like appearance and age), and distortion of verbal data -that is, spoken words (Novick, 2008). The face-to-face interview is devoid of these deficiencies. Another alternative data collection method for a qualitative-inclined study is the focus group approach, which requires the researcher to gather several people simultaneously for an organised discussion or interview (Gibbs, 1997). However, considering the potential busy schedule and the calibre of valuers, getting them together for such a group discussion was considered an extreme alternative. In addition, Gibbs (1977) observed that focus group discussion discourages some participants from opening up on some personal and sensitive issues because the presence of other people makes focus group discussion not fully confidential. Another alternative approach for collecting qualitative data is by using a structured questionnaire. The questionnaire, as an instrument of data collection, is often

presented to respondents in a standardised format which constrains them to the range of responses or spaces provided and thereby limits the researcher's opportunity for a deep probe into the phenomenon being studied, which the interview method offers. However, the quantitative approach using a questionnaire offers the advantage of generalisation of results and provides the opportunity to triangulate the results obtained from the qualitative study; hence, it was adopted for the quantitative strand of this study.

The language of communication and the location of the interview are considered important in creating a proper ambience for an interview session (Oppenheim, 2000). The respondent's place of work has also been identified as one of the best locations for an in-depth interview (Oppenheim, 2000). For this reason, all interviews were carried out within the participants' offices and conducted in English, the official language in Nigeria. The choice of respondents' offices as the location of interviews for this study afforded the participants the ease of reference to official documents where necessary to support arguments. However, the typical interruption expected of a business environment was experienced in many instances. Interview sessions were interrupted by phone calls through respondents' phones. However, some of the respondents' personal and business discussions captured by the tape recorder were discarded during the transcription process. Each interview lasted between 45 and 70 minutes.

The interview guide (see Appendix C) was prepared with questions addressing each objective of the study set out in themes. The study's conceptual framework and previous literature guided the design of the interview guide. Tracy (2013) submitted that unlike in quantitative research, where the researcher and the control of the research instrument are two separate things, the researcher is the instrument of data collection in qualitative research because he/she internalises and processes the information received immediately for further probing as the interview continues. Probing is the technique used by interviewers to demand clarity over ambiguous or unclear answers and to guide respondents from straying from the focus of the question. Therefore, while the interview guide provided a general direction for interview sessions for the study, the researcher varied the framing of questions and the methods of probing the questions as deemed necessary. With this, some questions were reframed, while some were fused for time management and to avoid unnecessary repetitions. The initial interview guide was drafted and modified with the research supervisor before setting out for data collection. However, after piloting with two familiar professional valuers, the need to make some adjustments arose due to some of their comments. This was communicated to the research supervisor, and adjustments were made via Skype before the data collection commenced.

All interviews were conducted personally by the researcher. This placed the responsibility of accessing respondents on the researcher. Tracy (2013) suggested that a researcher can use the connection of familiarity he/she has with the field or object of study in gaining access. In this study, the researcher's prior experience as a practitioner in the same market under investigation aided in building initial contacts with some participants.

However, the process was not without some typical challenges. For instance, respondents' inability to spare time because of tight schedules and reluctance to respond to some probing questions have been identified as some of the challenges of the in-depth interviews method (Oppenheim, 2000). Other challenges include cost, time and resources. In this study, the researcher needed to make a weekly trip from his home base to Lagos for the duration of data collection. This was in addition to the initial and follow-up calls made to respondents to schedule and confirm appointments. Sometimes the prospective interviewee would cancel the scheduled appointment even after the researcher has travelled down to Lagos based on the initial appointment.

Also, ethical consideration was strictly adhered to during all interview sessions. For example, the consent of every respondent was appropriately sought through the use of consent form (see Appendix B). All interviewees gave their consent after receiving an official letter and verbal explanation of the interview's aim and the nature of the information sought. In addition, proper permission was obtained from all respondents to record the interview session on tape. Every respondent was shown the tape recorder, and this allowed the researcher to place the recorder conspicuously on the table during interview sessions. All interview sessions on the tape recorder started with the introduction and confirmation of consent for record purposes. In addition, respondents were informed that they were free to withdraw from the interview or refuse to answer any question posed during the interview session. This mutual respect created a relaxed and free atmosphere during the interviews. Fortunately, all the respondents were of good disposition throughout the interview except for two - one who refused to disclose his name and some personal information, and the other abruptly ended the interview session in the middle due to urgent business calls.

The researcher's previous understanding of the practice of valuation and familiarity with Lagos property helped in probing deeply into some responses given by respondents, and it also made the discussion lively and intensive.

4.7.2 Quantitative strand

As earlier stated, this study adopted a sequential mixed methods approach whereby the quantitative data were collected after the initial qualitative data analysis. The reason for the choice of the sequential arrangement was to utilise insights from qualitative data to improve the instrument for quantitative data. Quantitative data were collected using a questionnaire. A questionnaire is the most common instrument for quantitative data for research because it provides a standardised means to ask all respondents the same question in the same manner (Brace, 2004). It reduces the possibility of bias through the variation of questions. The use of a questionnaire also allows the researcher to investigate the relationship between variables and generate generalisable findings (Brace, 2004, Saunders et al., 2009).

Two sets of questionnaires were developed for this study – one for valuers and the other for the final year students in tertiary institutions. The questionnaire for valuers covered all the objectives of the research, while the questionnaire for students covered only objective three, which has to do with the academic training of valuers.

4.7.2.1 Questionnaire design

The questionnaire design determines the success or otherwise of the data collection process, as responding to survey questions begins with understanding the questions (Lietz, 2010). In order to achieve a good and reliable response, the questionnaire should be crafted clearly and unambiguously so that it does not intimidate or threaten the respondent's personality and business (Brace, 2004). Saunders (2009) argues that the task of achieving valid and reliable data begins with the framing of questions. According to Foddy (1994), four stages must occur to achieve valid and reliable questions. These include - that the researcher must have a clear understanding of the data required to design the right questions; the respondent must interpret the questions as the researcher intended; the respondent answers the questions correctly; and, the researcher understands the answer the way the respondent intended. These factors were considered in the preparation of questionnaires for data collection. The two sets of questionnaires used in this study were carefully drafted, considering all the necessary elements of a good questionnaire. The variables used in the questionnaire were drawn from the literature and insights from the first strand of data collection – interviews.

The first questionnaire (see Appendix D) was designed to elicit data from the valuers. The questionnaire started with an introductory section where respondents were given a summary of

the purpose of the study. The remaining part of the questionnaire was divided into five sections (sections A to E). Section A was designed to collect general background information about the respondents and their firms and their involvement in valuation practice. Section B contained questions about property market behaviour and how it affects property valuation. Section C was about the various sources of valuation uncertainty in valuation and how these affect the practice at different stages of the valuation process. The section also sought to inquire about the rate of usage and reliability of the various data sources. In section D, the respondents were asked about their opinions on the academic training of valuers in comparison to the actual practice of valuation, especially in relation to the behaviour of the property market.

Section E examined how valuers were managing the challenges of an uncertain market. In this section, questions were designed to collect information from valuers regarding their behaviour or responses to market problems. In this respect, the concept of TCE guided the framing of questions in the section. In particular, the questions were framed around the various transaction costs attached to the property valuation process, as identified in section 3.7. These included costs relating to data search, monitoring, evaluation and decision making, opportunism, and specificity. However, subheadings indicating the costs associated with each question were avoided in the questionnaire to avoid bias. Also, the questions relating to transaction costs were asked in two different ways. This design measured the costs involved in the valuation process on the one hand and the actual cost expended or behaviour towards these costs on the other hand. This was accomplished by rephrasing the same set of questions with careful regard to their wording and order. It has been established that the order in which questions are presented to respondents may affect their responses and thus introduce bias (Brace, 2004). Therefore, the questions were arranged to avoid the possible bias that these two sets of questions may introduce if placed just after each other. In section E of the questionnaire, the table containing the variables that measure respondents' response to the costs was placed first. Then, other questions relating to valuation remuneration were introduced, after which the questions about the costs involved in the valuation process were presented last.

The second questionnaire (see Appendix E) was used to collect information from the second category of respondents for this study - students. As earlier stated, this questionnaire was designed to elicit part of the data needed to achieve objective three, which is about the academic training of valuers. Therefore, the questionnaire only contained two sections – A and B. Section A was about the general background of respondents and the information about the extent of involvement in valuation during the period of industrial attachment training. Section B sought

respondents' opinions on how academic training prepares valuers for the actual market situation.

Questions were arranged in tables and in their order of similarity and how they relate to research questions. Regarding the scaling of responses, the questions were arranged in a multiple-choice format whereby respondents were asked to supply their responses based on the rating scales provided. Likert scale was used in scaling the respondents' opinions. The use of Likert scale was deemed appropriate for the analysis because of its ability to capture opinions, attitudes, and perceptions in a systematic manner based on scales. It is also flexible and allows for rigorous statistical analysis. Likert scales measure respondents' attitudes, preferences, or level of agreement with a phenomenon by presenting the variables to be measured in the form of questions, each with a range of responses (Jamieson, 2004). For this purpose, Likert scale of 5-point and 7-point rating scales were used appropriately for different categories of questions. For example, a 5-point Likert scale ranging from "1" (very low) to "5" (very high) was used to assess the factors relating to market behaviour. Also, a 7-point Likert scale of "1" (totally disagree) to "7" (totally agree) was used in assessing the valuers' views on the elements of transaction costs within the valuation process and valuers' dispositions of them. Furthermore, in measuring the effects of the assessed variables on valuation practice, a 7-point Likert scale ranging from "-3" (very high negative effect) to "+3" (very high positive effect) was utilised.

4.7.2.3 Pilot study phase (Pilot survey)

Pilot testing of survey instruments makes the instrument easy for respondents to answer and for researchers to record data (Saunders et al., 2009). The two questionnaires used for this study were pilot tested before the actual data collection. The questionnaire for valuers was piloted with six practising valuers and two academics, while the questionnaire for students was piloted among five students each from university and polytechnic. During pilot testing of the instruments, keen attention was given to the aspects respondents had difficulty understanding. Such instances were noticed when respondents asked for clarifications, where respondents had reasons to change their responses, and where respondents skipped questions for no reason. All the questions affected by these concerns were then restructured with insights from comments received from the pilot respondents. This process was applied to both sets of questionnaires used in this study. All the pilot survey questionnaires were self-administered, allowing for personal interaction with respondents and immediate fieldwork. Reliability test was conducted

on the instruments to establish the degree of confidence and validity of the data. The results of the reliability test are reported alongside with data analysis and results in Chapter 5.

4.7.2.4 Questionnaire distribution and retrieval

The approach to data collection must be carefully selected to ensure a good response. Synodinos (2003) identified factors to consider when selecting the appropriate questionnaire administration method, as no method can be said to be superior to others. The factors include the objective of the study, the nature of targeted respondents, the nature of data being sought, the available resources, and cultural factors. Literature also shows that questionnaires could be self-administered or interviewer-administered (Synodinos, 2003; Kazi and Khalid, 2012). The self-administration methods include postal, email, or internet (web-based). The interview approach could be made on a face-to-face basis with respondents or by phone. Each method comes with its advantages and disadvantages.

This study focused on practising valuers and final-year real estate students in tertiary institutions. Hence, the internet-based survey method was utilised for the valuers, while the face-to-face method was adopted for the final students. The dynamic nature of valuers' work and the benefit of a structured professional association were considered when deciding on the web-based method. Access to the compilation of students' email addresses was difficult for real estate students while accessing them in their classrooms was easy. This made face-to-face communication suitable. This made a face-to-face method appropriate. Though the use of the web-based method is associated with low response, it has the advantage of accessing a large number of respondents within a short time. It is also cost-effective, convenient, and has an easy reminder process (Wiseman, 2003; Van Selm and Jankowski, 2006; Israel, 2011). Previous studies like Osei-Kyei and Chan (2017) combined face-to-face and web-based questionnaire administration methods.

The questionnaire administration on valuers began by getting the 2017 membership directory of the Lagos state branch of NIESV. This directory had the names, addresses, emails, and phone numbers of valuers in Lagos. SurveyMonkey, an online survey tool, was used to send the questionnaire to all members listed on the directory. Mixed-mode questionnaire administration to the same group of respondents has also been discovered as a possible way to improve the poor response rate associated with the web-based approach and let respondents choose their preferred method (Dillman et al. 2014; Israel 2013). Some valuers opted for printed copies of the questionnaire when the researcher approached them at their monthly association meeting

to solicit responses to the online questionnaire. This strategy yielded some hard copy responses. The researcher then uploaded the hard copy responses to SurveyMonkey. The web-based survey was conducted between August 2018 and January 2019.

The real estate students were accessed through the researcher's contacts with the tertiary institutions' academic staff. Since the target population were the final year students, arrangements were made with the lecturers in different institutions to meet the students immediately after their classes. This allowed the researcher to meet the students, explain the purpose of the research to them and distribute the questionnaire. This approach was repeated in all the higher institutions surveyed. This approach yielded a hundred per cent response rate.

4.7.2.5 Response rate

The rate of response secured in this study corresponded to the literature as expected of the data collection methods applied. Out of the estimated sample frame of 282 estate surveying and valuation firms that questionnaires were sent to, a total of 155 (55%) completed responses were received at the end of the survey period. Out of the 155 responses, 139 (90%) responded directly to SurveyMonkey online, while 16 (10%) hard copies were received and uploaded to SurveyMonkey online by the researcher. However, during the data cleaning process, a careful examination of the data set showed that, probably due to the tight schedule of the respondents, some respondents did not fill a substantial portion of the questions. Therefore, 46 data sets were considered unfit for analysis and were discarded. Consequently, a total of 109 responses were considered suitable and extracted for empirical analysis. Overall, the effective response rate was about 39%. This response rate was considered strong and reasonable for the web-based survey method as the method is associated with a low response rate, especially when compared with the face-to-face method (Nulty, 2008; Osei-Kyei and Chan, 2017). For example, a 15% response rate was recorded in Mooya (2015). The repeat reminder method (Nulty, 2008) was used to boost the response rate as several reminder emails were sent, and follow-up calls were made to respondents within the survey period.

On the other hand, the face-to-face method yielded a higher response rate in the case of real estate students. With the help of the lecturers, the researcher retrieved all questionnaires distributed to the students. Therefore, a total response was achieved in the case of the questionnaire survey on final years students. Hence, all the questionnaires were retrieved. However, because this study focused on the practice of valuation, only those who responded ‘Yes’ to the question "were you involved in valuation during your IT?" were deemed suitable

and analysed for this study. Based on this, 54 out of 77 questionnaires from OAU, 22 out of 23 from Unilag, and 31 out of 41 from FUTA were used. For Polytechnics, 45 out of 56 questionnaires from IbadanPoly, 32 out of 53 from YabaTech, and 20 out of 31 from EdePoly were deemed useful for analysis. In summary, a total of 204 out of 281 questionnaires representing 72.6%, were found useable and analysed for this category of respondents.

4.8 Techniques for data analysis

4.8.1 Qualitative data

The researcher manually transcribed the interview data from the tape recorder. Each interview season was transcribed into a Microsoft Word document and clearly labelled for identification purposes. The researcher uploaded the transcript files into NVivo 12, the analysis software used for this study. The data was analysed using the technique of thematic analysis. Thematic analysis was deemed appropriate because it systematically examines narrative materials from life stories by dividing the text into relatively small content units and processing them into descriptive elements (Sparker, 2005). In addition, the thematic analysis generates a flexible, rich, and exhaustive but complex interpretation of the data (Braun and Clarke, 2006). The use of the thematic analysis helped in identifying common strands of thought across the data collected.

After transcribing the interview data, the researcher read the transcript multiple times to familiarise self with it and to capture initial thoughts and impressions (Maguire and Delahunt, 2017). Following this, similar concepts within the data were coded systematically across the entire data set. To generate the initial codes, the data were compiled according to their relative significance and similarity. Following the generation of initial codes, the researcher identified common themes among the codes. The determination of themes among multiple codes was guided by research questions. The researcher then described and labelled the themes, which were later refined to align with the research questions and objectives (Braun and Clarke, 2006). Specifically, the "theming the data" approach to coding was used to generate themes (Saldaa, 2015). The process of coding and analysing portions of data based on a thematic statement relating to the study's objective or theoretical constructs is referred to as "thematizing the data" (Saldaa, 2015). The "Theming the data" approach of thematic analysis enables researchers to generate themes from data rather than having them predefined (Saldaa, 2015). The researcher read the transcripts multiple times to become familiar with the data before generating the codes. The codes were then compiled into categories (sub-themes), and the categories were compiled

into themes upon which the findings and discussions were based. Codes were compared for similarities or commonalities, differences and relationships for further categorization under the appropriate label in order to generate categories (Gibson and Brown, 2009). According to Rubin and Rubin (2012), themes are summaries of ideas extracted from respondents' narratives that explain what is occurring or why something is carried out in a particular manner. The codes and categories were developed in accordance with the research goals and objectives of the study guides and the reoccurring phenomena in the transcripts.

4.8.2 Quantitative data

Quantitative data were collected through the use of questionnaires. The data were analysed with the aid of Statistical Package for the Social Sciences (SPSS). Percentages, the mean rating, and the pair sample t-test were utilised for analysis.

The mean score is a common metric for determining central tendency. A mean is determined by summing all the values in a dataset and dividing by the total number of values. It is primarily used to describe the average value of a dataset and is especially useful because it is sensitive to each value in the dataset (Rao and Richard, 2006; Dawson and Trapp, 2004). In other words, it accounts for the contribution of each dataset to the overall mean. A mean score is a useful benchmark for comparison, particularly between groups and samples. This study's questionnaires included questions utilising both a five-point and seven-point Likert scale. Consequently, the mean score was utilised to analyse the responses, from which conclusions were drawn.

A paired sample t-test is used when each subject has two measurements, such as before and after scores. It is utilised to determine whether the difference between the means of two datasets is significantly different from zero (Mishra et al., 2019). It is an inferential statistic because it draws conclusions about populations based on samples. In essence, the paired sample test is used when two measurements are conducted on the same individuals. In this study, valuers were presented with the same set of questions in two different formats in order to test and measure the difference between the actual costs involved in the valuation process and the costs incurred by valuers in the process of managing the challenges of the market.

4.9 Ethical consideration

Research ethics provides a guide to ensure standards and morals in how research is planned and executed, including the designing of research, data collection, data process and storage, data analysis, and the writing up of the research (Saunders et al., 2009). Therefore, ethics in research ensures that the researcher upholds the tenets of care and rights to privacy, honesty, integrity, and confidentiality, especially in the researcher's relationship with the research subjects (Leedy and Ormrod, 2005; Saunders, 2009). The integrity of research findings also depends on whether the researcher followed or received the appropriate ethical considerations. Ethical approval was appropriately applied for, and the approval was obtained for this research from the Ethics in Research (EIR) committee of the Faculty of Engineering and the Built Environment, University of Cape Town, on the 20th of October 2017 (see Appendix A). In accordance with the ethics provisions, respondents were adequately briefed about the purpose of the research and the nature of the data being sought from them. This formed the preliminary part of all the instruments used for data collection. It was also possible for the participants to accept or reject the request to participate. Also, the participants' identities and other personal information were kept anonymous throughout the study

CHAPTER FIVE

DATA ANALYSIS AND RESULTS

5.1 Preamble

This chapter presents data analysis and results from both the qualitative and quantitative approaches. The qualitative data comprises transcripts from the semi-structured interview conducted with professional valuers practising within the Lagos property market. Computer-aided qualitative data analysis software (Nvivo 12) was utilised to analyse the transcripts. Interview transcripts were subjected to coding through the application software. Codes generated were analysed through thematic analysis, resulting in themes. The quantitative data was collected through the use of questionnaires developed based on the review of literature and insights from qualitative enquiries. Quantitative data was analysed with the aid of Statistical Package for Social Sciences (SPSS). Percentages, mean rating, and pair sample t-test were employed in analysing data extracted through questionnaire.

5.2 GENERAL PROFILE OF STUDY RESPONDENTS

5.2.1 Respondents for qualitative strand

Interview respondents for this study were professional valuers practising in valuation firms within the Lagos property market. As earlier stated, the respondents selected for the interview were those in charge of valuation in their respective firms. Therefore, a total of 24 registered valuers with the required characteristics for quality data required for this study were interviewed.

The adequacy of the sample for qualitative research is said to be reached when data saturation has been achieved (Bowen, 2008). According to Bowen (2008) and O'Reilly and Parker (2012), data saturation is when the depth and breadth of the information required have been explored. At such a point, new patterns or ideas are no longer emanating from interviews (Green and Thorogood, 2004; Fusch and Ness, 2015). For this study, the number of respondents was based on data saturation, as observed by the researcher.

Furthermore, for the purpose of the quality of transparency in data saturation, O'Reilly and Parker (2012) submitted that it is important that researchers clearly state how saturation was reached and the challenges faced during recruitment. Hence, in this study, saturation was deemed to have been reached when the interviewer could not further generate any new insight

from the last two interviews. Instead, the respondents were repeating some of the points already captured in the previous interviews despite the researcher utilising various probing techniques of asking questions. Regarding challenges, the researcher experienced some difficulties fixing meeting times with most respondents because they were always on the field. For this reason, many interview appointments were cancelled. This extended the time frame projected for data collection.

The results in table 5.1 show the details of the respondents interviewed for this study, including academic qualification, professional qualification, position in the firm, and years of experience.

Table 5.1: Summary of respondents' profile

Characteristics	Profile	Frequency	Percentage
Academic Qualification	HND	10	42%
	BSc.	8	33%
	MSc.	6	25%
Professional Qualification	ANIVS	22	91%
	FNIVS	2	9%
Position in Firm	Principal Partner	12	50%
	Partner	2	8%
	Head, Valuation	10	42%
Years of Experience	5-10	5	21%
	11-15	7	29%
	16-20	5	21%
	Above 20	7	29%

The analysis in Table 5.1 shows that the majority (75%) of the respondents have a first degree (BSc.) or an equivalent (HND [Higher national diploma]) as their academic qualification. In the same vein, the respondents are registered members of the professional body, with 91% at an associate level and others at the highest level of professional certification, which is "Fellow". In terms of the respondents' position in their firms, the results show that most respondents are either principal partners (50%) or heads of valuation units (or valuation officers) (42%). The results also indicate that respondents' years of experience are evenly distributed (between 21 and 29 per cent) across the identified ranges of "5 to 10" years, "11 to 15" years, "16 to 20" years, and "above 20" years.

It has recently been found that the presence of professionals as an attribute of market maturity is high in Lagos state (Olaleye and Adebara, 2019). These results show that valuers in Lagos are qualified both academically and professionally. This contrasts with property markets such as the South African market, where most valuation professionals (47%) hold a national diploma as their highest academic certificate (Mooya, 2015).

The analysis shows that the profiles of the respondents recruited for this study have adequate academic and professional qualifications and experience in valuation to guarantee a reliable response to the interview questions. It is also believed that the even distribution of the years of experience among the respondents would produce a balanced opinion across respondents for a proper understanding of the phenomenon being investigated.

5.2.2 Respondents for quantitative strand

The respondents for a quantitative strand of this study were the registered valuers drawn from real estate firms in Lagos and final-year real estate students in tertiary institutions of learning. This section presents the information about the respondents (valuers and students) and the firms and schools from where they were selected.

5.2.2.1 General profile of respondents (valuers)

One valuer was selected from each valuation firm. Personal information about responding officers is presented in Table 5.2.

Table 5.2: General information about respondents (valuers)

Academic qualification	**Freq.**	**Valid Percentage**	**Cumulative percentage**
National Diploma	0	0	0
HND	23	21.1	21.1
BSc.	39	35.8	56.9
MSc.	44	40.4	97.2
Ph.D	3	2.8	100.0
Professional qualification			
Probationers	15	13.8	13.8
ANIVS	76	69.7	83.5
FNIVS	15	13.8	97.3
MRICS	2	1.8	99.1

FRIVS	1	0.9	100
Position in firm			
Field surveyor	12	11.0	11.0
HOD/Manager	25	22.9	33.9
Partner	20	18.3	52.3
Principal Partner	52	47.7	100.0
Experience in property valuation			
1-5years	10	9.2	9.2
6-10yrs	33	30.3	39.4
11-15yrs	19	17.4	56.9
16-20yrs	18	16.5	73.4
Above 20yrs	29	26.6	100.0

The results in Table 5.2 show that all the respondents of this study have at least first degree while 40.4% have MSc. and 2.8% have PhD degrees. A contrary trend was found by Mooya (2015) who found that only 22% of South African valuers possessed bachelor or honours degrees. The results also show that the majority of the respondents (69.7%) were Associates members of the professional body (ANIVS) while those in the fellowship cadre (FNIVS) accounted for 13.8%. In addition, few respondents also possess international professional qualification including 1.8% as Chartered member of RICS and 0.9% as Fellow of RICS. This suggests that all the respondents possess both the adequate academic and professional qualifications to ensure proper understanding of the data collection instrument for this study and the credibility of data collected.

The results in Table 5.2 further show that 47.7% of respondents are Principal Partners while 18.3% and 22.3% are Partners and Heads of Departments/Managers in their firms respectively. Also, in terms of experience in property valuation practice, 30.3% of the respondents have between 6 - 10 years of experience, 17.4% have 11-15 years of experience, and 16.5% have 16-20 years of experience while 29% have over 20 years of experience. This shows that respondents are predominantly of managerial position with long years of experience of valuation practice.

5.2.2.2 General profile of the firms

The results in Table 5.3 show the general information about the firms where the respondent valuers were selected from.

Table 5.3: General information about firms

Age of firm	**Frequency**	**Valid percentage**	**Cumulative percentage**
1-5yrs	20	18.3	18.3
6-10yrs	22	20.2	38.5
11-15yrs	14	12.8	51.4
16-20yrs	17	15.6	67.0
21-25yrs	14	12.8	79.8
Above 25yrs	22	20.2	100.0
Number of estate surveyors in firm			
1-5	64	58.7	58.7
6-10	23	21.1	79.8
11-15	13	11.9	91.7
16-20	5	4.6	96.3
Over 20	4	3.7	100.0
Average valuation per month	**No. of Firms**	**Valid Percentage**	**Cumulative percentage**
1	5	4.6	6.0
2	15	13.8	23.8
3	15	13.8	41.7
4	4	3.7	46.4
5	15	13.8	64.3
6	2	1.8	66.7
7	1	0.9	67.9
8	3	2.8	71.4
10	9	8.3	82.1
13	1	0.9	83.3
15	3	2.8	86.9
20	5	4.6	92.9
30	1	0.9	94.0
40	1	0.9	95.2

50	1	0.9	96.4
60	1	0.9	97.6
80	2	1.8	100.0
Total	84	77.1	
Missing	25	22.9	

The results in Table 5.3 show that the ages of firms are mainly between the brackets of "1-5 years" (18.3%), "6-10 years" (20.2%) and "above 25 years" (20.2%). This even distribution suggests that respondents were drawn from firms with different years of establishment, which can produce a balanced opinion across levels and phases of practice. Furthermore, results reveal that most (58.7%) of real estate firms surveyed have between "1-5" estate surveyors (valuers). This shows that the majority of estate firms are small-sized, operating on a sole proprietorship basis. The results also show that there are only a few medium-sized firms with "16-20" valuers (4.6%) and big firms with "over 20" valuers (3.7%) in the market.

The results in Table 5.3 further show the average number of valuation jobs the selected firms execute monthly. It is, however, worthy of note that this question was presented in an open-ended format, and 22.9% of respondents did not give a response to this question. The 22.9% no response is not surprising as it was envisaged that some respondents might not want to reveal this information to conceal their firms' market share. However, the 77.1% response represents a reasonable response rate in this circumstance. The results reveal that most firms (82.1%) execute between 1 and 10 valuation jobs monthly, while about 11% get between 13 and 20 valuation jobs monthly. Further analysis of the results shows that only about 7% (6) of valuation firms execute between 40 and 80 jobs in a month, representing about 42% (34) of the total valuation briefs in the market. It shows that the distribution of valuation briefs is highly skewed toward a few big firms. This suggests that the few big firms may significantly influence the practice of valuation within the Lagos property market.

5.2.2.3 Profiles of respondents (students)

Final year students in tertiary institutions of learning offering Estate Management' in Nigeria as a course of study represent the second category of respondents for the quantitative strand of this study. As earlier established, final-year students were selected because of their industrial training experience. The students were selected from six tertiary institutions of higher learning (3 Universities and 3 Polytechnics). Table 5.4 shows the distribution of respondents across

institutions and gender and the cumulative period of Industrial Training (IT) of the respondents according to institutions.

Table 5.4: Information about Respondents (students)

	UNIVERSITIES			**POLYTECHNICS**			**Total**
	OAU	**Unilag**	**FUTA**	**Ibadan Poly**	**Yaba Tech**	**Ede**	
Gender							
Male	34 (63%)	9 (41%)	21 (68%)	27 (60%)	14 (44%)	8 (40%)	113 (55%)
Female	20 (37%)	13 (59%)	10 (32%)	18 (40)	18 (56%)	12 (60%)	91 (45%)
Total	54	22	31	45	32	20	204 (100%)
Period of I.T							
6 months	33 (61%)	19 (86%)	29 (94%)	0 (0%)	1 (3%)	1 (5%)	83 (41%)
1 year	18 (33%)	2 (9%)	0 (0%)	39 (87%)	26 (87%)	17 (85%)	102 (50%)
2 Years	3 (6%)	1 (5%)	2 (6%)	6 (13%)	5 (16%)	2 (10%)	19 (9%)
Total	54	22	31	45	32	20	204 (100%)

The results show that 52 % of the respondents were selected from universities while 48% were polytechnic students, representing a fair distribution. Table 5.4 further shows that males and females are well represented among the respondents, with a slightly larger percentage (55%) being male. This gender distribution agrees with Sola et al. (2009) and Agu & Omenyi (2013), who found that male enrolment in university education is higher than that of the female gender in Nigeria.

The results also show that half (50%) of the respondents had an accumulated period of about one year of IT experience, while only a few (9%) had up to 2 years of IT exposure. The low percentage of those with two years of IT experience is not unexpected as the IT period in university and polytechnic systems range between three months and one year. However, few students who attended both the university and polytechnic during their academic journey have the opportunity to have a longer IT exposure.

5.3 The behaviour of the Lagos property market in relation to property valuation practice

Differences in legal, social, political, and economic framework influence the behaviour of real estate markets in various countries. These differences determine the fundamental valuation parameters such as lease structure and laws, property rights, tax laws, rent review system, investment yield, among others (Kucharska-Stasiak, 2019). Hence, the unique behaviour of the property market influences valuation practice. The first objective of this study examines the nature of the Lagos property market with respect to valuation practice. The emphasis on property valuation is with the understanding that the nature of property market may affect other aspects of real estate practice (like agency/brokerage) differently.

5.3.1 Lack of formal database

According to the respondents, one prominent feature of the Lagos property market that directly impacts property valuation and other real estate consulting services is the paucity of data. Although, previous studies have reported the challenge of paucity of data in the property market in most developing nations, including Nigeria (Baffour Awuah et al., 2017; Olaleye, 2004; Olapade and Olaleye, 2018), but they did not provide a comprehensive picture of the situation. This study provides further insights into the phenomenon.

On the nature of data challenges, one prominent finding generated from the interview data is that transaction data are available in the market. However, these data are not officially collated for effective use. For example, respondents described the paucity of market data as follows:

> *"Basic challenge in property valuation in Lagos borders mainly around non-availability of collated data. Collated data because data are always around. They are not just aggregated in a place for you to make an informed economic interpretation….. It is not verified, it is not market tested" (R16).*

> *"It will be unfair to say there is no data, the problem we have is the access to data and willingness to release data" (R20).*

This finding is somewhat contrary to the general belief that there are no market data. As earlier stated, Lagos is highly commercialised, and one of the striving businesses in the state is real estate brokerage/agency. As Nigeria's commercial and industrial hub, Lagos is the second most populous state (6.49% of the total population) in the country after Kano state, and it occupies the smallest land mass (0.39% of Nigeria's land mass). This, therefore, makes the demand for

real estate property and the exchange of property rights very high in the state. For example, Lagos has the highest proportion (31.89%) of real estate sector establishments in Nigeria (NBS, 2015). Hence, the volume of real estate transactions in Lagos state is very high. However, the main problem is that data emanating from these huge transactions are not made public.

In relation to valuation practice, respondents believed this phenomenon makes data accessibility difficult. Hence, valuers rely heavily on data obtained from hearsay which, in most cases, are not verified..

> *"Well, basically there is dearth of information …data. There is really no central base where you can get information, for instance, recent sales. So, you may now have to rely on hearsay" (R8).*

Furthermore, respondents emphasised that a good number of real estate transactions occur in the market daily. However, details about these transactions are not released, recorded or processed for easy access by other users.

This means that the actual challenge is that of data accessibility rather than the availability of data. Therefore, it may be out of place to categorise the Lagos property market as a thin market with few transactions or a low number of buyers and sellers (Schwann, 1998). Instead, it is better described as a market where many transactions occur, but few are recorded - a market lacking a formal data pool. In contrast to developed nations such as the United Kingdom and the United States, where real estate transactions are well reported because independent organisations (such as Independent Property Databank [IPD] in the United Kingdom and Jones Lang LaSalle [JLL] in the United States) are engaged in data research for the benefit of market participants, reliable data pooling organisations do not exist in developing nations such as Nigeria. Hence, fragments of transaction data only exist in the hands of market participants. However, NIESV has made a commendable effort in this direction in the recent time. NIESV published the first investment property databank in Nigeria in 2014 covering Lagos, Abuja, and port-Harcourt property markets (Bello et al, 2017). Unfortunately, this initial effort has not met with the consistent updates it requires.

Based on the findings from the qualitative data, the researcher further conducted a quantitative investigation on the flow of market data with specific emphasis on further information on transaction data that are important for valuation. Respondents were asked to rate the variables presented in the questionnaire in relation to valuation practice within the Lagos property market

using a Likert scale of 1 (very low) to 5 (very high). The construct used for this enquiry consists of ten variables (B1-B10) and Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach's alpha coefficient =0.87). Mean Rating was used to analyse the data. The results presented in Table 5.5 show that the degree of availability of all categories of data sets was found to be below "Moderate" (i.e. Mean Score less than 3.0) except "Availability of comparable rental value" with a Mean Score of 3.27. The result means that other necessary market data like "vacancy/void rate", "outgoings", and "capitalisation rate" are not readily accessible in the market. In addition to the fact that the quantitative finding confirms the findings of the qualitative survey, quantitative data provides further information regarding the availability of a specific data set.

Table 5.5: Availability of Market Data in the Lagos Property Market

	Market data related issues	**SD**	**Mean Score (MS)**	**Ranking**
B1	Easy flow of market data among stakeholders	0.81	2.53	8
B2	Transparency of the market	0.79	2.59	6
B3	Availability of data on the appropriate capitalisation rate	0.86	2.45	10
B4	Availability of information on vacancy/void rate	0.91	2.54	7
B5	Availability of information on the appropriate outgoings	0.85	2.48	9
B6	Information surrounding transactions (sales/letting) of comparable properties	0.88	2.67	5
B7	Information on details of comparable properties e.g. land size, age, finishes, etc.	0.93	2.75	4
B8	Information on rental growth	0.90	2.78	3
B9	Availability of comparable capital value	0.84	2.80	2
B10	Availability of comparable rental value	0.84	3.27	1

SD: Standard Deviation; MS: Mean Score

Respondents were also unanimous in their views on the factors responsible for the lack of collated data in the market. First, and like in other markets, market participants have a culture of secrecy about real estate dealings. However, this habit is amplified in Nigeria because virtually all acquisition and disposal of real estate assets are made through private treaty and within the informal sector (Agboola et al., 2017), as other methods of property transaction like auctioneering are alien to the market. This finding is corroborated by a respondent who said:

> *'majority of land transactions in Nigeria are by private treaty, so it is very rare to hear of property auctions in Nigeria, very rare (R23).*

This market peculiarity has, therefore, limited data search to transactions from private treaties. The implication of this is that the availability of transaction data is at the discretion of the parties to real estate deals.

Second, it was discovered that most real estate assets in prime locations in Lagos are owned by politicians and high-ranking public servants who wish to conceal their real estate transactions so as not to reveal their illicit income. This is because politicians' funds invested in real estate are often questionable. Hence, the fear of being exposed makes them keep the information about property sales or purchases secret, making it difficult to access data for valuation purposes. In line with this, a respondent asserted that:

> *"Majority of people that go into real estate in Nigeria are politicians – ex-senators, former governors, etc, and the money they are investing in real estate is stolen money. So, they don't want to disclose. People that are buying too are using stolen fund. You can imagine somebody collecting a salary of, say N100,000 ($279[1]) monthly and buying a property worth N50,000,000 ($139,664). Where has he gotten the money from?" (R14)*

The reason politicians own most prime properties may be because the cost of finance in Nigeria is high and discourages private and institutional investors from investing in long-term investments like real estate (Acha & Acha, 2011). For example, the Prime Lending Rate (PLR) stood at 18.23% as of April 2019 (CBN, 2019) and has remained double-digit for over 20 years.

[1] Based on the prevailing exchange rate of N358 to $1 as at the time of this research (source: http://www.oanda.com/currency/converter/)

In comparison, the lending rate in the UK and the US stood at 0.75% and 3.9%, respectively (World Bank, 2019).

Third, it was gathered that market participants take advantage of the market's low transparency and weak institutional framework to conceal the details of real estate transactions. The data collected revealed that property owners and buyers (including those with legitimate sources of income) would not be ready to divulge information about their real estate transactions to avoid paying appropriate taxes to the government. For example, it is a common practice within the Lagos property market that parties to a transaction usually prepare two or more versions of sales documents (like a Deed of Assignment) for every property transfer. Each document is prepared for a purpose. By this, one document would bear the actual price of the property, which is usually kept in the personal record of the parties to the transaction. The other document would bear an amount far lower than the actual transaction price. This is usually submitted to the government agency for documentation purposes and the computation of statutory levies and taxes. Respondents' comments in this regard include the following:

> *"When a property is sold for, say for N50 million ($139,664), most of the time when they want to register the title document they don't declare N50 Million. You may find out they declare N3 Million ($8,379). So, you can't rely on that."(R5)*

> *"For every land purchased in Lagos, by the time they are preparing the Deed of Assignment, they don't put the actual price so as to reduce the charges due to government. I have also bought land in Lagos, I bought for N16 Million ($44,692). How much did we put……I think N2.3 Million ($6,424). So, information there is not reliable" (R2)*

> *"It is because of corruption. Some people do it because they want to evade tax. You know (laugh), if you disclose the true price you are likely to pay higher tax to government, so in the document they, in most cases, reduce the consideration paid on the property. And you that need data you only want to rely on the document you see like deed of assignment that reads so, so, and so amount. So, it is a systemic problem." (R18)*

This finding confirms Ashaolu and Olaniran (2016, p. 168), who found that the practice of "double agreement" is rampant in Lagos. The implication of this on valuation is that property market data in the custody of public agencies like the Ministry of Lands in Nigeria are grossly

unreliable, having failed one of the basic tests of reliability – accuracy (Ge and Harfield, 2007). This feature of the Lagos property market is similar to most property markets in Sub-Sahara Africa. For instance, Baffour-Awuah (2017) found that market data from Ghana public institutions are incomplete and unorganised.

The fourth factor responsible for the lack of collated data in the market is that the professionals involved in real estate transactions are also secretive and sceptical about releasing transaction data. They do not want to reveal their earnings because of the stiff competition in the market and security reasons, and they are afraid of losing relevance. For these reasons, they are private about their brokerage activities. Some of the respondent's submissions in this respect are as follows:

> *"most valuer don't want people to know, may be, what they earn in term of fee, or how big they are." (R11)*

> *"most people when they conclude transactions they don't disclose it, may be because of issue that has to do with client protection – non-disclosure agreement. There are times when you don't want to disclose the details of your transactions. Obviously because of regulators like EFCC[2]."(R6)*

In essence, some valuers believe they are only relevant because of the scarcity of data. They believe that valuers' services may no longer be required if market data are available for all and sundry through technological tools. One of the comments by a respondent with 20 years of practice experience who is also a Principal Partner of an estate firm goes thus:

> *"the problem we are even having now is that sooner or later, you might not necessarily need a valuer to do a valuation for you. You go into the net, you can get all your information and apply it. Information on cost per square meter, etc., by the time you have it online, as a bank or individual you know what a property at Ikoyi or anywhere is already. You just want a rough valuation, not that you want a stamped and sealed document, I don't need to look for a valuer. It is coming to that. All the data you need will be right there in the database……. as time goes on, if care is not taken, if your report is not to be stamped and sealed, that is to be used for documentation, clients might not need the service of the valuer. Because everything is in the net." (R11*

[2] EFCC (Economic and Financial Crime Commission) is an anti-crime agency in Nigeria established Under EFCC (Establishment) Act 2002 to curb various forms of economic and financial crimes in Nigeria.

Every profession is currently going through transformational changes as a result of the advancement in technology. Therefore, professionals need to have proper education about the positive effects of the innovations that technology brings and how they can be harnessed to better their practice. Undoubtedly, technological innovations have a significant adverse effect of displacing human beings (Sachs et al., 2015). However, information technology is imperative to business survival in today's business world. For example, Miller at al. (2003) chronicled the economic evolution of property valuation and concluded that, with the trend of changes and evolutions in valuation practice, valuers must embrace the changes that come with technology to remain relevant and competitive. Therefore, it is striking that some professionals hide information for fear of being displaced in this globalised age when technology changes how things are done. This probably represents the reason why most valuers in Nigeria are receptive to the application of artificial intelligence valuation techniques (Abidoye & Chan, 2017).

5.3.2 Weak institutions and corrupt property rights registration system

Institutions are formal and informal rules, norms, and codes of conduct that structure human interaction and define how the game is played (North, 1991). A recurring pattern in the behaviour of the Lagos property market is the effect of weak institutions, especially concerning property rights registration, and how this has aided corrupt tendencies among market participants that its attendant effects on valuation practice. Some of the reflections of weak institutions in the Lagos property market that affect property valuation include the practice of "cloning of title document", "third party arrangement", and concealment of title documents.

Cloning of title documents is when a fake copy of a title document is produced in perfect resemblance to the original document. The fake copy is circulated to defraud market participants, including buyers, investors, and lenders. By this, multiple title documents exist on one property. It was discovered that because most property titles are not registered (Ashaolu and Olaniran, 2016), many valuation instructions come with no formal title documents describing the nature of the ownership and other interests existing on the subject properties. Where the document is provided, the valuer may be sceptical about the genuineness of the document because the title document could be a cloned copy of another person's document, generated to defraud the parties to the transaction. Respondents claimed that:

> *"There are many cloned title documents in the market. It is an act of fraud. That's why we do include exclusionary clause in our valuation report" (R21)*

"During the inspection, you may need to check the land registry to confirm the title document, if you have access to it, to verify the title – is there any encumbrances on it?....is there interest like a mortgage on it? Etc, because some clients don't know that their property has been pledged for a loan…they don't know. ***Researcher: Is that possible?*** *Yes, he might not know because they cloned the title. It is the responsibility of the valuer to do all these, especially when you know that this is a good client, to do due diligence in that area." (R6)*

This practice results from the weak institution, which resulted in the lack of proper records among market participants and the cumbersome nature of accessing information from government agencies. It is also because the majority (about 70%) of land transactions in Lagos occur without registration with the government because they are executed within the informal sector (Agboola et al., 2017). The challenge of weak property rights system has a far-reaching effect on the economy of nations. De Soto (2000) submitted that without a formal and functioning system of property rights, nations may not be able to maximise the potential of their resources bring prosperity to ordinary people. The author emphasised that the lack of legal property rights is the most significant factor that contribute to poverty among the citizens of the third world countries. Specifically, property rights documentation is vital to valuation because valuation is about the interest subsisting on a property. Most times, the cloning of title documents is done to hide information about possible encumbrances on the property, which might significantly affect its value.

Based on this, while the document verification service may not be part of the valuation service contract, valuers who operate in a market where such a high uncertainty exists owe their clients a duty of care to verify the document with the Land Registry. While this comes at a cost to the valuer, it is necessary to ensure that appropriate interest is valued.

The practice of "third party arrangement" is common to the valuation for secure lending, whereby an arrangement is made by individuals referred to agents to use the property of another person (third party) to secure a loan for their clients (borrowers) from banks (lenders). Two respondents with 15 years (R21) and 23 years (R10) of valuation experience, respectively, vividly described this practice as follows:

"Another thing about cloning of title document is that it is common with third party arrangement. By this I mean an arrangement where a client who wants to obtain a loan from bank uses the title document of a third party's property. Most times, the third party

might either disagree or agree but refuse to release the original document. Then the agent involved (who scouts for property) will then go and clone the document using the details of the third party and use the cloned document for the transaction. I want to believe they have some fraudsters they use who might be working in connivance with staff members of Land Registry" (R21)

"There are some people they call scout….I mean…I can't remember what they call them. They go about scouting for property for interested borrowers. That's what they do. They will pay them their fee. They look for people that have document to their property that they can release. And when they get one, they tell such person …look we will not take them (valuers) to your property, we will take them to another property. What they normally do is that they talk to the valuer…how much is your fee? We will pay you. So, the careless valuer will just get to site, value it and submit the report" (R10)

The weak land titling system is responsible for the widespread of these practices within the Lagos property market.

Another form of fraudulent act common among loan seekers, as further explained by respondents**,** is that they capitalise on the high degree of informality in the market to conceal the title document of their properties. Because it is a common knowledge in the market that most property owners do not have formal title documents, clients are in the habit of claiming that they do not have a Certificate of Occupancy (CofO)[3] even when they have. Client would therefore present only the survey plan to the valuer, knowing that survey contains minimal information about the property. With this, the client can mislead the valuer. Previous studies have shown that property transaction related frauds exist in every market, though in different forms. For example, in the US market, the common land transaction frauds include appraisal fraud, flipping, identity theft, and straw buyers (Stanfield et al., 2008). Hence, hoarding of information about title document is a peculiar way of using information power to influence valuers (Levy and Schuck, 1999). Therefore, valuers are expected to go the extra mile by confirming the details of survey plans with the Ministry of Lands. This exercise is called charting, which comes at an extra cost to the valuer. For example, a valuer asserted that:

[3] CofO (Certificate of Occupancy) is the formal land title in Nigeria granted by the state governor or other delegated person according to the provisions of the Land Use Acts and containing the specific terms and conditions under which the right is granted to the holder.

"Another way they go about their fraudulent act is to claim they do not have CofO, and that they only have survey plan of the land and claim they have building on the land whereas the property is just a bare land. So, what they now do is to take valuer to another plot which has house on it on the same street and, and most times, besides the original plot. Because of this, one of the banks … now insists that valuers must conduct the charting of the survey of the property being valued and provide the details in the valuation report. So you can imagine that, despite the meagre fee they pay, they still demand that you incur extra cost on yourself. ***Researcher: What is charting and how much does it cost?*** *Charting is simply a survey plan search. That is, the process of confirming the details about a survey plan. It depends on location, Lagos Island is different from Lagos Mainland. For, Island I think about 50,000 naira ($139.66)." (R21)*

5.3.3 Dominance of valuation for mortgage purposes in the market

While there are as many purposes of valuation as decisions regarding real estate and other assets, data collected for this study revealed that valuation for secure lending (mortgage) is the leading purpose for which valuation services are required in the Lagos property market. Respondents submitted that:

"When it comes to valuation in Lagos, over 90% of valuation we do, the purpose is for mortgage. Between 90 to 95 %. Because, in Nigeria, the major purpose for which they do valuation is to secure loan." (R14)

"Apart from other uses, mortgage valuation is supposed to be the prominent use of valuation because companies need loans, and banks give instruction for mortgage valuation. Mortgage system in Nigeria rests predominantly with banks." (R9)

By implication, valuation services are seldomly commissioned for other purposes like sale or purchase of property. Because of the dominance of mortgage valuation, every valuation firm makes an effort to be a consultant to banks. Perhaps, the low patronage of valuers for other valuation purposes is because the usage of professionals for decision-making is generally poor in Nigeria. Most times, Nigerians only consult professionals to satisfy legal or procedural requirements. Therefore, valuers are unavoidable in mortgage transactions since it is both a procedural and risk management requirement for banks to seek professional advice on the value

of the property offered by their clients as collateral. Hence, up to 60 per cent of valuation briefs are for secure lending (mortgage) purposes.

> *"…Yes, in fact I can put it at up to 55% to 60% of valuation that we do. And the essence is that in Nigeria, we have not come to the reality that if you are selling or buying property you need to assess the value. So, they hardly come for such valuation. But when they know they want to facilitate loan, they do it." (R21)*

This finding corroborates Mooya (2015) who found that about 47 per cent of valuation briefs in South Africa comes from banks and financial institutions. Also, it is worthy to note that the low patronage of professionals cuts across other professions in Nigeria. For example, the recent successive occurrence of building collapse across the country has been attributed, among other factors, to the fact that most property developers do not involve appropriate professionals (Oloyede et al., 2010; Ibrahim et al., 2019).

By implication, the dominance of banks as the major sources of valuation instruction gives the financial sector a huge influence on valuation practice. For instance, any change in banks' policies or variation in economic policy that affects banks' loan granting ability would severely affect the valuation business. Respondents gave instances of the increase in interest rates and change in government policy as reasons for the recent reduction in valuation jobs because the high-interest rate discourages business owners from borrowing from banks. Respondents asserted that:

> *"The present one we are experiencing is the inability of the people to access loan because of the high interest rate. This, I believe, affects lots of things in the market because most small business owners could not access loan and, in that case, there is no way we can value for them."(R10)*

> *"You will discover that when the policy of the CBN is in favour of banks, then, you will discover that valuation strives in the system. Then, when government policy is affecting the system, it affects the practice too."(R10)*

5.3.4 Improved standardisation and internationalisation of professional services

There is a growing demand for standardisation of the process of professional services associated with investments as the volume of cross-border investment grows. One of the major areas of professional service where this manifests is in the area of reporting for financial

services. For this purpose, international standards and guidelines are provided and adopted by regulatory bodies and institutions across the globe to guide the conduct and reporting of professional services. Prominent among such standards include the International Financial Reporting Standards (IFRS) and the International Public Sector Accounting Standard (IPSAS), which were adopted by Nigeria in 2011 and 2014, respectively.

The interview data demonstrated that the adoption of international standards effects positively the property valuation practises in the research area. Particularly with the recent adoption of IFRS and IPSAS, the profession is rapidly adapting to international standards of practise in the area of reporting. For example, because IFRS and IPSAS require full disclosure in valuation reports, valuers are now made to disclose more information in their reports than they were used to before the adoption of these standards. Respondents submitted that they now have to disclose the details of comparable data used, including the location and contact persons in their valuation reports which was not the case before adopting the standards. By implication, this translates to an improved reporting system which is better for clients in decision making.

> *"You have to make full disclosure. Details of your comparables [sic] have to be included and everything has to be stated.* ***Researcher: and this was not the case before?*** *R4: Yes, I can say in the last 3 to 5 years ago it was not like that."(R4)*

> *"The valuation we are doing now is full disclosure.." (R7)*

> *"…even if you don't want to do it, the economy and the demands of clients now in Nigeria will force you to do it. Valuation has been tailored to the international financial reporting standard now. Every bank now, because they are being mindful in this period of economic meltdown, they [sic] want to see every kobo* [unit of currency in Nigeria] *how it [sic]being valued. That is why it is a task on us now to be able to be in line with international valuation standards and the international financial reporting standards….. I remember for company A's job that we did, it was stated in the letter of engagement that our basis of valuation, fair value, must be according to the financial reporting standard. And the basis of valuation were indemnity, reinstatement and fair value, and it has to be in line with international valuation standard. So, despite the fact that we used cost method, we still have to componentise all those assets which has not been in practice before" (R21)*

In addition to improving the quality of valuation reports, adopting financial standards has increased the demand for valuation jobs, expanding the valuation market. For example, the IFRS requires companies to value their assets every five years, hence the increase in the need for the services of valuers. One of the respondents' comments on this reads thus:

> *"There has been more awareness, and people are getting more into engaging ESV* [valuers] *for valuation services. The awareness made the requisition for valuation to increase. I will give the example of the Financial Reporting Standard [sic], which has made it compulsory, and they are following it up, that firms must do the valuation of their assets at least once every five years. Financial Reporting Council enforces their standards so much that companies cannot dodge it, so they (companies) are engaging valuers to do valuation" (R1)*

This finding attests to the fact that internationalisation of professional services and enforcement of international standards is gaining acceptance in developing markets and, as such, boosting the quality of valuation services and increasing the relevance of valuation professionals to the business community and the economy at large.

For further insights, issues relating to professionalism and internationalisation of valuation practice were further investigated through a questionnaire. The result is presented in Table 5.6.

Table 5.6: Professionalism and standardisation of Valuation Practice

	Professionalism and Internationalisation Issues	**S.D**	**Mean Score (MS)**	**Ranking**
B16	Adequacy of local professional and ethical standards	0.85	2.92	3
B17	Adequacy of international professional standards	0.85	2.79	5
B18	Enforcement of standards	0.91	2.33	6
B19	Some agencies' requirements e.g IFRS, AMCON etc.	0.87	3.04	1
B20	Efficiency of professional body	0.86	2.94	2
B21	Efficiency of regulatory authority	0.88	2.82	4

SD: Standard Deviation; MS: Mean Score

The “Professionalism and standardization” construct consists of six variables (B16-B21) and Cronbach’s alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach’s alpha coefficient =0.78). Using a Mean Score (MS) based on a Likert scale ranging from 1 (very low) to 5 (very high), the results indicate that the enforcement of "some agencies' requirements like IFRS (International Financial Reporting Standards), AMCON (Asset Management Corporation of Nigeria)" ranks first with a Mean Score of 3.04, which is just a bit above the moderate level. Other variables are below moderate. For example, "adequacy of local ethical standards" has a Mean Score of 2.92, while "Enforcement of Standards" has the lowest Mean Score of 2.3. On the one hand, this results further confirm the qualitative findings that the recent adoption and enforcement of international standards is a good development for the valuation practice. On the other hand, the low degree of enforcement and efficiency of local and international professional (valuation) standards indicates that the improvement recorded through the adoption of reporting standards was mainly because the standards were enforced by client organisations and government institutions based on the requirement of the law. In line with this finding, previous research demonstrates that when standards are mandated for all financial-related reporting, experts are quick to adopt them (Tyrrall, et al. 2007; Alali & Foote, 2012). This finding suggests the need to improve on the enforcement of valuation standards in the market. Furthermore, the results in Table 5.6 show that both the professional (NIESV) and regulatory (ESVARBON) bodies were ranked below moderate level in term of efficiency, though the professional body seems to be more efficient (with Mean Score of 2.94) than the regulatory authority (Mean Score of 2.82). This suggests that the professional and regulatory bodies are not efficient enough to manage valuation profession in the study area. More importantly, the inefficiency of the regulatory body has great consequences on the enforcement of professional and ethical standards and the development of sustainable property databank.

5.4 Analysis of challenges confronting valuers within the Lagos property market

This section presents the result of this study's second objective, which seeks to examine the challenges valuers are exposed to within the Lagos property market and their impacts on property valuation practice. Based on the conceptual framework, this study examines valuation challenges from three main focal points: market/data challenge, cognitive limitations, and client influences. Therefore, the interview protocol was informed by the study's objectives as guided by the theoretical framework. However, the flexible nature of semi-structured interview

gave room for the discovery of other challenges from respondents' experiences which are peculiar to the market under study.

5.4.1 Data challenges

The respondents emphasised the dimensions of challenges faced by valuers as a result of the scarcity of data and how these affect the practice of property valuation. The data were analysed based on themes that emerged from the analysis of interviews, and they are discussed accordingly. In addition to the lack of transaction database and weak institutions associated with the nature of the market, interview data revealed other significant challenges.

Undocumented charges, underhand dealings, and undisclosed information

According to the respondents, real estate transactions in the market are fraught with undocumented costs and transactional issues, and what some respondents referred to as "underhand dealings". Undocumented costs are unreceipted costs that parties to transactions have to incur to conclude a deal. These associated costs are often borne by parties to the transaction, but not always recorded or documented to form part of transaction data. The are part of the impediments created by the ineffective property ownership structure, weak institutions and low transparency in the market. For example, one of the respondents submitted that:

> *"When a property owner tells you how much he bought a property, most times they only quote the price, not the total cost. There are some incidental costs attached to the acquisition of property, like legal search and some others, which are not documented. There are some places you buy a property that you have to pay 'omo onile'*[4] *money and, most times, they don't give you receipt; whereas, it forms part of your acquisition costs. So, to get the real acquisition cost, you need to dig deep" (R5)*

Respondents described this phenomenon as one of the factors that affect the reliability of market data. For example, property transactions in Nigeria are accompanied by a number of contingency costs, such as the cost of title search, the cost of settling the children of native land owners (known as "omo-onile" syndrome), and the cost of obtaining the Governor's consent as required by the Land Use Acts, among others (Agboola et al., 2017). These are additional costs

[4] 'Omo-onile' is a phrasal noun in Yoruba language which translates literally as 'children of the land owners'. These are the set of people who claim to be the descendants of the original owners of land under customary law. They make demand for exorbitant amount from land buyers/developers after the buyer must have paid the purchase price, especially in the case of communal land (see Akinleye, 2009; and Agboola et al., 2017)

occasioned by formal and informal institutional in the market. In most cases, information about such costs is not always made available with market data. In addition, most of the associated costs vary with circumstances. This increases search costs for the valuer, who is expected to make adjustments for all associated costs from sales price while analysing market data. Hence, it constitutes a considerable pressure on valuers.

The term "underhand dealing" also refers to corrupt practices whereby parties to a transaction, especially brokers and agents, build additional costs around the brokerage process to maximise their profit from the transaction. An example of such practices is known in the market as "loading of price". Property price is "loaded" when the agent involved in a transaction adds a certain amount or percentage to the actual sales price to increase his/her profit margin. For example:

> *"…like I told you, you may get information from your colleagues or agents. The challenge with this is that there may be some underhand dealings you are not aware of. For example, somebody may tell you a property was sold for N50 Million ($139,665) without knowing that it was sold for maybe N45 Million ($125,698), and somebody has added his own N5 Million ($13,966) on top. If you base your opinion on that, you may overvalue" (R2)*

The price loading is often done in connivance with the buyer's representative or agent, especially when the client (buyer) is a corporate entity or government agency. The amount of loading depends on the chain of middlemen (agents) involved in the transaction. Therefore, the data emanating from such transactions would not reflect the actual market value. As such, valuers would need to conduct further enquiries in order to clean the market data of such artificial elements. This finding corroborate Daly et al. (2003) who submitted that valuers are expected to identify and deduct all artificial elements which might have been built into sales prices during the process of property sales.

Furthermore, relationships between parties to transaction and contract terms are also generally concealed. Any of these could have affected the sales or rental price. For instance, certain transaction conditions or parties' mutual agreements might influence the final price.

> *"Again, if you are talking about rent, a colleague may tell you the rent of a property in their portfolio is going for so and so, you don't know if the tenant is a sitting tenant or maybe it's a rent of love and affection. You may not also know some conditions under*

which the property was let. Probably the tenant made some repairs which made the landlord reduce the rent" (R2)

The practice of underhand dealing is not limited to land and buildings alone. Valuers also experience this when valuing plants and machinery. According to the respondents, owners of machines and equipment usually have more than one invoice for different purposes. For example, different invoices may be used for government duties, tax, and company accounts for shareholders. While the asset owner/client has been identified as one of the sources of market information in the literature (Baffour Awuah, 2017), it is evident that this data source can be misleading in a market where the practice of "multiple invoices" is rampant.

"…there are some special assets, may be the machine was made in China and you can't read what is written on the machine. They (client) will give you invoice and you know for every machine they prepare two invoices – the one for the actual price, and the one they will give to the customs for clearing to reduce the duties chargeable on the importation. If they bought machine for N20 Million ($55,866), they may prepare another invoice that it was bought for N2 Million ($5,586) to reduce duties. So, if the client intentionally or mistakenly gives you the invoice that was prepared to reduces duties, you will undervalue." (R2)

Challenges with data for specialised assets

Specialised properties hardly exchange hands in the market because of their uniqueness (RICS, 2017). Such properties include hospitals, places of worship, oil refineries, prisons, hotels, and petrol stations (French, 2004). Some specialised assets require a higher level of valuation expertise than conventional properties on the market. The valuation approach for specialised properties depends on the nature of the assets, the available information, and the circumstances surrounding the valuation. In this study, respondents revealed that it is more difficult to access data for the valuation of specialised property assets than other property classes. Some specialised assets with which the respondents often encounter this challenge include filling stations and hotels. Respondents also identified other highly specialised assets like aircraft and vessels, but only a few big firms have experience in such valuations. This corroborates the submission of Baffour Awuah & Gyamfi-Yeboah, (2017) that the valuation of filling stations in Ghana, a similar developing Sub Sahara African market, is associated with difficulty and ambiguity. However, the valuation of specialised properties like hotels and filling stations is

not associated with data challenges in developed markets like the USA (Walsh and Staley, 1993).

Valuation of filling stations has been categorised as a more complex assignment to carry out when compared with the valuation of other types of properties like residential and retail/office because it requires the use of the profits method of valuation (Baffour Awuah and Gyamfi-Yeboah, 2017; French, 2004). The profits method requires trade/transaction information as inputs. Hence, challenges associated with the valuation of such properties include the lack of reliable business data within the Lagos business environment. A valuer requires books of account of the business to apply the appropriate method (profits method) in valuing trade-related properties. Specifically, respondents' experiences show that clients' books of accounts are not always available (not disclosed), or the available ones are incomplete or falsified. Business owners sometimes do this to take advantage of the weak government institution to avoid taxes. Alternatively, they make the information inaccessible or present the falsified copy to valuers to influence the valuation figure.

> *"For-profits method, that's a big problem. It is a big challenge to valuers. That is because client or companies don't readily release their books of account, may be for security reasons. …….. When we were valuing a filling station, it was a big challenge because they didn't disclose their books. We asked for the pump sales per day, they didn't disclose" (R20)*

> *"Now, since it is a filling station, we need to get the sales records of the business but believe honestly Nigerians don't have proper records. So, we would put an information there that it is based on the information supplied to us. So that in case of any eventuality, I will know that I have done things with due diligent. Because if you check books of record in Nigeria, they are not always right probably because of taxes" (R22)*

> *"One, if you are doing something that has to do with specialised property that you have to use profits method, like hotel, it is a big problem. How do you estimate the annual profit when we don't have rate standard for hotel. How do you classify the hotel, .. how do you determine the profit that you are going to capitalise at the end of the day, which is always a big…big problem. So, you create a lot of assumptions"(R7)*

Hence, accessing data for this category of assets requires a high degree of transaction costs. As expected of a rational man when faced with transaction costs, valuers resort to alternative methods, especially cost methods, to value trade-related properties. Therefore, while the use of wrong valuation method has been identified in the literature as one of the causes of valuation variance, this finding further explains the reason for the choice of wrong methods.

Limited accessibility or restrictions to the required information

Basically, valuation exercise requires that the valuer conducts a thorough physical inspection of the property being valued, studies documents relating to the property, and gathers appropriate market data for analysis. According to the respondents, access into properties for inspection as well as accessing basic documents and information relating to property being valued is also challenging for valuers. The respondents submitted that the challenges of accessibility are in varied forms.

First, in certain instances, valuers are denied access to inspect the property which is the subject of valuation. This is common in circumstances where there is a case of legal dispute over the ownership of the property; when the property is to be sold and it is being occupied by tenants; or when the valuation is occasioned by the Asset Management Corporation of Nigeria (AMCON)[5] for the purpose of offsetting bad loans. It could also be that the property owner does not want general public to know that he/she is selling the property or using it as collateral for loan. In such cases, accessing the property for inspection is not granted easily either because the property owner wants to protect his/her personality, or the occupants are hostile to the valuer. Consequently, the valuer will not be able to conduct inspection to take the details of the property for valuation as expected. This makes the objective assessment of the property becomes a challenge. Responses in this regard include:

> *The other thing has to do with access. Sometimes, there is restriction to the property you want to value, especially when you value for receivers like AMCON. The obligor will not allow anybody to access and your client wants you to submit report. So, how do you value what you cannot inspect. And there is confusion in the identification of property which may be as a result of lack of identity of misrepresentation of identity. Unlike the developed countries where you can even locate the property through GPS. We don't have that here. (R6)*

> *Dispute is one of the reasons. Where there is no dispute, then it is that "I want to do something and I don't want others to know" or "I own my house and I don't want people to know that I want to use it to borrow (as collateral)". There was a job we got*

[5] AMCON is the Asset Management Corporation of Nigeria. AMCON was created to be a key stabilizing and re-vitalizing tool aimed at reviving the financial system by efficiently resolving the non-performing loan assets of the banks in the Nigerian economy (https://amcon.com.ng/about-us.php)

> *and the man said … eeeh you can't go inside, you can't measure, you can't do anything. It was his house and we met him inside the premises. And we have to value such. Yes, we can say we would use investment (method) but we still need information to compute report. We told him we can't go ahead and he said we can go if we can't do it and we left. (R1)*

It was further found that while some valuers reject such jobs for lack of access, while some still take up the briefs for the reason of survival. Therefore, in executing a valuation assignment without having access to the property for thorough inspection, such valuers rely heavily on experience and information provided by the client and make assumptions about other variables. This therefore, means that the presence of this challenge in the market makes valuers stretch the use of assumptions and experience. While assumptions are part of subjective aspect of property valuation, it is important that such assumptions have basis. Also, while experiential knowledge is essential to the practice of valuation (Amidu et al., 2019), the limit to which experience can take the place of facts needs to be acknowledged. For example, one of the respondents (R6) hinted that *'assumption is not a waiver for incompetence or misrepresentation on the part of the valuer'*. Therefore, this finding raises a concern about how much assumption a valuer is expected to make and the extent to which the use of assumption and experience has been abused in practice.

Second, many times, property owners/clients do not provide or give access to basic documents relating to properties being valued. Such documents include those relating to the ownership of the property and the interest subsisting in it, and in the case of plant and machinery, invoices and other books of record. According to the respondents, clients may claim they do not have the document at all or they are not able to lay their hands on it as at the time of request which might be a deliberate act to hide some important information from the valuer.

> *Another thing is the access to basic information about the property being valued, like the title of the property. You will find a case where a financial institution gave out valuation for mortgage without releasing the tenure document. (R6)*

As professionals, valuers are expected to explore extra effort to source for reliable data. However, respondents explained that even when valuers decide to go an extra mile to generate data through other means like using physical observation to gather sales activities in a filling station when books of account are not available, valuers are most times denied such access under the guise of confidentiality. When commenting on a similar experience, a respondent said:

You can't go and sit down there to see the amount of PMS[6] or AGO[7] they sell in a day. You can't. You can't just sit there and be looking at their meter, they will not allow you to do that. For security reason, they will not. (R14)

The challenge of access is sometimes more severe when it involves briefs from government agencies or corporate organisations because of the bureaucracy involved. It is common that the valuer who secures a valuation brief with government establishments would have to seek permission or clearance from several departments before gaining access to the property. This delay does not only affect the time of delivery but also the resources of the valuer as this requires multiple visits.

…..In practice, you might spend far beyond as you might be facing challenges even to get access to the property. We were given a big job recently, for the past 3 weeks we have not had access to the assets to value because their process tells you, even in their letter that there are about seven departments you have to liaise with before you can proceed. Now, the time I have spent on that if I have projected and calculated that I will start work the next day and I am now facing a 3 week delay due to their logistic. These are challenge that you face that sometimes take away a huge chunk of your fees. (R1)

5.4.2 Cognitive and capacity limitations

Following the theoretical basis of this study, cognitive limitations are basically divided into three – limited experience and skills, time constraints, and limited resources. However, data collected revealed that experience/skill and time constraints were emphasised as challenges by the respondents while resources constraints was considered less challenging to the rendition of valuation services.

Limited experience, knowledge and skills for valuation of specialised properties

Human beings are naturally limited in capability. However, experience and training are essential for an increased performance (Ericsson, 2006). The nature of the limitation being experienced by valuers in this respect was examined. It was found that majority of valuers are limited in capability and experience needed for the valuation of some highly specialised assets. Respondents reported that this is common with valuation of assets like aircrafts, mineral assets, vessel, billboards etc., in which the majority of valuers lack the required skills and exposure. The findings showed that such skills are scarce among expert valuers in Lagos because valuation of such assets are not emphasised in the academic curriculum and such briefs are not

[6] PMS refers to Premium Motor Spirit, also known as Petrol
[7] AGO refers Automotive Gas Oil, also known as Diesel

common. Hence, most valuers lack both academic and experiential knowledge for such valuation.

> *'..we do face challenges of inability to carry out some particular briefs due to some reasons – may be skill or exposure. For example, when I was called ….can you value an aircraft? (laugh). I have never done such before. But this is a big money for us. The man said some other valuer he has called said they have never done it before, so they don't know how to go about it.' (R10)*

It was further found that this limitation is common with small and medium firms as correspondents from the few big firms confirmed that they hardly face such challenge because of the size of the firms, long years of practice and the frequency of high status jobs they do. The head of central valuation unit and a partner in one of such big firms said:

> *To the glory of God, there is no valuation I have not handled. I have valued tank farms, oil vessels, aircraft, mineral resources like limestone, granite and many of those things. I have valued mortuary, I have valued golf course, cement factory, and even boat house (R15)*

Therefore, expertise in such areas of valuation only comes with experience which can mainly be acquired from big firms as such valuations are always assigned the few big firms in the market. However, few valuers have been exposed to relevant training in some of these specialised assets during their years of tutelage in big firms while other few have acquired skills through specialised training overseas. It was also gathered that these few experienced practitioners are always called upon to serve as collaborators in the execution of valuation of such highly specialised assets. However, while respondents identified this has a challenge, they did not see it as a significant problem since they can easily collaborate with those who are experienced in such valuation assignment.

> *Yes, we experienced it a lot especially when it comes to specialized property. There was a time we were to value billboard for a big advertising company across Nigeria. We had to sit down and look at it, what exactly are we valuing – the advert, the rent or the license, etc, because we have not done it before. So, we have to call other valuers, friends. (R7)*

The data also revealed that valuers in the study area lack the knowledge of the application of advanced valuation models like the use of automated valuation models. Most valuers still use the traditional methods of valuation which are fraught with subjectivity, imprecision, inaccuracy, and unreliability (Zurada et al., 2006; Abidoye & Chan, 2017). This finding corroborates Abidoye and Chan (2017) who found that Artificial Intelligence (AI) techniques to valuation are not in use among valuers in Nigeria. A respondent sums it up as:

> *…compare to what obtains in the advanced countries where there are advances in property valuation as we can see in the literature, we talk of real option model and*

other valuation models that are making waves now. But in Nigeria you still see people using DRC, people using the conventional investment method. Though now the literature is advocating that we go into something like growth explicit model, discounted cash flow (DCF) and all that, but we are not there yet. So, we are saying that the level of exposure of practitioners about some of these advances is still very low. (R23)

Time constraints

The contrasting pressure of the time needed to carry out a professional service and the time frame given by client has been noticed to be a challenge in literature. Majority of the discussions on the prevalence and effects of this phenomenon can be found among audit literature (see Broberg et al., 2017; Abuaddous et al., 2015). Hence, time constraints forms part of the cognitive limitations in the conceptual framework leading this study. The interview data showed that time constraints pose a considerable challenge to the delivery of valuation services. According to the respondents, a large amount of time is required for the valuer to search, verify, and analyse market information due to the nature of the market and the secretive attitude among market participants. However, clients are accustomed to providing valuers with extremely short deadlines, putting valuers under pressure. For example, data revealed that for a regular valuation, the average time normally given by client ranges between 24 hours (1 day) and 72 hours (3 days). This is common among financial institutions.

It is unfortunate, when banks give us instruction, they want the valuation the second day……They will give instruction today and want it tomorrow, that has always been the experience from banks (R15)

According to the respondents, while delivering within 72 hours may be possible in some instances, expecting valuation report with 24 hours after giving instruction is practically impossible because, from experience, the inspection alone may take a whole day considering the heavy traffic situation within the Lagos metropolis. In line with this, Klamer et al. (2018) found that when time pressure is introduced into the valuation process at the input stage (i.e. valuation instruction, information collecting, and property inspection), other stages of the valuation process are impacted. Therefore, time constraints impact all stages of the valuation process.

Another thing is that the time frame for most valuation report is too short. For example, you have a valuation that involves total assets of an industry including land and buildings, plants and machineries, office equipment and the stock. Then, the banker – financial institutions constitute the bulk of valuation users. The problem we have with them is the time frame. They will give instruction and they expressly state it in the

instruction that they want to have the report in 72 hours. Now you go to the field for physical inspection which, at times, can take a whole day. And by the time you are through, you start the reporting which in different stages now, like the analysis of market data, the secretarial aspect of it and so on. So, time frame is a challenge because they will be calling, and you too will want to deliver because you want to have customer retention. So, that's a challenge. (R23)

However, because of the keen competition for briefs in the market, valuers would always want to deliver within the time frame given by clients. Therefore, the valuer is constrained to work with the available data gathered within the time frame given, which may not be sufficient for a thorough analysis. However, valuers do this as a way to retain clients as they may lose both the brief and the client if the target time is not met. For this reason, the valuation report may lack some important information while the valuer resorts to experience and rule of thumb in the absence of detailed market information. This, sometimes, leads to a less quality job as time may not be enough for rigorous analysis.

On time constraints, for example, some clients want their report within hours after the inspection. You just have to do the little you can do within that time frame. It may not be exposed to large information about market. You may not be able to get comparables. You may call some of your colleagues and some may tell you I will get back to you or we don't have any recent transactions in that area for such property, etc. So, you don't have information on time and you have to deliver. In such time constraints, as I said earlier, you resort to experience. That is why valuation is all about art and science. It is not limited to the computations and measurement alone, you still resort to experience. (R13)

Similar practice was found by Daly et al. (2003) who studied the inclusion of consumer behaviour in the valuation of residential property and found that the pressure from lenders forces valuers to overlook important factors which could serve as leading indicators of changes in the marketplace. Also from accounting profession, Broberg et al. (2017) and Sweeney and Pierce (2006) found that time pressure lowers audit quality and more time for auditing increases the quality of audit. Broberg et al. (2017) also found that auditors engage in some quality reducing behaviours when worked under extreme time pressure.

Similar to the findings of Broberg et al. (2017), data for this study indicate that valuers engage in some forms of behaviour that may affect the quality of valuation. For example, a respondent's comment below shows that the need for valuers to meet up within the limited time given makes them rely heavily on experience at the expense of quality data search and analysis. This constraint eventually leads to the delivery of unsatisfactory jobs, which trigger reactions from clients:

> *Yes. There are times we even do it and client will say hmmm…what sort of rubbish is this? (banged a book on the table)...because we were under time pressure and we just used the available information we had to conclude. The client will say 'what are you telling me…do you know how much I bought it?'. (R1)*

It was also discovered that time constraint significantly impacts valuers when the valued property is located outside of the city of practice. When travel time for inspection is put into the equation, it becomes almost impossible to meet the delivery deadline. Smaller firms that lack a network of firms outside Lagos state are adversely affected by this difficulty. However, a few large firms appear to have an advantage by using branch networks and technology.

> *…it happens regularly. Because we have branch network in virtually all the states in Nigeria, what we do is that any job that is not in our jurisdiction, we forward it to the branch with the letter of instruction stating the urgency of the report. They will do it and sent to us. That's how we normally check the pressure. (R14)*

However, valuers claimed that they do demand for more time from clients and if such request is not granted, some do let go of the brief while others find means to deliver at the clients' desired time at all cost. It is however interesting to find that one of the strategies some valuers use in other to make sure they deliver within the limited time when the property to be valued is located outside Lagos state is by not personally visiting property location for inspection. The usual practice in such circumstance is that the valuer contacts a third party (probably a colleague) residing or practising within the city where the property is located to inspect the property and send the data to the valuer and the valuation will be carried out based on such data. For example, one of the respondents (a principal partner in a small firm) said:

> *…like for example, the one we did at Makurdi[8], we did not go there. We called some colleagues and they gave us the contact of somebody who is reliable there. Based on the time, the client gave us one week to deliver. If my staff has to go to Makurdi now, he will spend like three days on the road, going and coming. So, somebody who is in Makurdi will go there for us and send all the information to us. My staff is working on the report now. But if we go from Lagos here, we can't deliver in five days. So, because of time factor (R19)*

Inadequate human resources

This study investigated the possible cognitive limitation valuation firms may be facing in terms of resources. Resources in this regard refer to the physical input like equipment, staff, vehicles, and other physical assets which firms use in the process of executing professional services.

[8] Makurdi is the capital of Benue state located in the central part of Nigeria. It is about 786 kilometer from Lagos state.

Unlike physical goods, the nature of professional service requires more of intangible assets/inputs like skills, trainings and experience than tangible assets. Therefore, skill sets, experience and adequate information are the main resources for the delivery of professional services

The enquiry into respondents' experience revealed that this phenomenon does not pose a considerable challenge because an average valuation firm possesses essential equipment required for inspection, data processing and storage, and production of reports. However, respondents described the lack of resources as when a firm secures a brief for a big valuation job requiring more personnel than the firm has. One respondent explained what his firm usually does when faced which the challenge of insufficient human resources:

> *Yes, it happens. We need to let the company (client) know this and this are what we need to put in place to get the job done. For instance, we had a valuation of a composite asset recently and we have to resort to getting more surveyors. The resources were not presently there when the brief came. We needed to get more hands to assist and we had to train and get more materials like cameras and all that to get the job done in order to meet up with the time frame. (R13)*

This, therefore, lays emphasis on the adequacy of human resources. Generally, the majority of firms practising within Lagos property market operate on a sole proprietorship basis with few professional employees. For this reason, when such firms secure big valuation assignments, they either make arrangement for ad-hoc staff or collaborate with other firms.

On the other hand, big firms with network of branches and larger staff strength claimed they hardly face such challenge because they have been many of such big jobs by the virtue of their size and the share of market they control.

> *So, when it comes to resources, be it human resources, we have professionals; material resources, we have it - at least average of one car to two people; and we have all kinds of electronics we can use, etc. (R15)*

5.4.3 Challenges of client influence

Influence from clients has been widely reported as a reality in professional services. A substantial amount of literature in this area can be found in valuation and audit literature. Client influence has generally been seen as a source of judgemental bias (Achu, 2013). Among valuation studies, researchers have established the existence of client influence and the means through which clients achieve it. Chen and Yu (2009) also established that factors causing

client influence differ across markets, business practices, and development backgrounds. However, the body of knowledge in this area still lacks a robust discussion on the dimension of client pressure on valuers and how the peculiarity of property market settings contributes to the phenomenon.

In terms of the severity of the pressure, respondents were unanimous in their responses that about 40 to 70 percent of valuation briefs come with influences from either the client or other associated parties in valuation contract. A greater percentage of the pressure is associated with valuation for secure lending purposes, perhaps because a typical borrower would want to get the best bargain out of mortgage deal.

> *…it exists. Hmmmm.. from experience, I can rate it as out of every 100 jobs we do, there will be likelihood of influence on, say, about 30 %. So, I won't say it is so severe, let's say 30 to 40%. (R13)*

> *For mortgage, you can say between 75% - 80%. (R3)*

Also, in terms of the extent of change that client normally request for, most times the request of clients are ridiculously unreasonable to the extent that it is always impossible for valuers to consider. For instance, a respondent said:

> '*a client was asking us to put the rental value of his property at N7 million ($19,553) per annum, and the actual rent of that property was around N1 million ($2,793), he said because of the loan he wanted to get from an international body we should make it N7 million ($19,553)' (R20).*

Previous literature suggests that valuers have tendency to consider altering valuation figure upward if the client's request falls within a reasonable range that the valuer can defend (Har vard, 2001). While data collected for this study confirm this earlier findings, this study further revealed that clients' request are always irrational, out of bounds and not defendable.

Furthermore, while previous studies have established that valuers are likely to succumb to influences from clients because of the fear of losing clients, corrupt practices, and greed, among others (Nwuba, et al. 2015a), the data for this study revealed that the tendency for valuers to succumb to influences of clients is generally reducing in the recent time. One of the reasons for such is the fear of litigation. Professionals are becoming more conscious of the possible legal consequences of succumbing to pressure from clients. The was revealed in the experience shared by respondents below:

> *Of course a customer that wants to collect money from bank can do anything. …..There are many cases I heard of, even big names, notable people and excos* [executive

officers] *in the professional body* [NIESV]. *We can't just be saying everything here. I know one popular professional whose staff overvalued a property and the loan went bad and they could not sell it. The man had to buy the property by himself based on the value he put. They threatened to publish his name in the newspaper and sue him, he had to buy it to save his name. (R19)*

As a valuer, ...because you can be called upon to come and defend your value. Valuation is prone to litigation, so you have to stand your ground to give the real value. So that anytime they call on you, you will be able to defend the value. But client, they are always there to influence your value. (R14)

This result provides further insight into the finding of Amidu and Aluko (2007b) who finds that the possibility of disciplinary action (by professional or regulatory body) does not affect valuers tendency to modify valuation. This means that while the actions of the disciplinary committee of the regulatory authority may not affect valuers' disposition to client influence, the possibility of legal action from client does. This resonates with the findings of previous studies which established that legal claims against valuers for professional negligence is on the increase in developed nations due to increase in clients' awareness and media coverage (Brownell, 2000; Babawale, 2013b).

Another factor contributing to the reduction in valuers' tendency to succumb to clients' pressure is the improvement in banks' credit policy and risk management system. The recent crisis in the Nigerian banking sector led to consolidation of banks and establishment of AMCON which has made banks to scale up their risk assessment process especially in the area of loan processing. As a result of this, banks are now asking for more transparency in the contents of valuation report. For example, some banks now require that valuation reports should contain the details of comparables market data that valuer used and how the valuer arrived at the valuation figure. This was not the case before. Therefore, the high expectation of clients due to globalization and improved risk management policy of banks is now reducing the phenomenon of client influence on valuation.

….the influence from client often come when the valuation has to do with mortgage or valuation for balance sheet and it is thinning down with increase in customer education, with risk management enterprise framework of banks now……and the way valuation is being done now, there are lots of things you put in the report. You put the picture of comparables, you put the sources of information of comparables. So, there is a lot of improvement now. So there is little a client can do. With all this information that we now put in the report, banks can call to verify. Valuation report was not like that before. Previous report didn't use to have calculations of how you arrive at your figure but now you show everything – rent growth, projected income, capitalization, etc. (R7)

However, while it might not be surprising that client pressure is most severe in the case of valuation for secure lending, it is striking to find that the pressure comes not only from borrowers but also from bank officers (representing lenders). Intuitively, it is logical to expect pressure for an upward review of value from the borrower. At the same time, the lender would want to be advised on the minimum possible value of the property. However, data gathered for this study revealed that pressure to increase valuation figures also comes from the bank officers representing lenders (banks). In some instances, the bank officer would want the valuer to produce a value opinion that justifies a particular amount of loan being processed.

> *…then, pressure from the client, be it the mortgagee or the mortgagor. There is always pressure from them which you need to stand your ground and convince them……..you will see many bank officers who will tell you 'I don't want to lose that client, please the value is small, we need value of this", so that it can support their collateral. (R15)*

> *There are times some of them will tell you from the beginning this is the value I want. Both the client and the bank officer…two of them are culpable. There are times bank officer will tell you this valuation you are doing this is the mount we expect because we want to give our client so, so and so amount.(R2)*

On the one hand, this finding contradicts previous studies like Levy & Schuck (1999), which reported that bankers only assert pressure for downward (pessimistic) value. On the other hand, the finding corroborates the submission of Daly et al. (2003), who found that, because of the global competition, lenders were desperate to lend based on assets which might not provide adequate cover for the loan; hence they pressurise valuers to achieve their bids.

In addition, respondents elaborated on factors which influence valuers' susceptibility to client influence. The marketing approach of real estate companies is a significant factor. It was discovered that, in order to combat market competition, it is a common practice among valuation firms in Lagos to create separate marketing units comprised of personnel tasked with responsibility of soliciting valuation jobs from clients.

> *Everybody is expected to get job but we have some who are mandated to go out and source for valuation jobs…to canvass people and companies. So, because target drives them, sometimes they will find ways to satisfy their clients. (R1)*

However, while marketing professional services may not be inappropriate, it was discovered that the method in which valuation firms market their services encourages client influence. It was discovered, for instance, that valuation firms place their marketing teams on financial and operational targets. By this, the assurance of pay and other benefits, as well as the security of

their work, hinges on achieving such targets. Hence, in a bid to achieve their targets, marketing personnel perform under pressure, making them more susceptible to client influence.

> *….you know these days valuation has turned to business. You have the marketers that are supposed to bring in valuation jobs, you have the executors that are supposed to execute, and because they are on target, they must meet their target. So, in a situation where they value a property to be 100 million naira and the client say no I want it to be N200 million because I want to use it as a collateral, it is the target that the surveyor is more particularly about. So, influence is likely, in most cases. (R18)*

The data also show that the years of experience of valuers influence their receptivity to client influence. By this metric, valuers with many years of experience, who may have established a reputation and a name, would be less susceptible to persuasion than those in their early careers. Older and more experienced valuers are more firm in their dealings with clients because they are more concerned with maintaining their name and reputation than with making monetary gains. A respondent with approximately thirty years of experience stated:

> *For me, I don't do just anything. If negotiation is going beyond reasonable I ask you to go. In my own case now, because of the number of years I have put in the system, the type of pressure I used to have when I started I no longer have it. When I started I was struggling to survive, I have passed that stage now. At this stage, you can't push me up and down because of peanut. (R9)*

This finding corroborates Nwuba et al. (2015a) who found that "environment and economic factors" and "valuers experience and enforcement of discipline" influence valuers' decision to succumb to influences from clients.

5.4.4 Other challenges

The semi-structured interview used for data gathering allowed for the identification of additional market-specific issues. Consequently, a few additional important issues were uncovered and investigated through interviews. These include issues with the pricing of valuation services and the procurement of briefs. This section discusses these issues.

Pricing of valuation services

Issues relating to the pricing of valuation services were found to be a huge challenge to valuers. This phenomenon is considered important for this study because remuneration or reward expected from a task is one of the important factors that shape human behaviour (Eisenberger and Cameron, 1996).

Virtually all respondents referred to issues relating to valuation fee as posing huge challenge to the practice of valuation in the study area. Respondents' comments suggested that the pricing of valuation services is fraught with many challenges. However, real estate literature lacks evidence of discussion on the phenomenon unlike it is obtainable in fields like accounting. Therefore, the initial interview guide for this study was revised to include basic questions addressing pricing of valuation study. The overarching question in this regards was "what can you say about how valuation services are being priced?". This question prompted other related questions and responses were coded and analysed further into three main themes – systems of pricing valuation services, factors responsible for the present pricing systems, and effects of the pricing systems on valuation practice.

(a) Systems of pricing valuation services

Three basis systems were identified. These include the use of professional scale, negotiation, and fixed pricing system.

On the use of professional scale, the governing authority for the real estate profession in Nigeria - ESVARBON - publishes the scale of professional charges that outlines how professionals should charge for various real estate services. According to this publication's most recent edition (2014 edition), property valuation fees are based on a graduated scale (ESVARBON, 2014). By graduated scale, the value of the property/asset (building, land, equipment and machinery, etc.) is cascaded into multiple levels with the appropriate chargeable percentage against the derivable value at each level. The valuer's fee is calculated by adding the amounts from each level. However, respondents emphasised their inability to charge fees in accordance with the provisions of the professional scale. They argued that it is nearly impossible for valuers to receive compensation based on the authorised professional scale.

> *…well, if you go by our professional scale of charges nobody will do valuation, that's the truth….(R19)*

> *So, the fee is a humungous problem. In fact, some valuers don't even use the professional scale at all again. They will just mention an amount to the client….(17)*

Based on this, the scale is either not used at all or only serves the purpose of formality or used as a tool for negotiation. In this case, valuers only use the figure derivable from the professional scale as a starting point for negotiation.

I won't say it's not working. It works because it has provided a basis. Ordinarily, if there is no basis anybody will just give you anything. It would have been terrible if there was no basis. Because it appeals more to the conscience if it is known that …ok, this your job has cost 5 million naira ($13,966); if you want to price, you have been given a benchmark. It may not be cast in iron, but it provides a basis for negotiation…. (R20)

On the other hand, negotiation was found to be the most common form of pricing system for valuation services in the market of study. Most respondents confirmed that they always go for the negotiated fee. It is, however, not surprising as negotiation of fees is also obtainable in other professional fields. Also, the professional scale of charges allows for negotiation in some instances. Negotiation is prominent as a system of pricing services because of the recent trend in the service industry, where IT solutions are now available for most professional services and are accessible to clients at a very minimal cost. This advantage consequently gives clients more bargaining power when negotiating professional fees and puts service providers in a disadvantaged position.

We use the scale but client don't normally pay that, so we always resort to negotiation. (R21)

They negotiate. There is no place where they don't negotiate. Professional scale also allows for negotiation, but it must not be ridiculous. (R15)

Fixed rate pricing system is another common approach to pricing of valuation services in the study area. According to the respondents, fixed rate system of pricing is the practice whereby a certain amount is agreed upon initially by the parties as remuneration for a particular type of service so that there will not be any need for further negotiation of fee every time the service provider is commissioned for such services. In most cases, a fixed fee does not change according to volume of work, time expended, property type, or valuation figure. This practice is peculiar to financial institutions (banks) but gradually being embraced by other categories of clients. It was found that almost all banks practice this method of pricing service. Because valuation is an essential tool in the processing of secured lending contract, many registered valuers confirmed that a larger portion of their valuation briefs comes from banks. Hence, every valuation firm wants to be on the retainership of financial institutions. Banks achieve fixed fee pricing by placing valuers on retainership/consultancy list. This process requires valuer and the bank to enter into an agreement called Service Level Agreement (SLA) where the terms of engagement and fee to be paid are spelt out.

Most of the banks fixed their fee in a range of values which surveyors are involved. It is called Service Level Agreement (SLA)……(R15)

We are on retainership with at least 10 banks. Banks have fixed their figures that they pay. … They will tell you this is what we want to be paying. It is part of the retainership package……(22)

In most cases, a particular amount is fixed for regular valuations while valuers are allowed to negotiate with clients in cases of special valuations. However, because regular valuations of properties like bare land, common dwelling houses, and common plant and machinery are the frequent instructions valuers get, they experience fixed rate payment more often.

There are some banks that we have SLA with –that is Service Level Agreement. They will tell you for regular land and building, we will not pay more than N40,000 ($111.7) to N50,000 ($139.6). We have about 3 banks like that – xxx Bank, xxx Bank, and Bank xxx. In the SLA there is a clause that if you are valuing a building of certain magnitude, you can negotiate with the client. Those that fall under SLA are called regular valuation, but if you are valuing an industrial premise, commercial property on like 8 floors, you can negotiate. But those that are regular valuations are the ones that come most……(R14)

However, the rate was considered too ridiculous by the respondents. The fixed fee was found to be as low as between 10 to 20 per cent of the actual fee derivable from the scale of charges. For instance, one respondent commented that:

'*The rate is very very unreasonable. At times when the bank is paying N50,000 ($139.6), the professional scale may be giving like N250,000 ($698.3) to N300,000 ($838) as fee' (R3).*

On the average, banks' fixed fee for regular valuations ranges between N30,000 ($83.8) to N50,000 ($139.6) even when the fee should have been as high as N300,000 ($837.9). This wide gap represents a gross under-pricing of valuation services. This peculiarity of fixed pricing system of professional services by financial institutions has also been reported in audit practice. For instance Turpen (1995) found that regulated industries like financial institutions pay lower audit fees when compared with large diversified companies.

Another peculiar practice associated with the fixed rate system by financial institutions is the practice of 'Public Relations' or sometimes called 'kickback'. Many respondents referred to this practice as being rampant in the market. Public Relation, generally referred to as 'PR' is

the practice whereby the valuer is expected to give certain percentage of the fee collected back to the bank officer in charge of the transaction as a form of appreciation in order to be considered for further jobs.

> *Let me also say this, even from the fee you are collecting, bank officers will be demanding a percentage, so that they will be able to give you more jobs. So, when you look at all that, you are not even interested in bank jobs……(R6)*

Hence, despite the meagre nature of the fee, valuers still pay back a part of their remuneration to bank officers to guarantee future jobs. When respondents were probed further on the range of percentage of their fee they normally give back as PR, it was discovered that it ranges between 20% to 30% of the fee paid.

> *In Nigeria, nothing goes for nothing. There is something they call PR that they normally collect as a gift. It has to be a certain percentage of the fee collected on the job. If it has to do with all these pegged fee banks, they are the ones that will pay through the customer's account. They will pay, say N40,000 ($111.7). Out of this N40,000, a certain percentage is coming back to the officer as a gift (PR)……..(R14)*

Despite the fact that the act of appreciating clients is meant to be a voluntary activity or at the discretion of the valuer, it was discovered that the practise of giving "PR" has established a norm within the valuation practise space in Nigeria. Clearly, such a practcse is not part of the SLA (service level agreement), but it has become an undocumented norm or unwritten rule in the study area. In some cases, gift-giving has cultural overtones. In Chinese culture, for instance, it carries symbolic meanings of emotion, social civility, respect, relationship building, reciprocity, and dignity if performed at the proper time and following the proper procedure (Chan et al., 2003). According to the literature, it is difficult to differentiate gift-giving in commercial relationships from bribery and corruption for moral and ethical purposes (Steidlmeier, 1999). Therefore, on a cultural level, gift-giving strengthens relationships, yet in practical and business terms it is used to gain commercial favour, which may infuse bias into the provision of professional services.

Further enquiry was made into the pricing system mostly used by different categories of clients. This was done through the use of questionnaire to get the opinion of a wider sample of valuers. Based on the findings from interview data, respondents were asked to describe how valuation services are being remunerated by the major categories of clients – financial institutions, other corporate clints (non-banking), and non-corporate clients (individuals). Questions were presented on 5 point Likert scale of 1(Not at all), 2 (Rarely), 3 (Sometimes), 4 (Often), and 5

(Very often). The results in Figure 5.1 show the analysis of how the three major categories of clients (financial institutions, other corporate non-banking clients, and non-corporate clients) price valuation services in the study area.

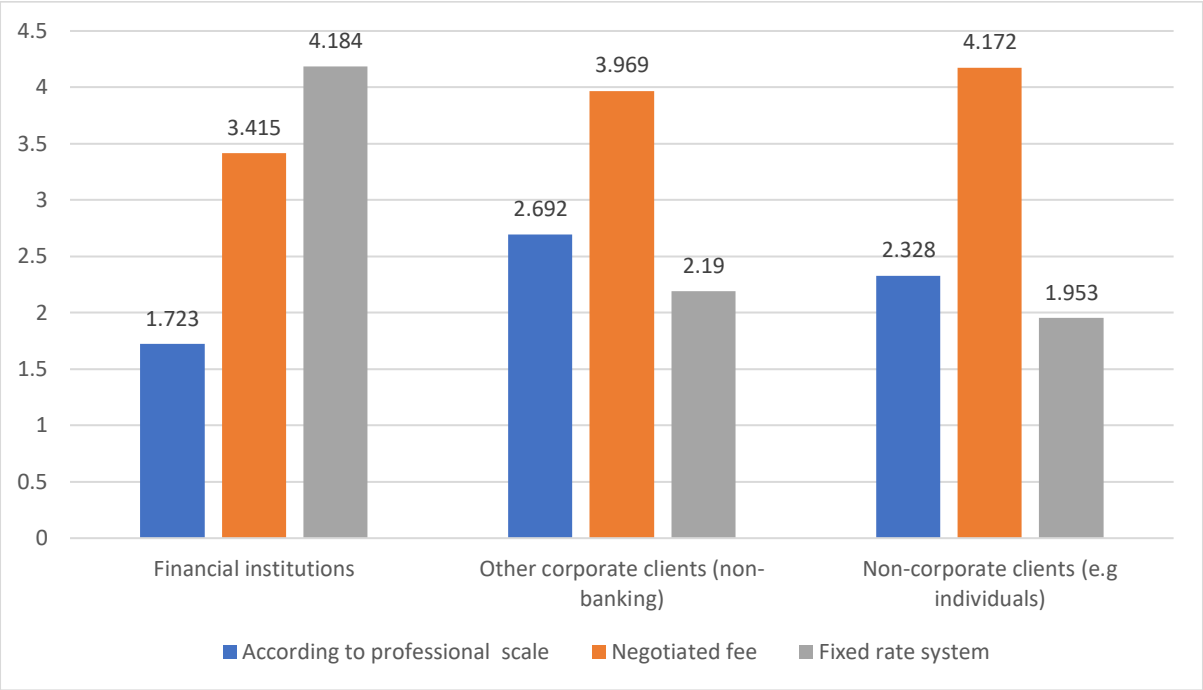


Figure 5.1: Analysis of valuation pricing systems among different categories of clients

Descriptive analysis using Mean confirms that financial institutions most often use fixed rate system (Mean = 4.184) and sometimes negotiate (Mean = 3.415), while other corporate non-banking clients (like government agencies, companies, etc) often negotiate their fees (Mean =3.969) and rarely use professional scale of fee (Mean = 2.692). Also, non-corporate clients most often negotiate their fees (Mean = 4.172) and rarely use the professional scale (Mean = 2.328).

The results confirm the findings from the qualitative strand of this study that financial institutions have their fixed rates for valuation services and that negotiation is the most commonly used system of pricing while the professional scale of charges is almost non-existent.

(b) Factors responsible for the present pricing systems

Respondents elucidated on the factors responsible for the striving of the identified pricing systems, especially the non-usage of the professional scale of charges and the fixed rate system. The factors responsible are the ineffectiveness of the professional scale of charges; high business competition in the market/survival syndrome among valuers; banks' strategy to

militate risk and protect their customers; and, inaction on the part of the professional and regulatory bodies. These are further discussed below.

First, the ineffectiveness of the professional scale of charges was found to be the major factor responsible for other factors. According to the respondents, the scale has not been an effective tool for the purpose of charging for valuation services. The reasons for this include the fact that charges from the professional scale are always too high; the scale of charges is not realistic considering the economic situation; and, the inappropriate drafting of the scale. The valuation fee derivable from the professional scale of charges is considered too high and unrealistic for the situation of the economy where it is being used to the extent that any valuer who insists on charging strictly based on the scale may not get any valuation brief to execute. This invariably means that the professional scale is virtually not serving its purpose.

> *'Another challenge we are facing is that we have our professional scale of charges but it seems it is making people to run away…. by the time we calculate the fee based on this graduated scale and the bill is high, some of them will just abandon the report'.(R3)*

> *'Our fee looks so bogus and outrageous, I know….. I think it is bogus.'(R17)*

> *'Well, we have the current professional scale of charges which mostly I contend with my colleagues that it is too much. And some people will say why are you saying it is too much. Alright, if I do a spot valuation and calculate the charges based on the scale you will see that nobody will want to pay so much. Everybody knows it is high. That's why it is being jettisoned' ….(R9)*

On the drafting of the professional scale, respondents claimed that it is designed as "one size fits all". That is, all valuation services are charged using the graduated scale of charges only. This design, in the view of the respondents, is not working. Valuation services are required for many purposes, and each has peculiar characteristics that may not justify charging every assignment on the same basis. However, the professional scale is designed to charge fees on the same basis irrespective of the purpose of valuation.

> *….You can't say you have a scale of charges and it is for all comers affair, it will not work, and I will tell you why it will not work. If someone is taking a loan, for example, and you are using a scale that even your own fee is higher than the interest bank is charging, you are already compounding the problem of the obligor……..you have a situation whereby someone wants to take a bond in an insurance company, maybe an indemnity bond, a performance bond, or an advance payment bond, etc, and for God's sake the premium the insurance company is charging, maybe around N150,000 ($418.9), and your (valuer) own fee is around N300,000 ($837.9). How will he pay?..... (R6)*

…when you work for a local trader who is trying to get a loan of about N5 Million ($13,966.4) and you ask the man to come and pay like N300,000 ($837.9), he will look at you and ask 'how much is the profit that I am making?'. So, most times it comes down to negotiation……(R8)

Second, the need for survival in the face of the slow economic situation makes the competition for valuation job to be stiff. Therefore, many firms take up valuation job for any amount no matter how ridiculous. This, in turn, puts pressure on others to accept the low fee, else they risk the possibility of not getting briefs. Business competition has been found to be a critical factor influencing price (see Owusu-Manu et al., 2012). Moreover, because the market is a buyers' market where clients are of the habit of shopping around for valuer who will be ready to take low fee and give them their intended value, valuers are at a disadvantage when it comes to negotiation of their fees.

…you know it is because of the desperate behaviour on the part of our colleagues. While some will say N30,000 ($83.8) is too low, some will say …'at all at all na him bad pass' (Nigerian pidgin English for 'little is better than nothing')…Let me do it and have something in my pocket……(R3)

You don't have any choice. Because, if you don't take it, someone else will. For you to make ends meet, you just have to pick it up, so that you can pay your staff and meet some other costs. So, what do you do?....(R11)

Third, because most valuation briefs emanates from banks, financial institutions are taking the advantage of their market representation to dictate the price for valuation services. Respondents believe that banks do this to protect their customers (borrowers) from the excessive costs involved in the process of securing loan from banks as valuation is just on of such costs. The practice in Nigeria, just as it is obtainable in some other countries (Stork and Humphries, 2003) is that the burden of valuation fee goes to the customer (borrower), hence banks take the advantage of the share of valuation market they have to control valuation fees. Also, as a result of the recent collapse of banks in Nigeria which led to recapitalisation in the financial sector in Nigeria, banks and other financial institutions have heightened their risk management system. One of the strategies of banks adopted is to pre-qualify or retain valuers and have control of their remuneration because bankers believed that since valuers' remuneration is based on property value, valuers might be tempted to report high value in order to get a high fee.

They (banks) are trying to protect their clients because there are so many charges they levy on them like application fee, legal fee etc…..(R19)

They thought maybe valuers give high value in order to get a high fee because fee is a function of the value returned. So, they decided that let's have a control. This happened some years ago. They came up with policy. Some will say they have a fixed rate per job, like N40,000 ($111.7) per valuation. Some of them will look at a range of value, that is, between so so value to so so value we will pay this much. Some will say this how much we will pay for property at southwest and this much for property in the north. And they also brought the issue of retainership, that if you are not on the retainership of a bank you can't get job from such bank. Through all this our people in the institution NIESV were sleeping. (R2)

Fourth, respondents submitted that the professional and regulatory bodies were inactive as far as the issue of poor remuneration for valuation services is concerned. As a regulated profession, it is expected that the regulatory body sees to the enforcement of the provisions of the professional scale of charges. However ESVARBON has not been seen to be active on this respect. This inaction is most obvious in the case of the practice of fixed rate system by financial institutions. The size of the market and the stiff competition among practitioners make it difficult for individual firm or valuer to make any substantial change in this regard. Hence, the more reason for the regulatory and professional bodies to rise to the challenge.

I think the challenge is that in Nigeria we are eager to run after money, and not professionalism. And this is affecting the system and the institutions (NIESV and ESVARBON) cannot monitor things as they ought to. (R9)

I can conclude that the issue of remuneration is getting worse. In most cases, people are not standing on the professional scale of charges any longer, and unfortunately, our institution is not doing enough to help in this regard. (R13)

(c) Effects of pricing systems on valuation practice

The final theme relating to the pricing of valuation services is on the effects of the present pricing systems on the practice of property valuation. It was found that the present situation of fixed pricing and negotiation is generally characterised by under-pricing of valuation services. This subsequently leads to valuers' inability to cover costs; sharp practices among valuers; and, discouragement of some valuers from valuation consultancy services.

Respondents alluded to that fact that sometimes they experience situations whereby the fee could barely cover expenses required to ensure the delivery of professional service, most especially when carrying out regular valuation for financial institutions. However, because of the need to keep the business relationship with the client, valuers still take up the jobs. This, therefore, makes valuers to rationalise some processes, as much as possible, in order to reduce the cost of executing the brief. Some respondents submitted that:

> *..sometimes the remuneration will not cover the cost. For example, I had an experience recently. We sent somebody (staff) to Calabar to go and do a job for us, and the bank wanted to pay only N50,000 ($139.6) – their own fixed rate. To worsen the case, by the time you reject, some other firms will take up the brief and they will still go ahead to do it……(R13)*
>
> *What we are talking about is the net. Sometimes, you even spend more than they pay. I have such experience before. By 'net income' I mean our own income (fee) cannot entertain too much expenses. So, where you can dodge it, you dodge it…….(R1)*

This finding corroborates Owusu-Manu et al. (2012) who submitted that under-pricing deprives service provider of the resources required for adequate research and innovation. This suggests that when fee is inadequate or too low, there is tendency for the valuer to opt for cheaper means of executing the task or overlook some important aspects of the task altogether.

Therefore, in the bid to find cheaper means of executing the brief when fee is low, it was found that valuers do involved in some 'sharp practices' in order to maintain a certain level of profit within the meagre income. The most common of such practices is when, for example, the property to be valued is located in another state of significant distance from Lagos state and the valuer feels that the fee cannot accommodate the cost of transportation and other expected logistics, he/she then carries out the valuation based on the information supplied by somebody else, probably a colleague who is close to the property location. This is common among smaller firms that do not have network of branches across the country as firms with a wide network of branches claimed to have an advantage in this respect. This practice has a tendency to affect the objectivity and quality of valuation.

> *…now I have property to value at Benin[9] [another state in Nigeria] and I don't have an office at Benin. Am I not supposed to travel there? hotel expenses is also there. Will N30,000 ($83.7) take care of all that? Then, you now have to look for maybe a surveyor that you know over there….and tell him… 'please help me assess that property and send me how it looks like and other things', then you do your report in order to maximize profit, without you going their physically to inspect. That's what most surveyors are doing. If they don't have an office there. So, it has affected valuation practice seriously. At the end of it all, you might not even see the property you are valuing, you are just doing it based on hearsay…..which is so bad….it is so bad……(R11)*

This also affects the zeal for professionalism. There is a feeling that, considering the fee, it does not worth putting too much effort or going the extra mile to ensure professionalism. This

[9] Benin, one of the 36 states in Nigeria, is about 350 kilometers and 5 hours' drive from Lagos.

is a natural felling associated with a situation where effort is not adequately compensated. However, this has negative effect on the quality of service because the fact that the valuer is not encouraged to carry out due diligent on valuation jobs that come with low fees suggests that the quality of service may be affected by the remuneration.

> *…..when you look at the whole scenario, you will feel like 'why do I need to waste my time, to put in all my effort. Why do I need to have a sleepless night? Because of how much? N30,000 ($83.7)? It's a thing I can easily call one ehh just freshly graduated person to go and carry out the exercise, and whatever he brings, you just go through it and then forward to them. So, the quality of the job has been depleted….(10)*

Intuitively, paying professionals low fees discourages them from putting in the adequate effort required for a high level of professionalism. For instance, Shresttha & Mani (2013) reported that when engineers bid low in order to secure contracts, they tend to reduce the amount of engineering input required for optimum service delivery so as to maintain a level of profit. Furthermore, effect of fixed rate payment system was identified by Arnold (1992) in real estate brokerage relationship. The author found that since brokers would not benefit from achieving high selling price for their principals under the flat fee system, they prefer to sell quickly at the lowest reservation price so as to minimise their search costs. Therefore, 'flat fee will not result in the first-best outcome' (Arnold, 1992, p. 98). The finding also agrees with the conclusion of Cameron et al. (2001) that the negative effect of reward is noticeable when the reward is known beforehand, and such reward is not tied to the level of performance. Conversely, the finding of this study suggests that the submission of Lorenz et al. (2006) that valuers do not require an increased fee to provide an improved valuation service may not hold in some circumstances.

It was also found that fees-related issues have discouraged some registered valuers from engaging in valuation services, especially jobs from financial institutions. Some valuers prefer to concentrate on other aspects of the profession, like property management and brokerage, than to do a valuation for banks and collect what they call a 'ridiculous' fee from which they will still give a 'kickback'.

> *There are some firms that are not even doing valuation again because of this issue of dictating fee……(R4)*

> *I know it exists that banks have fixed rates but we don't do that. For us, we will rather do valuation for free if we have to go for a certain level of ridiculous fee payment…..(R16)*

This is one of the reasons why some estate firms are not on retainership with banks, apart from the stringent requirements and rigorous process involved. For example, when one of the respondents said:

> *'No. Do you know how much banks pay for valuation? N20,000 ($55.8). Then out of the N20,000, the bank officer will still ask you to give him part of it. You can ask people. I can never do such'…..(R17)*

Challenges with procurement of briefs

The interview data also revealed a cluster of concerns regarding the acquisition of briefs. For example, many valuers experience low demand for their services. Aside from a few large organisations, it is difficult for the majority of smaller valuation firms to secure steady clientele. However, the vast majority of practising firms are modest sole proprietorships. Hence, in addition to the effects of the slowing economy, the majority of valuers are concerned about the market concentration in the hands of a few large firms.

> *Well, there are many challenges. One, the property valuation jobs are not coming as it used to be – low patronage. Banks don't really give out long term loan again, mostly on short term basis now. So, most investors shy away from going to the bank for loan. That has affected the market. Banks themselves are not encouraging giving out job to valuer as it supposed to be. Because, banks like [XXX] bank, [YYY] bank…having like just 10 valuers on their list to do valuation for them. If you are not there, you cannot be called to do valuation for. (R11)*

Therefore, a few large businesses control the valuation industry. They dominate banks' retainership lists due to their wide geographical reach and marketing staff's ability to build relationships with bank officers. A similar pattern of market dominance by a small number of large firms has also been observed in the audit profession worldwide. For instance, Francis et al. (2013) found that the audit industry is controlled by 4 big firm, and has raised concerns regarding the potential negative impact on audit services (Francis et al., 2013). Though the literature reported both negative and positive effects of this phenomenon on audit profession (Huang et al., 2015), market concentration in the hands of a few large firms is particularly linked to an increase in professional fees for these few firms and a decrease in fees and quality of services for smaller firms that may be struggling to survive (Mijic et al., 2013).

Another procurement-related concern is the formalisation of briefs. It was found that, in many cases, valuation instructions are not formalised either due to the urgency of the briefs or because of the established business relationship between the valuer and the client. However,

this is more common among smaller firms who may want to do anything to retain the briefs that come their way because of competition in the market. Valuation instructions often come with a tone of urgency through telephone discussion (oral instruction). Therefore, valuers tend to execute valuation briefs without formalising them in a bid to quickly attend to clients' requests as a way of satisfying them. For this reason, valuers may not be able to provide tangible evidence of legal instruction if the need arises. The submission of a respondent below indicates that the tone of urgency is common with instructions from banks:

> *You know in Nigeria here, especially for mortgage valuation, somebody may just call you to go and do a valuation straight. So, you hardly have time to even sit down with the client to discuss fee before going to the field. Normally what we do is to give client instruction form to fill before we proceed to site. But when it comes to bank, most times, there is hardly time for that. So, many briefs are not formalized as it should. (R3)*

It is important to note that when the contract of professional service is not properly documented the parties involved are exposed to abuse. For instance, when valuation brief is not properly documented, clients find it easy to reject valuation reports and refuse to pay for valuers' services especially when valuation figures did not meet their expectations. When this happens, the lack of evidence of legal contract makes it difficult for valuer to seek legal redress

The importance of the evidence of formal contract between valuers and clients was emphasised in an experience narrated by one of the respondents (R12). His experience indicates that clients, especially corporate entities, find it easy to deny valuers of their fees when they are sure that there is no evidence of formal contract that binds them, but they are quick to comply in the case of well formalised brief.

> *…A firm of chartered accountants called us that they needed a valuation for a work they were doing, that we should go and do it. We just went there without collecting any formal instruction, …nothing. But the instruction was verbal. We went there, completed the job and we submitted the report. Luckily, the only grace we had was that when we were submitting the report there was a covering letter which reads……'enclosed here are three copies of valuation report in respect of your property based on your instruction of so, so and so date….our fee is this…..'. He collected the letter and acknowledged it. After that day, we were not able see him again. If we go there, they will say he is very busy. Until we have to tell our lawyer. The lawyer asked for instruction letter, we said we did not have. He said how can we move ahead. Having the valuation report in his name is not enough to press charges against him. By the time we now brought out the covering letter and he saw it he said this is a good case. He then wrote to the client that we gave him seven days to pay, or we go to court. Immediately, the guy who was hitherto incommunicado just called and asked me to send my account number and he paid. So, in most cases, I think it is better to formalise any brief (R12)*

The issue of formalisation of brief was further inquired into through the use of questionnaire. Based on insights gotten from interview conducted that valuation instruction are not formalise in most cases, respondents were asked about the extent to which they formalise briefs before commencing valuation work. The descriptive analysis of their responses is presented in Table 5.7.

Table 5.7: Percentage of valuation briefs formalised

% of valuation brief formalise	Percentage	Cum. Percentage
Less than 20%	13.1	13.1
21-40%	18.0	31.1
41-60%	36.1	67.2
61-80%	21.3	88.5
81-100%	11.5	100.0
Total	100.0	

The results show that 13.1% of the respondents formalise less than 20% of their briefs, while 18% formalise 21- 40% of their briefs and 36.1% formalise 41-60% of valuation briefs. Furthermore, 21% of the respondents formalise 61-80% of their briefs while only 11% formalise 81-100% of briefs. This means that the majority (67.2%) of valuers only formalize about 20% to 60% of valuation briefs executed. This finding supports the findings from the qualitative strand.

5.4.5 Contributions of the market challenges to uncertainty valuation

In addition to the challenges identified through the qualitative enquiries of this study, quantitative data provide further insights into the dimension of the challenges especially as they manifest through the process of valuation. To this end, the analysis of the contribution of some of the challenges identified to valuation uncertainty is presented in Table 5.8. the identified variables were extracted from the result of qualitative aspect of this study and review of literature. The construct used for this enquiry consists of twelve variables (C1-C12) and Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach's alpha coefficient =0.88).

Table 5.8: Contributions of the effects of market challenges to uncertainty in valuation

Coding	Challenges	Mean Score	SD	Rank
C1	Lack of sufficient transaction evidence in the market	4.014	1.028	6

C2	Valuers' inability to adequately capture market liquidity profile in valuation	3.797	0.936	9
C3	Unique characteristic/complex nature of property being valued	3.419	1.123	12
C4	Valuers' use of unverified market data	4.095	1.062	4
C5	Choice of wrong methods by valuer	4.082	1.164	5
C6	Valuers' relying more on their subjective judgement than analysis of market data	3.959	0.985	8
C7	Valuers' lack of experience	4.123	1.166	3
C8	Inadequate market analysis/investigation by valuers	4.149	0.931	2
C9	Inadequacy of time to conduct thorough search and analysis	3.987	0.884	7
C10	Valuers' yielding to influences from clients	4.180	0.877	1
C11	Insufficient adjustment between market evidence and the subject property	3.784	0.864	11
C12	Fluctuations in economic variables	3.784	0.910	10

MS: Mean Score; SD: Standard Deviation

The results in Table 5.8 show that all the variables have score above 3.0 out of the 5 point Likert scale. This shows that all the identified challenges contribute to uncertainty in valuation at varying degrees. However, going by the ranking of the mean score, the contribution of six out of the twelve identified challenges with mean score of above 4.0 can be said to be more significant. The six are “valuers yielding to influences from clients” (MS: 4.180), “inadequate investigation by valuers” (MS: 4.149), “valuers’ lack of experience” (MS: 4.123), “valuers’ use of unverified market data” (MS: 4.095), “choice of wrong methods by valuers” (MS: 4.082), and “lack of sufficient transaction evidence in the market” (MS: 4.014).

These results provide further insights into the earlier findings from qualitative data. For example, while qualitative data revealed that the extent of client influence is high, but valuers' tendency to succumb is reducing, the quantitative data confirmed that “valuers yielding to influences from clients” (MS: 4.180) is one of the significant factors contributing to valuation uncertainty. This means that many valuers still succumb to influences from clients. Perhaps this is an offshoot of the pressure of business competition and striving for survival among valuers. The influence of clients is closely followed by "inadequate market analysis/investigation by valuers" (Mean Score of 4.149). This confirms that valuers do not devote adequate time and effort to data search and market research. It may be related to the widespread notion that market data is scarce or the fact that compensation for valuation services does not encourage exhaustive search and analysis, as the qualitative investigation found.

"Valuers' lack of experience" placed third with a Mean Score of 4.123. This result, coupled with findings from the interview data, indicates that inexperience in valuation of special property is prevalent among valuers in the Lagos market. This may be due to the fact that the majority of valuation firms in the research region are small, sole proprietorships that are rarely tasked with valuation of complex, specialised property/assets because such assignments are often assigned to the few bigger firms. Consequently, valuers who do not work or have not worked for a few large firms may not have had the opportunity to conduct such valuation.

5.4.6 Susceptibility of valuation process to uncertainty

The level of susceptibility of different stages of valuation to uncertainty was also examined in order to provide information on how each stage of valuation process is affected by the challenges posed by the nature of the property market. To achieve this, respondents were asked to rate the variables presented in the questionnaire on a 5-point Likert scale ranging from 1 (least or susceptibility) to 5 (most susceptible). Therefore, for the purpose of analysis, variables with mean score of 3 and above are considered susceptible in this respect. The results are presented in Table 5.9. The construct used for this enquiry consists of eleven variables (C13-C23) and Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach's alpha coefficient =0.952).

Table 5.9: Susceptibility of Stages of Valuation Process to Uncertainty

Coding	Stages of valuation process	Mean Score (MS)	AM	SD	Rank
	Instruction				
C13	Securing valuation brief	3.000	2.90	1.078	10
C14	Formalising valuation brief	2.811		0..946	11
	Inspection and market survey				
C15	Property details survey	3.320	3.401	0.961	6
C16	Neighbourhood analysis	3.270		0.865	7
C17	Market data survey	3.613		0.957	2
	Market analysis and report writing				
C18	Data validity/confirmation	3.528	3.562	1.021	4
C19	Choice of valuation method	3.560		0.962	3
C20	Data analysis	3.667		0.890	1
C21	Quality control/vetting	3.493		0.921	5
	Submission of report and collection of fees				

C22	Submission of report (draft and final)	3.067	3.074	0.920	9
C23	Fee negotiation and collection	3.080		1.024	8

MS: Mean Score; **SD**: Standard Deviation; **AM**: Average Mean

The results show that all the stages of valuation process except the formalisation of brief (MS: 2.811), are susceptible (i.e. MS: >3) to uncertainty which may come into valuation as a result of the challenges of the market. However, going by the ranking of the of the variables, the analysis shows that stages including 'data analysis' (MS: 3.667), 'market data survey' (MS: 5.613), and 'choice of valuation method' (MS: 3.560) ranked as the top three respectively. This indicates that these stages are the easiest route through which the uncertainty in the market affect valuation. For example, under the circumstance of client influence, the valuer/valuation officer may, at data analysis stage, decide to anchor on the piece of data that he/she feels would yield the client's desired outcome not minding the reliability of such data. Also, the stage of market data survey may be highly susceptible because of the lack of reliable database which makes valuers, most times, collect data through phone from colleagues who may not have full information or be ready to release full details about market transactions. Hence, the possibility of confirming or verifying market data is low.

5.5 Strategies valuers use in managing market challenges

Based on the third objective of the study, which seeks to investigate how valuers manage the challenges of the uncertain nature of the market and its challenges, this section of the thesis reports the strategies valuers adopt to navigate a path through the challenges. Precisely, this section focuses on valuers' cost-minimising behaviour.

5.5.1 Strategies for data challenges

Multiple solutions are employed by valuers to tackle the data-related challenges in the Lagos property market. Depending on the prevailing circumstances, each obstacle is tackled differently.

The use of multiple comparables

In order to increase the reliability of market data, valuers adopt the strategy of getting as many comparable data as possible to arrive at a more reliable value opinion. The concern for reliability of data is high in the market as a result of the hiding costs and underhand dealings

associated with real estate transactions in the market and also because, as earlier stated, much of the data in the market are not collated or processed but are more of hearsay.

The data revealed that valuers use a method of collecting as much comparable data as possible to strengthen their value opinion by ensuring greater confidence in the market data they use. Because of the hidden costs and shady practices involved in real estate transactions, and because much of the market's data are not aggregated or processed, concerns about the reliability of data is considerable. Hence, since it is likely that some data will not be usable, it is imperative that valuers collect as much information as possible from a wide variety of sources. A respondent commented:

> *Hmmm…what do I do as regards this challenge? I get comparables from as many people as possible. At least from 5 people. When I get from 5 people, I will look at which one is most reasonable, which one can I adopt, or maybe I may get or lot at the average of those 5. (R17)*

It is believed that with many comparable data, trend and similarity could be observed and this would help in making a better decision. Furthermore, while there is no scientific way to decide how much market information is adequate for a valuation, respondents in this study consider data from an average of five or more comparable properties adequate for valuation analysis which is hard to get considering the nature of the market. However, disparity or closeness among the data determines the extent to which more data is sought.

> *..because people don't tell you the real fact. So, you are required to get much more than 5 comparables. If you really want to get the real fact, you should get between 8 to 10 comparables (R5)*

> *If I have to go to firm A, B, C and D to be able to get information and putting all the figures together to see whether they are related in any form. If they are at variance, you now have to do more. To be able to …… say, somebody tells you a 3 bedroom flat at, say Nasco road is N300,000 ($838) p.a and you moved to another firm, they are telling you it is N1 million ($2,793) p.a, then there is an issue. In that case, you have to go further to get up to 4 or 5 comparables and now look for those ones that are within a reasonable range and consider the other one that is too high as a special case. (R12)*

It is worthy of note that the data referred to here are sales comparable data and for a valuer to secure multiple of such data at a time in such a market like the Lagos property market, it requires putting in extra effort, time, and resources.

Emphasising trust, relationship and personality related to the data source

As a result of time the constraints of time required to get sufficient market data, valuers devised means of increasing the reliability of data collected. It was found that Valuers consider several factors when consulting for market data, including the level of trust they have in the source, the nature of their relationship with that person, and their opinion of the source's personality. These factors are considered important in determining the value placed on the data. Respondents stated that:

> *In this estate profession, you don't deal with people you don't trust. If I am to deal with surveyor, I will not deal with those that are very distant to me. I will deal those I can trust….I will get friends who will be able to bear their mind with me. (R17)*

> *But talking about the accuracy of data means that you are relying or trusting the information given by your colleagues, especially when you know truly that the transaction existed. So, what we rely on is basically the relationship, trust, personality. (R16)*

By this, valuers measure the reliability of the data by the level of trust they have in the source of such data. That is, the personality and the extent of relationship they have with such individuals or firms. This means that valuers only deal with those whose judgement they can trust considering the personality and past relationship.

> *But talking about the accuracy of data means that you are relying or trusting the information given by your colleagues, especially when you know truly that the transaction existed. So, what we rely on is basically the relationship, trust, personality. (R16)*

This shows that it is imperative for valuers to build strong social capital in the market in order to reduce transaction costs associated with data search. It further shows that the integrity of valuers matters to the integrity of data emanating from them. The recent increase in valuation studies on professional socialisation of valuers indicates the importance of social relationship for improved valuation practice (Hamzah and Achu, 2019; Page, 2005).

Resorting to other valuation methods

Another common approach among valuers towards managing data-related challenges is to resort to another valuation method, especially when data needed for a more appropriate valuation method for the particular assignment seems difficult to access. In such cases, respondents confirmed they opted for an alternative valuation method. It was found that valuers often resort to using the cost method even where the investment or profits method is the appropriate approach.

> *…you see the problem we have in this part of world is using profit method. I said something the other time that 98% of what we do is for mortgage. We all know that if you want to use profit method, you need records from client. Clients that have their own targeted value, they always doctor the record. And by the time you use the doctored record, you over-value. We have done that severally. Like I valued one filling station recently. I requested for document and the guy doctored it. What he gave me I knew they can't even sell up to that. He gave it to me because he wanted influence my opinion. So, I did the computation, what I was getting was high. So, we have to moderate/index up the cost approach. It was the cost method that we latter adopted. Because the income method was giving us ..hmm, and that's what we do here. (R14)*

While the use of multiple methods is also practised in other mature markets mainly to cross-check the value opinion (Maliene et al. 2010), the practice of always relying on cost method even when it is least appropriate draws attention. Interview data suggest that valuers in the Lagos market often use cost method to value income-generating properties for investment-related purposes, such as valuation for secure lending or sales.

Furthermore, respondents reveal two main reasons why this practice is common among valuers in Lagos. First, valuers sometimes see it as the logical thing to do in the face of data challenges like lack of access to data (e.g book of account in the case of filling station), unreliable/manipulated data, or lack of sales/comparable evidence. For example, respondents claimed that it is better to use cost method than to use falsified data because one wants use profit method as it happens many times that clients falsify books of record in order to achieve their targeted value. That is, even when cost method is not appropriate for the assignment at hand, it becomes the only alternative due to circumstances of the market. The second reason adduced from respondents is that the use of cost method is seen as an easy approach to valuation. Simply put, some valuation approaches like profits method and Discounted Cash Flow (DCF) requires more in terms of data search than costs method. Therefore, most valuers opt for seemingly easier approach.

> *The issue of accuracy, beyond data, is also a function of your [*inaudible*]…. I was involved in a project of late by a bank who wanted to value some of their surplus asset to be sold…. they suggested that every property must be valued by 3 valuers, so that they will be able to compare and have [*inaudible*]…. I was appointed to coordinate the whole of southwest and that experience was an eye-opener to me…..In that exercise, we did some training with the valuers to inform them that the purpose of this valuation is for sale, it is market based. In that situation, you don't expect valuer to use cost method, but because of the easy usage of cost method 80% of valuers still rely on cost method, irrespective of purpose of valuation. And that is where the issue of inaccuracy comes in. If property is for sale, cost has no business in it. So, in that project, you will see someone saying N100 million ($279,329) another will say N60 Million ($169,597) another will say my own is…… So, I have to call the three of them, looked at their data and now bring the three together so that the degree of variation would not be more than 10%. If not, in fact the bank will be confused about which report to use out of the three.*

Klamer et al (2018) reported valuers' preference for less complex approaches to valuation. The authors found that small and medium-sized valuers in the Netherlands preferred the income capitalisation method to DCF because of the numerous variables DCF requires. Similarly, in their recent study, Ali et al. (2020) found a preference for the comparison method of valuation among valuers in Malaysia because they deem it convenient to apply.

Though one valuation method can be used to cross-check the results of another, the peculiarities of each method to different circumstances and purposes of valuation might result in vastly different values for the same property. Therefore, it is crucial that the appropriate method, which validates the premise and objective of the valuation, be utilised at all times. The sensitivity of valuation to the choice of method was illustrated in the argument of Respondent 19 below, where the profits method yielded a figure that is 300 per cent greater than the cost method.

> *Also, if you are valuing an hotel, people don't sell hotel on regular bases. So, when you are valuing an hotel you might not get its real value if you use cost method. I valued an hotel in Mushin, when I used cost method I got like N50 million ($139,665) but when I used profit method based on their record, it is a popular hotel that was making around N2 million ($5,586.6) in a day, so I got like N150 million ($418,995) and that was what I submitted because I had bases to defend it. (R19)*

It is however obvious that valuers resort to the use of cost method in order avoid the costs involved in searching and processing data.

> *that's why when people say there is no data, I tell them we have data. Information is bound in Nigeria, but skill to process it is what is lacking, simply because it is rigorous and expensive. (R5)*

Previous studies have established common valuation methods among valuers in different markets. For instance, Bellman and Lind (2019) found that Swedish valuers often employ Discounted Cash Flow. Previous studies have also found that the use of the cost method is common among valuers in Nigeria (Aluko, 2007; Abidoye & Chan, 2016). However, they did not provide practical reasons for this practice.

The use of the of average comparable data

Theoretically, when using traditional comparison method of valuation, a valuer is expected to analyse market data using a comparable sales grid. This is a logical approach to analysis of comparables where features of each property and other transactional, environmental, and economic factors are considered. This is because each property and transaction is unique in itself and needs to be treated as such. However, it was found that many valuers in the study area use 'average of transaction prices' approach. This is done by adopting the average of comparable properties prices as a value reference for the subject property. By this, valuers tend to play it safe by maintaining the middle ground among the figures obtained from comparable properties.

> *For reliability, immediately you get the information from others it is now left for you to process the data. Like if I get like five comparables with a neighbourhood, I will process it and my processing is just to average the five. From there you will have the upper limit and lower limit and you will know how to balance the two. (R21)*

Valuers also use average method in a situation where multiple methods of valuation yield widely dispersed values.

> *Now what we do when we come across such challenge is that we use all methods of valuation. We know the best method for this valuation would have been profit method, but because we can't get the required data, we try all other methods and still use that profit method. So we now look at the averages along the line to say what is the bandwidth, the higher and lower limit. (R7)*

While this might be an easy and subjective approach to processing of data, it ignores the unique features of the comparable properties, such as locational characteristics. It also lacks a scientific or theoretical basis. Valuation is expected to be a process of rigorous analysis of market data considering the behaviour of market participants (Daly *et al.,* 2003). The practice of taking average price as a value reference was considered myth and misinterpretation in valuation by Kucharska-Stasiak (2018). A valuer is expected to clean each piece of data of what is considered as the "irregular noise-generating inputs derived from bargaining or indicating amateurish or irrational behaviour of parties" (Kucharska-Stasiak, 2018 pp. 117).

Optimising the locational peculiarities of sub-markets

The Lagos property market is typically divided into two groups based on residence and the kind of business operations. These are the markets of Lagos Island and Lagos Mainland. While Lagos Island is the preferred location for high-income residents and prime business offices, Lagos Mainland is populated by middle- and low-income residents and has the majority of the city's industrial establishments. For this reason, property values on Lagos Island are higher than those on Lagos Mainland.

The interview data indicates that valuers in Lagos have evolved a heuristic approach to submarket characteristics. In selecting valuation methods and making assumptions about factors such as yields, they consider locational peculiarities. For example, respondents stated that, the investment method returns ridiculously low values when applied to assess properties in the majority of areas on the Lagos Mainland due to the low rentals. Consequently, valuers frequently employ cost and market comparison methods for such areas. Alternately, the investment approach is sometimes used to assess properties in areas with high rents, such as Lekki, Ikoyi, and Victoria Island (all on Lagos Island).

> *If you want to value a property at Ikoyi and you are using cost method, you may not get the value. It is better your use market approach or income approach. If you are valuing property in the area like Agege, if you use income approach you will not get the value, because rent there are very low. So, you have to use market approach or cost approach. You will discover that if you want to use income approach, if at all you derive your yield, you will discover that will be as good as 2%, whereas, in places like Victoria Island you be talking 5% to 6%. (R15)*

> *In most case, when you are valuing using investment method, basically what we do is rent, less outgoing and you Y.P it. In Lagos, you will find out that we have graduated it according to locations. Property at Ikoyi, V.I, Magodo, some parts of Ikeja etc, may be this one 4%, that one 5%, other one may be 7% and so on. That's how we look at it depending on how prime the location is. (R17)*

> *What happen is that, for our firm, we have been able to establish a range of yield for certain type of property in some locations which may vary as we get new data.(R16)*

While this is a heuristic behaviour which is a classic behaviour under uncertainty, it raises concerns about the degree of subjectivity involved as the approach relies solely on individual experience and understanding of submarkets. The importance of experiential knowledge was emphasised by Amidu et al., (2019) who found that experiential knowledge is key to problem-

solving process in valuation and such experience is only acquired on the field and not in the classrooms.

The use of conservative value opinion and 'Discreet' valuation

Regarding the challenge of lack of access to the subject property for inspection and essential papers required for valuation, respondents disclosed that valuers either decline such assignments or find a way to execute them. For instance, when a client refuses to produce property documents such as the Certificate of Occupancy or the business books of account, the valuer would construct value opinions based on the information available within the client-specified time range and submit the initial report. However, this initial report always contain a very conservative value opinion which would ordinarily elicit reactions from clients. Consequently, this initial conservative value opinion typically prompts clients to release the required documentation.

> *Yes. There are times we even do it and client will say hmmm…what sort of rubbish is this? (banged a book on the table)... Because we were under time pressure and we just used the available information we had to conclude. The client will say 'what are you telling me…do you know how much I bought it?'. At that point, they will now dig out and give you historical data from their files.*

Furthermore, in a situation where access is not granted for inspection, respondents who had carried out such valuation in the past submitted that they usually utilise an approach they referred to as "discreet valuation". A valuation is done "discreetly" when the inspection is done only through a guarded guarded external view of the subject property and the valuer assumes other variables based on his/her experience. However, because of the possible negative implications of such approach and in order to be exonerated from the possible legal case of professional negligence in future, valuers protect themselves by stating their assumptions and caveat in the report.

> *What we do is that, there are two things - you can't access but you can see, for land and building, we just do a discreet job. There are times when client will even tell you 'don't enter', may be because someone may harass you or he doesn't want people to know. There was one I did for a client who was in dispute with the occupier of his property (a 3 bay warehouse). He needed to know the rental value and capital value…. we couldn't enter, we only viewed, but we relied on the survey plan and concluded on that assuming what is on the plan is the same as what was on ground. But when you do such you just have to be careful so that you will not harass yourself. (R1)*

However, according to the literature, a valuation performed without a comprehensive inspection of the subject property and environs constitutes gross negligence on the part of the

valuer (see Brownell, 2000; Babawale, 2013b), as it casts doubt on the objectivity of the valuation process.

Use of assumptions and caveats

Assumptions are typically part of the process of arriving at the opinion of value as property valuation is both art and science and because of the element of uncertainty surrounding valuation input. According to RICS' global valuation standards, "an assumption is made where it is reasonable for the valuer to accept that something is true without the need for specific investigation or verification" (RICS, 2017, p. 73). Also, special assumptions relate to the assumptions of facts which are not actually existing as at the date of valuation and these can only be made if they can reasonably be regarded as realistic, relevant, and valid for the circumstances of the valuation (RICS, 2017). For example, to assume that plaining consent will be granted for a change of use for a property while valuing for redevelopment purposes. The standards further expatiates on the conditions for both types of assumptions which include the fact that they must be agreed with the client and valuer must decline any instruction with unrealistic assumptions (see RICS, 2017).

Data collected for this study show that the use of assumptions has become a tool in the hands of valuers to manage the challenges of data. Respondents comments suggest that valuers use the window of assumptions in valuation to cover for insufficient data search. For example, when valuers cannot access to the property being valued, they rely on experience and make assumptions about certain variables including property features; the extent and suitability of property titles (where no document is made available by the client); and, assumption of reasonable yield for capitalisation instead of analysing market data.

> *For issues of data, we have firms we call and we use internet. We also allow the rules of thumb and that is why valuation is called art and science which means the discretion is where the art comes in. That's because you have assumptions you are going to make. So, the art allows you, within the professional ambience to play with what the market has thrown at you. (R20)*

> *..now that yield is subjective. So we begin to do reasonable assumptions. You begin to make professional assumptions to arrive at the possibility of getting a yield. (R16)*

In all these, the experiential knowledge guides valuers' in the application of assumptions and they state their assumptions in the report to prevent legal liability of negligence. This suggests valuers use assumptions and caveat as shield against legal liability. This can be deduced from the submission by one of the respondents (R5) which suggests that valuers use assumption clauses in valuation reports to limit liability that may ensue when thorough search or

verification needed is not done. In essence, valuers cover up procedural lapses using assumption and caveat clauses in valuation reports.

> *And this practice of …eeeh valuer hiding under assumption that '….we assume that the information supplied by……' is because there have not been litigations. There is a legal duty of care which a valuer must not breach. It is because clients don't have the understanding of that legal stand, that's why valuers use assumptions like that. Assumptions is not just assumption, it must have premise. You are meant, as a professional, to verify every information you are given. If you don't verify, that's negligence. (R5)*

In addition, using a caveat as a shield raises questions of whether the inclusion of a caveat in a valuation report absolves valuers of claims of professional negligence and to what degree valuers may utilise assumptions and caveats in valuation. The essence of a caveat is to exonerate the valuer from third party claims. However, its effectiveness in achieving this aim is still unclear as courts' decisions on related cases have been unsettled (see Babawale, 2013b).

Informal engagement of other professionals

Information on the appropriate cost of construction is important to valuation. When probed on how respondents determine the unit rate of construction they use for valuation, they were unanimous in their response that they engage the service of Quantity Surveyors (QS). However, the interesting finding is on the mode of engaging the QS. It is expected that that valuers would engage the services of QS formally in order to have the commitment of the QS and subsequently reliable information, but virtually all respondents reported that the mode of engaging QS is on friendship or relationship basis except for two big firms which have at least one QS on their payroll. It was found that valuers, most of the times, contact QS on phone for their opinion on construction cost. They do this by describing the features of the property in question to the QS on phone and get an instant response on the appropriate cost per meter square to use for valuation analysis.

> *No, we have friends who are QS now. We get the information on friendship basis. I have some of them I will just call them, …I want to value a property at so, so and so with so, so finishes, I will describe to him may be send the picture to him, he can give me the average cost I will use. (R17)*

According to the respondents, one of the reasons for this approach is the insufficiency of valuation fee to engagement of QS formally. That is, valuers' professional fees are generally too small to formally engage the services of other professionals.

…but QS may be because we are in the same built environment together, there are point in time they may need us too. By 'net income' I mean our own income (fee) cannot entertain too much expenses. So, where you can dodge it, you dodge it. (R1)

Therefore, valuers capitalise on good relationship with other professionals to limit the transaction costs.

Going the extra mile (use of native intelligence, participants' observation, etc.)

Based on their knowledge of the behaviour of the market and market participants, valuers have evolved unique strategies of going the extra mile in their search for data. For instance, according to the respondents, experience has shown that a typical real estate agent will propose a higher price for the buyer and a lower price for the seller. Therefore, valuers pose as buyers (or sellers) in order to elicit accurate information from colleagues when inquiring about properties listed in the market. In the course of extracting data, valuers engage in formal negotiation through meetings and exchange of offer letters .

Yes, for certainty purpose, we test the market again. Like I did recently at Mushin. We sent letter out to the agents of the seller of a property, like an agent to prospective buyer. They replied and we negotiated even to the extent that they arranged a meeting with the owner…. And they said this is the final, the net price we are selling. Whereas we were just searching for data, ..just to be sure of the data. (R4)

This approach also allows valuers to extract detailed information about comparable properties in the market. With this approach, the valuer would get both the upper and lower limits of the price range in addition to other important information and document relating to the property. This approach is helpful because properties listed for sale on public domains are placed on asking prices that cannot be taken as the actual market price.

You see there is a way, when you call you won't tell them you want to do valuation, you will tell them you want to sell. If you tell them you want to sell, our people are greedy, they will want to beat down the price. For example if the average price should be around N10 million, if you tell them you want to sell they will tell you it is not more than N7 Million. That's the logic. So, if you tell them you want to sell, they will tell you between N7 million and N8 million. Now, tell them I want to buy, they will increase the price for you. That's the mentality of our people. (R17)

As earlier found in this study, the inability to access clients' books of accounts forces valuers to use the cost method instead of the profit method. Respondents indicated that they adopted a participants' observation method to search for data. Valuers set aside some days to stay in the business premises (filling station or hotel), observing and obtaining first-hand information about the clients' business activities to gather the needed data to arrive at a good idea of the business's average income for valuation analysis.

> *If you are valuing a filling station, for example, you are expected to get data from the owner through their records. There are times that they are not willing to give. In that case you run what we call participation, you stay with them may be for one or two days to check what their transactions are like. (R6)*

> *Another way is if you have time, you can take like a week to observe to gather information. That is why I said time is of essence. But most client need the report within a day. (R1)*

Nevertheless, this approach comes with the challenge of time and accessibility as most clients would neither give enough time frame to accommodate such practice nor allow external party into their business premises for such observation. Therefore, the strategy is applicable only in rare occasions.

5.5.2 Strategies for cognitive and capacity limitations

Cognitive limitations are intricately part of human nature. However, having identified the areas where valuers are faced with these limitations - cognitive (skill, knowledge and experience), limited resources, and time constraints -, valuers in the Lagos property market have developed varied strategies towards managing these circumstances when they arise.

The use of collaborative approach

Collaborative approach in this respect refers to the process of involving other professional colleagues who are experienced in the aspect of the valuation task at hand in the execution of such valuation. It was revealed that respondents utilize the experiences and competencies of their colleagues in executing valuation task when they seem to lack skill and experience or needed. This is common with the valuation of specialised properties/assets. Collaboration could also be between two or more valuation firms in the case of a big valuation job which requires more manpower. Furthermore, valuers sometimes need to bring on board other

cognate professionals other than valuers for a collaborative work over a valuation assignment. Though sharing of fee among professionals is sometimes challenging.

> *…yes, it is the sharing ratio. There is no rule. Those rules should have been coming from the institution (NIESV). So, we do it the way we want. Sometimes you do it for them and they don't pay you. I have done it many times, they will tell me they (client) did not pay them. Most jobs are not supposed to be one man show, we suppose to group of people reasoning together, but unfortunately because of the sharing methodology that is not there. It is not working. (R9)*

> *Of course we get professionals who has expertise in that area. We normally collaborate with them. There was a job we had, it was a church and they did not have survey document. We had to secure the services of a land surveyor that did all the 'as built' survey because the complexity of the facility was such you cannot say you want to measure it. We have also done one before, a valuation of granite site. We sought the services of professional to give us the survey of those mineral underneath the ground. In the case of the quarry, we asked the client to pay for that as a pre-condition to our valuation, unlike in the case of the land surveyor we paid him by ourselves. (R6)*

Collaboration among experts facilitates the dissemination of knowledge and the enhancement of service delivery. Similar studies on audit practice have demonstrated that joint auditing results in enhanced knowledge and connections and improved audit quality at a reduced cost. (Bianchi, 2018).

The use ad-hoc staff

The challenge of limited resources, which had earlier been found in this study to be in terms of shortage of personnel, is common with small firms with few staff members. So, when a small valuation firm secures a brief of large magnitude which requires more personnel than the firm has, the firm recruits ad-hoc staff to execute the brief.

> *You co-opt others to do it, if you are not greedy. If you want to do it alone you may die in the process. For example, there is a valuation we are about doing now. About four of*] *us are coming together to talk about how do we go about it. So, by the time we do it, at the end we share fee.*

Negotiate for more time/rejection of brief

To manage the phenomenon of time pressure, respondents revealed that they put effort into negotiating for a reasonable time from clients at the point of securing instruction. However, clients often insist on their desired time frame. In such cases, valuers sometimes reject or stall the execution of the brief especially when it is impossible to get some important information within the given time frame. Nonetheless, because of the need to remain in business, rejection

of brief is a rare option. Rejection of brief is only considered when valuers' or firms' integrity is at stake. One of the respondents submitted that:

> *'in that case you tell the client …sorry you cannot deliver, they should extend the time. The risk of losing the brief cannot be compared to the integrity of the firm. There was a brief we were given and we could not meet up with the deadline because we did not have access to the title document. We told the man we can't do it without access to the title document. He said …but you can assume now. I said we cannot assume. Because the same person that asks us to assume today is the same one that will say tomorrow that we did not do due diligent. (R6)*

However, it is essential to note that time pressure is not a tenable argument for negligence in valuation. For example, in a decided case of Perry v Sidney Phillips and Sons (1982), the valuer's claim that he was under considerable work pressure at the time of valuation was rejected, and the valuer was held liable for negligence for a series of mistakes he made in the valuation. In another decided case of New Zealand Valuers Board of Appeal v Donald David Ferguson (1989), the valuer was found guilty of an unprofessional act for succumbing to the client's pressure of producing a valuation report the following day when he knew he needed about two weeks to carry out the valuation (Babawale, 2013b).

5.5.3 Strategies for client influence

Influence from clients is endemic to valuation practise and is difficult to manage due to a number of interrelated issues, such as ethical, professional, and commercial viability. In addition to the possibility of direct rejection of briefs, especially when customers insist on ridiculous values, valuers use a variety of techniques to manage client influences, depending on the circumstances. These include:

Orientation for staff on legal implications of influences

Influence comes into valuation most times as a result of the alliance between the client, who makes advances toward achieving a particular value, and the compromising valuation officer (field officer) during the course of valuation execution. The usual practice is that the field officer goes to the site for inspection, conducts market survey, and prepares the first draft of the report before other inputs and checks from superior officers. Hence, because clients usually have contact with field officers, clients often exert pressure through this medium. It has been established in literature that clients do influence individuals rather than firms because it is individual valuer who interacts with clients (Nwuba et al. 2015b).

Therefore, to keep down the possibility of client influence on valuation, respondents emphasised giving their field officers proper orientation about the implications of succumbing to client influence both on their career prospects and the reputation of the firm. They believe that this approach has a way of impacting on the moral of their staff members.

> *For me I think it is about giving your staff proper orientation. There is no magic about it. I don't follow them for field work again. You just need to give them proper orientation and you let them know the consequences. (R19)*

Therefore, because of the possible legal implications of a compromised value opinion, emphasis on legal consequences of this act can reduce the tendency for such behaviour.

Emphasis on sanction and reward system

It was found that valuation firms use varied means to emphasis the legal implications of succumbing to influences from clients. One of such means is by instituting and enforcing reward and sanction policies. In line with this, estate firms design the mode of operation in a way that foster sense of responsibility in staff members. Example of such is what is practice in one of the big firms as explained by Respondent 14 below:

> *hmmmm, what we normally do is that when we are recruiting them (staff), we normally tell them that valuation is prone to litigation. And in xxx company, immediately you are employed, you are given an initial from your names. Our individual initial is always on any job we do. So, any valuation you do carries your initial and if there is any issue, you will be called upon to come and defend. So, if you are influenced outside there and there is an issue, you carry the liability. That's the strategy we have here. (14)*

Orientation for clients

It was also found that, asides other reasons, clients demand for increase in value because of their misconception about the concepts of cost and value. Clients often equate cost to value. Therefore, valuers usually take time to educate clients on the distinction between the two concepts for a proper understanding.

> *So, you need to explain to him and let him know why. Most times when you explain the may not understand. Most times, clients take cost of construction for value, so you have to take him through all the line and make him understand the difference.(R8)*

Also, they apply subtle means of discouraging clients from influencing them. For instance, it was found that when a valuer tries to transfer the legal implication of influencing value to

clients there is a tendency for the client to desist from his/her push for alteration of valuer's opinion. An excerpt from Respondents 15 below depicts this:

> *You will see many bank officers who will tell you "I don't want to lose that client, please the value is small, we need value of this", so that it can support their collateral. And, we will tell them that "can you put it in writing that you need so, so and so value?", then they opt out. (R15)*

Allowing for reasonable adjustments

Valuation is an opinion, hence a certain degree of error is allowed. From literature, a 5% to 10% percent degree of error is reasonable in valuation (Hager and Lord, 1985; Ogunba and Ajayi, 1998). Some authors have advocated that valuation should be a range of value instead of a point figure (Aluko et al. 2004). Based on this, respondents submitted that because there is a window of reasonable range of value, they permit any request from clients to alter valuation figure that falls within such reasonable range. They reported that they allow for such flexibility as long as the request is achievable within the available data and it can be defended if need be.

> *I will not lie to you, if it is just a reasonable adjustment that is needed, valuer can do it. So far you can defend it. What we do is that when we are through with our calculation, we let them know the figures…. if there is anything we can do we will do…reasonable thing that we can do… You know valuation these days don't come like that. It is once in a while. So, you want to keep that client you have.(R3)*

> *Like I said, property value is in range. A property for, let say N100 Million, can as well go for N95 Million or N110 Million. So, it will only be reasonable tor to know to what extent I can be flexible with it. (R8)*

While the exact range considered reasonable was not confirmed in this study, previous studies considered a 'degree of error' of plus or minus 5% to 10% appropriate (Hager & Lord, 1985). The finding, therefore, presumes that valuers are comfortable with clients' request if it falls within an acceptable range. This is in line with the findings of previous studies like Nwuba et al. (2015a) who reported that valuers have tendency to succumb to influence from clients if the percentage of change requested is reasonable.

Quality control system

In quality control (QC), output is compared to specifications. TCE postulates that opportunistic behaviour is prevalent among trading partners. This characteristic of humanity generates transaction costs. Such costs include monitoring the operations of valuation officers to prevent their propensity for client influence.

The data revealed that most valuation firms use quality control system to curb the tendency of staff in one form or the other. For example, few big firms with networks of branches have similar system of centralised valuation unit which may or may be domiciled at the head office. They also have dedicated quality control department within the central valuation unit and this comprises experienced valuers who must have had years of experience as field officers with the firm. The practice of centralised valuation system requires that all branches of the firm across the country send the first draft of their valuation reports through email to the central valuation unit for scrutiny and final approval of value opinion. Then the final version of the report will be sent back to the branch of origin. The process is meant to ensure compliance to the firm's standards and make sure the value opinion is not biased.

> *…this particular unit is the quality control unit of xxx company nationwide. Whenever any valuation is done from any of our 25 or thereabout branches nationwide, it will come to this unit for the quality control officers, who are seasoned estate surveyors and valuers, to look at it. We look at the structure for conformity with the company's standard and to make sure that the figure being turned out is very professional. (R16)*

Also, in order to ensure that the final decision especially the value opinion is not further compromised at the branch level, mechanism is put in place to enforce the decision of the central valuation unit. For example, the practice in one of the respondents' firm is to send the final report back to the branch in PDF format which cannot be altered while a well audited classified security document is used to prepare the value page. Another firm's practice is to print the final report from central valuation unit and dispatch the hard copy to the originating branch.

> *…the system we operate, we don't operate open window. The final value does not even come from field officers. We have a central unit who looks into valuation when it comes to value and that's where the final figure comes from. (R8)*

> *This unit (QC) is the final bus stop when it comes to valuation. If any of our branches do valuation, when they write the report, they send a soft copy to us. When we are returning it to them, we return it in PDF format that they cannot alter anything….Our valuation page (certificate) is different. It is a security document which is beings sent to branches from QC department from head office here and it is being monitored. You must account for the first page to the last. Our in-house auditors do that.(R15)*

Apart from the need to maintain quality report and the standards and the procedures of the firm, the reason for centralising valuation process is to eliminate the possible effect of influences of clients through field officers or branch managers on valuation . Therefore, firm make sure the final decision on value opinion does not rest solely with the head of department or branch

manager. By this, the decision on the final value opinion rests with the central quality control department at the head office but with due consultations with the field officer, if need be. In most big firms, valuation department is divided into three parts – marketing, execution, and quality control. By the nature of their duty, marketing officers and execution officers may have direct contact with clients at different stages of valuation process while quality control officers only work with the information provided by the field officers complemented by their independent market survey.

> *The officer who brings the job is not the one that will execute (inspect), and after the field work, someone else checks - the quality control officer. Those are the 3 levels. Most times, we don't want the person that brings a job to execute it because we have seen from experience that they usually have a target for their clients and that's what drives them. With this setting, unless the three can connive. (R1)*

In addition, valuation firms have developed methods for developing a sense of responsibility in their employees. Firms create operational systems so that valuation officers and quality control officers are accountable any valuation assignment they do. That is, in case the firm needs to defend the valuation before users, or in a court of law, the officers responsible will be called upon to justify the valuation. It is hoped that by doing so, officers will be more aware of their obligations and better able to withstand client influence.

> *And in xxx company, immediately you are employed, you are given an initial from your names. Our individual initial is always on any job we do. So, any valuation you do carries your initial and if there is any issue, you will be called upon to come and defend. So, if you are influenced outside there and there is an issue, you carry the liability. That's the strategy we have here. (R14)*

Generally, smaller firms do not have separate valuation department or quality control section as such firms usually have one or two branches with few staff members. In such firms, the principal partner who is the sole proprietor of the firm serves as the quality control officer who scrutinises reports and approves the final value opinion. This therefore mean that principal partner must be well experienced and also carry out due diligence on the information provided by the field officer.

> *..the procedure in our office is that after doing your valuation it will be vetted by whoever is going to put the stamp and seal which happens to be the principal partner. My aspect is that I present whatever I have brought from the field I present the value and he does the vetting and based on his vast experience and exposure over years of practice. (R23)*

This finding is in line with Babawale (2013b) who found that quality control system ensures that valuations are diligently prepared. However, the practice of principal partners acting as the

quality control officers is common among valuation firms in Lagos because the market is saturated by small firms.

Collection of initial deposit

It has been found that remuneration is one of the tools clients use in influencing valuers (Levy and Schuck, 1999; Nwuba et al., 2015b). In relation to this, the respondents have discovered from experience that there is a high tendency that clients would exert influence on valuers if they are in full control of the fee at the point of submitting the report. That is, if the value opinion in the report does not match the client's expectation, he/she would exert pressure on the valuer to review the figure else the valuer will not get paid. Some respondents submitted that so many valuations have been rejected without any payment in the past because the they refused to change the values to conform with clients' demands. In such cases, the effort and resources put into such assignment become wasted. Therefore, in order to reduce such loss and also to make sure that clients are committed to the service contract between the parties, valuers do make clients deposit a certain percentage of the agreed fee or a considerable amount when fee is not predetermined. This is commonly referred to as the commitment or mobilisation fee. According to respondents, when this is done, the loss will be reduced on valuer in case the client eventually rejects valuation report as the initial deposit is non-refundable. Valuers normally demand about 50 per cent of the fee as the commitment fee. However, it was also found that this approach is not practiced when valuation instructions come from banks probably the rule of engagement valuers have with banks does not permit such.

> *Now, you can't turn down all jobs. And to mitigate our loss this is what we do…When they tell you this is the value we want, we tell them ..let's do our job first. We now devised a means, what we do is to take a 60 percent of our fee upfront, so if at all they reject the report we know we have something. (R2)*

> *But, from individuals and other corporate bodies we collect mobilization. So, if you say you don't want the value, we will not return the money we have collected. You can take us to court if you like. At least, when you collected like 40% of your fee, if the person rejects the report, it can cover your cost. We don't do that for banks, but when they refer us to the client, we do that. (R15)*

Advising clients to expand the scope of valuation

This approach is common with valuation for secure lending where the client uses company assets as collateral for loan. When the value of the assets used as collateral for secure lending could not yield the targeted value to cover for the loan, clients would want to use different means to influence valuer to increase the value of the assets to meet such target. Therefore, in

a bid to manage such situation, data revealed that valuers do advise clients to add some other company's assets as collateral in order to achieve the target value. In order to show support and care for their clients, valuers sometimes offer to value such additional assets at a discounted fee. By this, the tendency of client influencing valuer to increase value opinion reduces. This approach is therefore considered as a subtle way of managing influences from clients.

> *Another thing is that when they ask for such outrageous value, my boss will tell them to give us additional assets to value and we will do it at a very reduced fee. Like, give us additional asset to add to jack up the value. If we supposed to collect N500,000 we will collect N250,000. We have to do that because it is because of clients that we are in the business. (R2)*

> *….. by the time we finished I think the value we got was like about N150 Million, the man said we should push it to like N350 Million. I said it is not possible. He said the issue of fee is a problem that he was ready to pay my full fee based on the scale. I said it is not possible, we are not magicians. The only way we can get near such figure us, since the property is a factory can we value the equipment and vehicles and other things in addition, and see the figure we will arrive at? (R12)*

5.5.4 Strategies for other challenges

Based on the other challenges identified earlier which relate to the pricing of valuation services and procurement of briefs, this section discusses the strategies valuers deploy in managing the circumstances in the course of valuation practice.

5.5.4.1 Pricing of valuation services

The interview data revealed that valuers have developed some guiding rules and methods of negotiating valuation fees to achieve good bargain. These strategies are discussed in this section.

Initial discounting of fee

This is when the valuer calculates the fee based on the professional scale and then discounts the fee by a specified percentage. According to the responses, discounts are applied when generating the fee invoice. In other words, the charge is decreased even before the client initiates negotiations. This is an established system in the practice policies of some firms. In most cases, this initial discount accounts for up to 50 per cent of the computed charge. Some respondents' comments in this respect include:

> *What we do in our firm is that we calculate our fee based on the scale and send in our invoice and when we are sending our invoice, either based on our previous discussion or thereafter, we give a discount……. (R16)*

> *We negotiate. We send them (clients)…this is our original fee, but we are ready to concede, may be like 50% …… (R6)*

The comment by one of the respondents (R3) shows that the reason for this practice is to maintain business relationship and appeal to the emotion of clients so as not to negotiate further. However, even with this, clients still negotiate the fee down. The respondent said:

> *Our practice here is that we are still abiding by the professional scale. But we give rebate or concession. What we do is that we will tell our client that this is our fee as prescribed by NIESV but to maintain good business relationship with you, we will reduce it by 50%. We do that in our fee note before the client even raises any objection. Even with that, people still complain that it is too much and still negotiate it down……(R3)*

The practice of discounting of fee is not peculiar to valuers alone as Okonkwo and Wium (2018) also reported the prevalence of the practice of discounted against the recommended fees scale among consulting engineers in South Africa. Also, auditors practice initial fee cutting because of competition for clients (Krauß et al,, 2014). However, this practice seems illogical as it gives the client an impression that the valuation service is cheap. A good business practice is to give discount at the point of negotiation. This therefore, points to the need for valuers to improve their negotiation skills.

Pre-negotiation and on-site negotiation

Some firms have it as policy to either negotiate fees before proceeding to the site or negotiate right on the site before commencing any work. To negotiating before going to site the valuer first considers the size of the job and the likely value of the property based on experience; and based on this, the valuer roughly calculates the fee. This figure therefore serves as the starting point for negotiation with the client. In the case of on-site negotiation, the executing officer (the staff who goes to site for inspection) is given free hand to negotiate the fee with the client on site before commencing inspection. This means that the parties will have to set aside a certain amount of time to first negotiate before the valuer commences his work. In this case, the firm is bound by whatever the field officer achieved from the negotiation. Some of the respondents submitted that:

> *If you want to commission us for a job, we always ensure we do the inspection first, snapshot though, to understand what we want to do. From there, we can have a rough idea of the likely value and we use that to calculate our fee based on the professional scale. From whatever comes out as fee, we take 50% away and we ask the client to pay 50%.....(R5)*

> *We negotiate fee on site from the beginning. …in our letter of instruction, there is a portion for fee negotiation which must be filled by the client. So, before the execution officer leaves (the site), he must achieve that negotiation. Any fee negotiated by the execution officer, the company accepts because it is the execution that knows the likely*

value the property may command. So, they know the appropriate fee to collect…….(R14)

Setting of benchmark

Since negotiation is the major means of pricing valuation services, some valuers have set some minimum benchmark for fee below which they do not accept. Such policy guides them in negotiation. Sometimes, this benchmark varies according to location and type of property being valued. Therefore, individual or firm-based benchmarks guide negotiations.

Well, an average client does not want to pay. They want to pay peanut. So, we normally have challenges in fee negotiation and collection. But this is what we do. We have a benchmark. Like, a bare land at certain location should not be less than a certain amount. For instance, valuation of a bare land in Lekki axis, phase 1 and other developed parts of Lekki, cannot be less than N70,000 ($195.5), while buildings are like N150,000 ($418.9), N200,000 ($558.6). But in the Mainland, we can collect like N50,000 ($139.6) …….(R14)

As much as possible I said I will never use my seal for a valuation of N30,000 ($83.7). Yes, but my benchmark is N50,000 ($139.6) give or take. Because we have overheads here we have to settle…. (R19)

Involvement in sharp practices

Apart from different approaches to negotiating, valuers have other fee-related behaviours. Because valuation services are often priced low, valuers frequently struggle to cover necessary expenditures for quality service. Valuers often engage in "sharp practises" when their fees are fixed. Because negotiated or fixed costs are always too low, valuers have found "cheaper" ways to get the work done. When the property to be valued is far away, say, another state outside Lagos, and the valuer feels the fee cannot cover transportation and other logistics, the valuer arranges for a third party to inspect the property. The valuer then concludes the valuation on third-party information. This behaviour is frequent among smaller firms without a national branch network, while firms with an extensive branch network have an edge.

…now I have property to value at Benin [another state in Nigeria] and I don't have an office at Benin. Am I not supposed to travel there? hotel expenses is also there. Will N30,000 ($83.7) take care of all that? Then, you now have to look for maybe a surveyor that you know over there….and tell him… 'please help me assess that property and send me how it looks like and other things', then you do your report in order to maximize profit, without you going their physically to inspect. That's what most surveyors are doing. If they don't have an office there. So, it has affected valuation practice seriously. At the end of it all, you might not even see the property you are valuing, you are just doing it based on hearsay…..which is so bad….it is so bad……(R11)

This approach affects the objectivity and quality of valuations. It also has an impact on professional zeal. Due to the inadequacy of the fee, there is a perception that it is not worthwhile to exert excessive effort or go the extra mile to assure professionalism.

> *.....when you look at the whole scenario, you will feel like 'why do I need to waste my time, to put in all my effort. Why do I need to have a sleepless night? Because of how much? N30,000 ($83.7)? It's a thing I can easily call one ehh just freshly graduated person to go and carry out the exercise, and whatever he brings, you just go through it and then forward to them. So, the quality of the job has been depleted….(10)*

Avoiding valuation briefs from financial institutions

In addition, it was discovered that fee-related issues discouraged some valuers from engaging in valuation services, particularly for financial institutions. Some valuers choose to focus on other aspects of the profession, such as agency and property management, rather than engaging in valuation assignments for banks and collecting what they regard to as 'ridiculous' fees from which they will still pay 'kickback'.

> *There are some firms that are not even doing valuation again because of this issue of dictating fee…….(R4)*

> *I know it exists that banks have fixed rates but we don't do that. For us, we will rather do valuation for free if we have to go for a certain level of ridiculous fee payment…..(R16)*

This forms one of the reasons why some estate firms are not on retainership with banks apart from the rigorous process involved. For example, when one of the respondents was asked if his company was on retainership with any bank, he responded that

> *'No. Do you know how much banks pay for valuation? N20,000 ($55.8). Then out of the N20,000, the bank officer will still ask you to give him part of it. You can ask people. I can never do such'.....(R17)*

5.5.4.2 Challenges with procurement of brief

On procurement of briefs, respondents recognised the need for individual valuer to expand his/her clientele base to have a better share of the market. Valuers approaches in this regard include:

Emphasising relationship

In Nigeria, it is commonly believed that who you know is more important than what you know in business. This indicates that the relationship appears more significant than competence in getting brief. Based on this, valuers prioritise relationship building. Principal partners of firms

emphasise strengthening their relationships with friends, relatives, religious associates, and other business associates and use these relationships to solicit business opportunities.

> *You know, you cannot advertise. It is just people referring people to you. The marketing is done by person to person and by writing proposal to organisations. You may be lucky they invite you.(R12)*

> *well, I am in my office now, banks will not …if I don't have any relationship with any person within the bank, I can't get it. It depends on your relationship. It does not depend on how good you are. This our job, as far as Nigeria is concerned is whom you know, it's not how good you are. If you have a brother or relative in any bank, he will give you their job, to you…..whether competence comes next, first of all, it is relationship. That's the truth. If you have any relationship with any bank, whatever be your competence, you will get the job. (R11)*

Simplifying contract formalisation process

Valuers have developed several ways to formalise briefs to establish legal backup in case clients refuse to pay for services. As stated previously, most briefs are urgent, and many clients want to refrain from putting their instructions in writing. Therefore, valuers rely on oral instructions. Based on interview data, some valuers still insist on formalising their briefs but have found more friendly ways to do it. Most firms have concise instruction forms that clients can sign at any point of contact, especially at the point of inspection. Another method is to send a confirming email or letter to the customer following the phone call to outline what was discussed.

> *Some people are not ready to do mail, so we have a formatted letter of instruction that we give to them through execution officers. An average execution officer goes around with copies of instruction letter. (R14)*

> *What we do now is that if you call us on phone like that, we can move and prepare letter to you that….we refer to your phone conversation of so, so and so date, we wish to inform you that the valuation will be carried out on so, so and so date. Please confirm. Then, he will sign. That will suffice for a contract. (R12)*

This means that, based on experience, valuers strive to ensure that they have something to hold on to as a form of evidence of contract. This may be a letter, an email or even a signed fee note or an evidence of delivery of valuation report.

5.5.5 Analysis of valuers attitudes towards transaction costs involved in property valuation decision making process (Transaction costs validation)

As earlier stated, this study utilises the theoretical lens of TCE in assessing valuers' attitudes towards the challenges of the property market where they operate. This section presents the quantitative analysis of valuers' behaviour towards the challenges of the property market where they work. Specifically, this section presents the results of the quantitative dimension of

applying TCE to the behaviour of valuers in the market. To achieve this, a total of 21 variables were identified from the literature and this study's qualitative data. These variables are based on the assumptions and theoretical basis of TCE. The 21 variables were categorised into five based on the categories of TCs elements identified in the framework for this study (see section 3.7). The categories of TCs include search costs (6 variables), monitoring costs (3 variables), data evaluation/decision costs (4 variables), opportunism costs (3 variables), and cognitive/specificity costs (5 variables). The variables were presented to the respondents in the form of structured questions in a questionnaire using a seven-point Likert scale of 1 (totally disagree) to 7 (totally agree). In the questionnaire presented to valuers (see Appendix D), the questions were designed and presented in two different forms in the questionnaire to capture the expected costs (Question E53-E73) on the one hand and the actual costs expended (Question E14-E34) on the other. Furthermore, to extract respondents' unbiased opinions on sensitive issues, the researcher framed some questions negatively in the questionnaire (Foddy, 1994). However, such questions were reversed to ensure consistency in analysis. The construct used for this enquiry consists of 42 variables (E14-E34 & E53-E73) and Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach's alpha coefficient =0.827).

Based on the categorisation of TCs, five hypotheses were formulated to test valuers attitudes towards the transaction costs involved within valuation process. Paired Sample t-test was used to test if there are differences between expected costs and actual cost expended (by comparing their mean scores), and also to establish if the differences are significant (considering the *p* values). The analysis was conducted both on the category basis and item by item basis. Table 5.10 and Table 5.11 show the results of the paired sample t-test in category and item by item evaluation of the TCs respectively. For the purpose of analysis, each variable under the 'expected costs' was coded as 1 while that of 'actual costs' was coded as 2 That is, Mean Difference (MD) is the difference between 'expected costs' (1) and 'actual costs' (2).

Table 5.10: Paired sample t-test analysis of categories of transaction costs involved in property valuation decision making processes

Pair	Code	Mean Diff.	Std Deviation	t	Sig. (2-tailed)	η^2
Pair 1 (Search costs)	Searchexp – searchactual	1.900	1.043	14.342	.000	0.771
Pair 2 (Monitoring costs)	monitorexp – monitoractual	0.432	1.245	2.709	.009	0.109
Pair 3 (Data evaluation/decision costs)	evaluationexp – evaluateactual	0.721	1.017	5.541	.000	0.338
Pair 4 (Opportunism costs)	opportunismexp - opportunismactual	0.683	1.564	3.384	.001	0.163
Pair 5 (Cognitive costs)	cognitiveexp – cognitiveactual	-0.475	1.121	3.313	.002	0.155

5.5.5.1 *Search costs*

In order to test the relationship between the expected and actual search costs the first hypothesis was formulated as follows:

Ho 1 (Null): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected data search costs is not significantly greater than the actual data search costs expended*.

Ha 1 (Alternative): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected data search costs is significantly greater than the actual data search costs expended.*

For the purpose of analysis, the six variables under this construct were re-coded into one variable under the expected and actual costs categories (Table 5.10) respectively. The two new variables were coded as 'searchexp' and 'searchactual' and measured against each other using paired sample t-test. The results in Table 5.11 show a positive Mean Difference (MD) of 1.90 between the mean scores of expected costs and actual costs which means that the actual search cost is lower than the expected search cost. The results further show that the difference between the two mean scores is significant as depicted by the *p* value of (p = .000) at 95% confidence interval. In order to further examine the effect of size of the difference in mean score, eta squared (η^2) was calculated and found to be 0.771. The η^2, which is greater than 0.14, indicates a large effect size as suggested by Pallant (2013) that eta squared of 0.01 indicates small effect, 0.06 indicates moderate effect, and 0.14 suggests a large effect size. The results do not support the null hypothesis, hence the null hypothesis is rejected as the results show the evidence that the alternative hypothesis is true.

This suggests that, overall, valuers are not putting the sufficient effort, time and resources into data search during valuation process as the nature of the market demands. It therefore implies that valuers' need to improve on their efforts towards data search as their attitude towards data search contributes to bias and uncertainty in valuation.

5.5.5.2 Monitoring costs

The second hypothesis states that:

Ho 2 (Null): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected monitoring costs is not significantly greater than the actual monitoring costs expended*.

Ha 2 (Alternative): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected monitoring costs is significantly greater than the actual monitoring costs expended*

The three variables under this construct were combined and analysed under the new variable names – 'monitorexp' and 'monitoractual'. The results of paired sample t-test (Table 5.10) show a positive MD of 0.432 between the two mean scores which means that the actual monitoring cost expended is lower than the perceived expected monitoring cost. Furthermore, the *p* value of .009 at 95% confidence interval suggests that the difference in mean scores is significant. However, the eta squared (η^2) value of 0.009 means that the effect of the size of the difference is moderate. The null hypothesis is therefore rejected while the results support the alternative hypothesis.

The results show that valuers and valuation firms efforts towards monitoring the activities of valuation staff to ensure quality service is not enough. The essence of monitoring the exchange process is to minimise opportunistic behaviour within the exchange relationship (Williamson, 1985; Pilling, 1994). Therefore, the implication of weak monitoring system is the high possibility of opportunistic behaviour among the individuals involved within valuation process.

5.5.5.3 *Data evaluation costs*

The third hypothesis states that:

Ho 3 (Null): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected data evaluation costs is not significantly greater than the actual evaluation costs expended*

Ha 3 (Alternative): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected data evaluation costs is significantly greater than the actual evaluation costs expended*

This construct contains four variables which were combined for the purpose of this analysis. The new variables are named 'evaluationexp' and 'evaluateactual'. The paired sample t-test analysis (Table 5.10) reveals a positive MD of 0.721 suggesting that the actual evaluation cost is lower than the expected evaluation cost. To further test whether the difference is significant or due to chances, the *p* value of .000 at 95% confidence interval indicates that the difference is significant. Also, to further check the effect of the size of the difference in mean score, the eta squared (η^2) of 0.338 suggests a large effect size. The null hypothesis is therefore rejected as the results provide the evidence that the alternative hypothesis is true.

This suggests that, overall, valuers are not putting the sufficient effort, time and resources into data evaluation during valuation process to ensure adequate decision making. It therefore implies that valuers' need to improve on their efforts towards data evaluation process to improve the quality of valuation output.

5.5.5.4 *Opportunism costs*

The fourth hypothesis states that:

Ho 4 (Null): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected opportunism costs is not significantly greater than the actual opportunism costs expended*

Ha 4 (Alternative): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected opportunism costs is significantly greater than the actual opportunism costs expended*

Three variable were developed under this construct. The combined variables were named 'opportunismexp' and opportunismactual'. The results of paired sample t-test (Table 5.10) reveal that the positive MD between the two mean scores is 0.683 and it is significant (p = .001) at 95% confidence interval. The eta squared value (η^2) of 0.163 also suggests that the effect size of the difference in means is large. The results provide the evidence that the alternative hypothesis is true and that the null hypothesis should be rejected.

This means that the actual cost being expended by valuers in managing the opportunistic behaviour of clients and staff is significantly lower than the perceived expected cost needed to manage the challenge.

5.5.5.5 *Cognitive costs*

The fifth hypothesis states that:

Ho 5 (Null): *Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected cognitive costs is not significantly greater than the actual cognitive costs expended.*

Ha 5 (Alternative)*: Considering the nature of property market and valuers behaviour towards the associated challenges, the valuers' perceived expected cognitive costs is significantly greater than the actual cognitive costs expended.*

Five variables were used to assess this construct and the variables combined and analysed under the names recorded as 'cognitiveexp' and 'cognitiveactual'. The result of paired sample t-test (Table 5.10) which yielded a negative MD of -0.475 reveals that the actual cognitive cost is higher than the perceived expected cognitive cost and this is significant (p = .002) at 95% confidence interval. The eta squared test value (η^2) of 0.155 also suggests large effect size which further strengthens the findings. The results, therefore, provide the evidence to suggest that the alternative hypothesis is false. Hence, the null hypothesis is retained.

This therefore means that, to a great extent, valuers are able to sufficiently bridge gaps created by cognitive limitations.

Table 5.11: Item-by-item Paired sample t-test analysis of transaction costs involved in property valuation decision making processes

Pairs (codes)	Cost variables	Mean Difference	Std. Deviation	*t*	Sig. (2-tailed)	η^2
	Search Costs					
E53 - E14	Effort required for data search	3.161	1.611	15.448	0.000	0.813
E54 - E15	Time required for data search	2.822	1.563	14.218	0.000	0.768
E55 - E16	Resources required for data search	1.726	1.830	7.425	0.000	0.474
E56 - E17	Searching data for the appropriate valuation method	1.500	2.163	5.459	0.000	0.328
E57 - E18	Probing data from colleagues	0.306	1.723	1.400	0.167	0.031
E58 - E19	Securing reliable data from other professionals	1.887	2.001	7.426	0.000	0.474
	Monitoring Costs					
E59 - E20	Emplacement of independent internal quality system	0.096	2.006	0.380	0.705	0.002
E60 - E21	Verification of data presented by field officers	0.360	2.191	1.286	0.204	0.026
E61 - E22	Emplacement of reward and sanction system within the firm	0.887	1.438	4.856	0.000	0.278
	Data Evaluation/Decision Costs					
E62 - E23	Details about parties to transaction relating to data	0.726	2.026	2.821	0.006	0.115
E63 - E24	Establishing the appropriate outgoings for each property	0.081	1.822	0.348	0.729	0.001
E64 - E25	Verification of data supplied by clients	0.952	1.593	4.703	0.000	0.266
E65 - E26	Decision making when more than one method are used	1.098	1.457	5.887	0.000	0.362
	Opportunism Costs					
E66 - E27	Formalisation of valuation briefs	1.693	1.646	8.104	0.000	0.518
E67 - E28	Resisting clients' influence by rejecting briefs	0.966	2.510	2.982	0.004	0.130
E68 - E29	Pressure to discuss valuation figure with client before final submission	-0.397	2.587	-1.217	0.228	0.023
	Cognitive costs					
E69 - E30	Managing time pressure from clients	-0.419	2.564	-1.288	0.203	0.026
E70 - E31	Managing the inadequacy of experience	-0.790	1.857	3.352	0.001	0.155
E71 - E32	Managing the challenge of human resources	0.419	1.432	2.306	0.025	0.080
E72 - E33	Knowledge of other aspects of practice like brokerage	0.080	1.919	.331	0.742	0.001

E73 - E34	Participation in valuation related on-the-job training	-1.443	1.849	6.095	0.000	0.382

5.5.5.7 Item-by-item analysis of TCE constructs

The item-by-item basis analysis of the variables was conducted to gain further understanding of the phenomenon by ascertaining valuers' behaviour to the costs on variable by variable basis. Therefore, a paired sample t-test analysis was conducted and the results presented in Table 5.11. The results show that for 17 out of 21 variables, the actual costs were found to be lower than the expected costs as shown by the positive Mean Difference between the two costs. However, for the remaining four variable, negative Mean Deviation was recorded. These include 'pressure to discuss valuation figure with client before final submission' (*MD* = -0.397); 'managing time pressure from clients' (MD = - 0.419); 'managing the inadequacy of experience' (*MD* = -0.790), and 'participation in valuation related on-the-job training' (*MD* =-1.443). However, the difference in mean for first two variables out of the four are not significant considering the *p* values of 0.228 and 0.203 while the remaining two are significant with *p* values of 0.001 and 0.000 respectively. This suggests that valuers are able to cover-up for lack of experience in certain aspects of valuation, perhaps through training and collaboration with other valuers/firms. It also shows that valuers are able to minimise the effect of lack of experience by adequate participation in on-the-job trainings and collaboration with colleagues. This underscores the upholding of null hypothesis relating to 'cognitive costs' (see section 5.5.5.5).

The analysis further reveals that Mean difference of 8 out of 21 variables are not significant at 95% confidence interval. These variables are 'probing data from colleagues' (*p* = .167), emplacement of internal control system (*p* = 0.705), 'verification of data provided by field officers' (*p* = .204), 'establishing the appropriate outgoings for each property' (*p* = .729), pressure to discuss valuation figure with clients before final submission' (*p* = .228), 'time pressure from clients' (*p* = .203), and 'knowledge of other aspects of practice' (*p* = .742). This suggests that the difference in Mean Scores for these variables possibly happened by chance. For example, for time constraints, though valuers confirmed in their response during interview that the time frame is always insufficient for adequate data gathering and analysis, they further confirmed that they do make effort to deliver within the time. Also, on the emplacement of quality internal control system, the results suggest that the majority of valuation firms have one form of quality control system or the other. However, most firms do not have separate department for quality control because of firms' size as it was found that only few big firms

have financial human resources to do such. In most firms, principal partners vet valuation reports for quality control purposes.

5.6 Assessment of how real estate education in Nigeria prepares valuers for the nature of market where they operate

This section presents the results addressing the fourth objective of this study which seeks to assess how real estate academic training in Nigeria prepares valuers for the nature of the Nigerian property market using Lagos as the study area. That is, the objective seeks to examine the place of academic training of property valuers in influencing valuers behaviour towards the challenges of market. By this, the objective examines the relationship between academic training and the actual practice of valuation. The disparity between academics and practitioners in terms of logic, interest, and relevance has generated a huge debate in the literature over the years (Panda and Gupta, 2014; Oyedokun et al., 2021). However, such discussion has not gained adequate attention among real estate studies.

Data for this objective were sought from practising valuers and final year students in tertiary institutions offering real estate course through the use of semi-structured interview and questionnaire. While valuers were interviewed, the final students were served with questionnaires. The overarching question put to respondents during the interview session was: 'What can you say about the academic training of valuation and the practice of it in Nigeria?'. This was then followed up with other related questions bothering on the objective of this research.

5.6.1 Disparity between academic training and practice – Qualitative strand

Based on the interview data, 66.6% (16 out of 24) of the respondents submitted that a considerable gap exists between the academic training of valuers and the actual practice of valuation in Nigeria. On the other hand, 16.7% (4 out of 24) respondents were of the opinion that the theory provides adequate basis for the practice of valuation, therefore there are no obvious differences between the two. The remaining 16.7% (4 out of 24) respondents were neutral in their response. Respondents also supported their opinions with reasons and basis for their conclusions. There responses to further enquiry were thematically analysed and discussed further.

Some of the differences alluded to by the majority opinions include the fact that some of the concepts of valuation being taught in schools are hardly used in the practice. Obvious instances of such include the fact that very many complex calculations which valuers are made to learn during their academic training are rarely used in practice either because they are either irrelevant or not suitable for the nature of market they operate. For example, while concepts like surrender and renewal, marriage valuation, sinking fund, dual rate Years Purchase (YP), among others, are given emphasis in the academic curriculum, they are hardly used by valuers in practice. Most valuers in the market often use simple approach of investment valuation by multiplying the net rent by Years Purchase (YP), while the derivation of YP is mostly done by relying on experience or rule of thumb.

> *The reason why I said there is little different is that, some of the things we were taught in school on valuation, especially the calculations, when you got to the field, they are irrelevant. They may be relevant to some extent, but they are not practicable. Like setting aside sinking fund. How many clients are setting aside sinking fund. All this double rate YP and so on, how many firms are doing that now? (R10)*

> *When we were in school, all those 'amount of N1 per annum', 'present value' and all that, since I left school I am not sure I have applied them…. The Parry's valuation table, I have it but I don't even know where it is. All those things were like sine-qua-non of valuation when we were in school, but in practice how many times have I used Parry's table for my valuation?(R17)*

This suggests that valuers in the study area possess the requisite theoretical knowledge underpinning the valuation practice but are limited in applying the knowledge due to the nature of the market. This is because valuers cannot be advanced than the market within which they operate. Lagos property market is deemed immature (Dugeri, 2011). However, many of the advanced principles in valuation were developed based on the features of developed markets.

Another issue emphasised by respondents is the area where the academic training is lagging behind the actual practice of valuation. This is mainly in the complex and evolving areas of valuation like valuation specialised assets like aircrafts, vessel, billboards, heritage properties, and environmental valuation including mineral resources, among others. It was found that there is a growing demand for valuation of this category of assets but most valuers lack both the academic and practical knowledge in these areas. Similar issue was raised recently in Oni et al. (2017) who identified the lack of billboard valuation in the curriculum of real estate course in tertiary institutions in Nigeria and argued for the urgent inclusion of same in order to fill the

identified knowledge gap. Only a handful number of valuers have the skills to value these categories of assets mostly through specialised training from advanced countries where practice has advanced in these areas of valuation. This deficiency in the academic training is probably responsible for the challenge of skills in valuing specialised assets identified in the qualitative strand of the study.

> *At the academic level, some of these new areas of practice, like valuation of aircraft, valuation of stock etc were not taught. It is in the training outside that will help you to do that. (R10)*

Emphasis was also laid on the fact that the academic training of valuers heavily relies on foreign books as most of the academic materials/books used in schools were developed based on the features advanced property markets. Therefore, because the books were not written with the peculiarities of developing markets in mind, they lack the ability to instil the required knowledge about local property market behaviour.

> *Like they teach you about Parry's Valuation Table – when it is this, you apply this rate; when it is residential, you apply this rate; when it is commercial, this rate; when it is industrial, this rate. Most of those things are to teach you how to go about it. Those people have put it to practice in England and came up with this, but does our economy peculiar with that of England?(R15)*

> *The missing link is the reality. The book is ideal, it tells you all things being equal this is what will have. Let us not forget that most of these authors did not write their books for our clime, they wrote them with respect to where they practice.(R20)*

There has been an appreciable increase in the number of real estate books by Nigerian authors in recent times. Though there is no recent empirical evidence on the exact growth, Ogunba and Ajayi (2007) noted that this growth has been noticeable since 1998. However, most local valuation books are similarly patterned after existing foreign books and therefore do not adequately reflect local market behaviour.

Furthermore, while good collaboration and interchange of ideas are expected between academics and practitioners in any profession, most respondents submitted that there is a vast disconnect between these two stakeholders within the Nigerian real estate circle. The respondents described the academics and practitioners as two poles apart when it comes to the profession's issues. Therefore, appreciable cross-fertilisation of ideas does not exist between the two. Hence, the expected town-gown symbiotic relationship between academic trainers and practitioners is lacking. The missing link was described by respondents 6 and 9 below:

In Nigeria there is a missing link, a total disconnect. The people in academics, they are in the academics, they don't even know what is happening in real life and they are teaching valuation. What they are teaching, most times, does not even apply to the people in practice because there is no synergy. …….. I see this competition between the academics and the people in practice. The people in practice feel that those in academics don't have money and the people in academic feel that those in practice don't know anything. So, everybody is now living in their own worlds, thinking they don't need one another. And that's why most researches from the academics in Nigeria do not go beyond …[inadible], their contents are not useful to anybody despite all the intellectual property that has gone into it.(R6)

Because there is no link between the practitioners and academics. The market is good as a theory, but when you now come out to practice to put them down in a way that client will accept it becomes a problem. Majorly because the academics and practitioners are like two poles. Most times, we don't see the academics at MCPDs. At such gathering we will be able to rob minds together and share ideas. (R9)

This is evident in the lack of research sponsorship by practitioners and the lack of interest about developments in the practice world by the academics. For example, a cursory look at the major academic research database hosting real estate journals revealed that there is hardly any study sponsored by either the professional body (NIESV), regulatory body (ESVARBON), or practising firms in Nigeria. Also, because of the lack of engagement of academics with the practice, practitioners were of the opinion that academics are not abreast of the current issues and trend in the field. References were made to the fact that the effects of research works from the academics are not felt in the practice as practitioners are not getting the benefits of the research outputs. This means that the lack of synergy has negative implications on the growth of property valuation profession.

Furthermore, while some respondents thought that academics are ahead of practitioners in thinking especially with regards to some evolving issue in the global space, others were of the contrary opinion. The analysis of submissions from these two seemingly contradicting opinions suggests that while the academics seem to be thinking ahead of practitioners as evident in their teaching and researching into advanced methods and approaches to valuation and investment appraisals, they do not seem to be addressing the actual areas of skill gap in the local market. For example, while academic researchers are advocating for the use of approaches like DCF and the use of artificial intelligence models like Artificial Neutral Network (ANN) (Abidoye and Chan, 2017), practitioners are in interested in advancing their skills with regards to valuation of specialised assets.

Those that are in the academic are thinking faster than those in the practice. For example like the methods of valuation we were talking about, apart from the normal lumpsum income approach that we normally use in practice, there are some other variants to that. It is only in academics that you can see all those things, I have not seen any professional that are putting it into practice. So, the lumpsum rent taking away the outgoings and YP it, they get their capital value. That is the process.(R21)

At the academic level, some of these new areas in practice, like valuation of aircraft, valuation of stock etc were not taught. It is in the training outside that will help you to do that. (R10)

It was also found that individual firm/practitioner seems to have their own structure of valuation process which respondents referred to as "the practitioners' way of doing things". Each firm has its own procedure for valuation including the structure of valuation report. Some of the respondents' submissions on this are as follows:

What I got to realise is that there is a norm in the system. Yes, practitioners' way of doing things. The way I will carry out my own exercise in this office will be quite different from other offices do their own. (R10)

So, we have this individual ideology of how valuation should be done in Nigeria, everyone has their own mindset…..no, we must do it this way… You will be wandering. If you are part of the WhatsApp group [a social media platform where valuers interact], you will be asking questions, 'are we really valuers?'(R6)

However, while it is not unexpected that there are differences in the operational structure of valuation firms, noticeable differences in the application of basic valuation principles and processes is not expected.

5.6.2 Disparity between academic training and practice – Quantitative strand

Furthermore, in order to get further insights into how academics training in Nigeria prepares valuers for the nature of property market they operate, a quantitative enquiry was conducted through the use of questionnaire to extract opinions of larger population of practitioners and students on the phenomenon. This section presents the analysis of data in this respect.

5.6.2.1 Valuers' Views

Ten variables extracted from both the qualitative findings and previous literature were presented in a questionnaire to valuers to rank based on a 7 points Likert scale with (1) representing 'totally disagree' and (7) representing 'totally agree'. Therefore, for the purpose of analysis, the cut-off point between the two ends is taken as Mean Score of 4.0. That is, a

mean score from 4.0 and above is taken as 'agree' while the mean score below 4.0 is taken as 'disagree'. The construct used for this enquiry consists of ten variables (D1-D10) and Cronbach's alpha coefficient was used to determine the reliability and internal consistency of the scale. The results indicate that the construct has good reliability and internal consistency (Cronbach's alpha coefficient =0.877). The result is presented in Table 5.12.

Table 5.12: Valuers' views on the relationship between academic training, valuation practice and property market behaviour

Coding	Market/Practice features	Mean Score	Std. Deviation	Ranking	Remark
D1	My academic training exposed me to various sources of market data	4.810	1.468	1	Agree
D2	My academic training exposed me to the reliability/uncertainty attached to different sources of market data	4.786	1.338	2	Agree
D3	The concept of market in the academic curriculum is a true reflection of the actual property market behaviour	3.743	1.544	6	Disagree
D4	The content of market in the academic curriculum is adequate	3.621	1.278	8	Disagree
D5	The teaching method of the academic training is market focused	3.567	1.283	10	Disagree
D6	The academic training adequately prepared me for the uncertainty in the market	3.933	1.436	5	Disagree
D7	There is a close knit between the theory and the practice of property valuation in Nigeria	3.706	1.495	7	Disagree
D8	The academic training provided me with the adequate practical insights	4.202	1.543	4	Agree
D9	The theoretical foundations provided by my academic training are easily applicable in the field/market	4.506	1.398	3	Agree
D10	The academic training appropriately covers the recent and evolving areas of practice	3.589	1.432	9	Disagree

The results in Table 5.12 reveal that, valuers agreed with 4 expressions out of 10 presented in the questionnaire and disagreed with the rest. They agreed that (i) academic training exposes valuers to various data sources (MS: 4.810); (ii) academic training exposes valuers to the

reliability of the sources of data (MS: 4.786); (iii) the theoretical foundations provided through the academic training are applicable in the field (MS: 4.506); and, (iv) academic training provides adequate practical insights (MS: 4.202). Three among the expressions that valuers disagreed with most include 'the teaching method of the academic training is market focused' (MS: 3.567), 'the academic training appropriately covers the recent and evolving areas of practice' (MS: 3.589), and 'the content of market in the academic curriculum is adequate' (MS: 3.621). It can be deduced from these findings that while valuers' academic training system in Nigeria provides a good background for valuers in terms of sources and reliability of market data, it does not provide adequate understanding of the true nature of the local property market. However, the understanding of the local market is very crucial to the practice of valuation in any market because the success of valuation practice is not only a function of data but also of the understanding of property market fundamentals.

The results also show that the academic training provides valuers with both the applicable knowledge and practical exposure. The exposure to practical knowledge can be attributed to the series of Industrial Training (IT) sessions included in the curriculum both in the university and polytechnic systems in Nigeria (Oladokun and Ayodele, 2015). Previous studies have shown that exposure during IT increases students' job prospects and improves their satisfaction in communication and work attitude (Ayarkwa et al. 2011; Phang et al., 2014).

5.6.2.2 Students' Views

Further insights into how the academic training prepares valuers for the market where they operate was sought from final year students of tertiary institutions through the use of questionnaire. Because this category of students just completed their industrial training, it is believed that they would be able to appropriately combine their practical knowledge with academic knowledge in answering the questions presented in the questionnaire. For this purpose, 13 variables were presented in form statements for respondents to rank the level to which they agree or disagree on a 5-point Likert scale of 1(strongly disagree) and 5 (strongly agree). Data were analysed using Mean Score (MS). Therefore, for the purpose of analysis and because the study is aimed at determining the level of agreement, the mid-point between 'agree'(4 points) and 'neutral' (3 points), that is 3.5, is taken as the point of 'agreement' while the point 3.0 to 3.49 is taken as 'neither agree nor disagree (neutral)', and any point below 3.0 is taken as 'disagreement'. The result is presented in Table 5.13.

Table 5.13: Students' views on how academic training relates to property valuation practice and property market

	Market/Practice features	Mean Score	Std. Deviation	Ranking	Remark
1	Knowledge of property market behaviour is important in real estate curriculum	4.476	0.739	1	Agree
2	My academic training gives me adequate knowledge of the behaviour of the ideal property market	3.765	0.901	2	Agree
3	My academic training gives me adequate knowledge of the actual behaviour of the Nigerian property market	3.436	0.942	4	Neutral
4	My academic training exposes me to various sources of market data for valuation	3.691	0.951	3	Agree
5	My academic training exposes me to the reliability attached to different sources of market data for valuation	3.409	0.876	6	Neutral
6	The concept of property market in the academic curriculum is a true reflection of actual property market behaviour in Nigeria	2.990	0.985	11	Disagree
7	The contents of property market in the academic curriculum are adequate	2.892	0.909	13	Disagree
8	The teaching method of my academic training is market focused (for valuation)	3.075	3.148	9	Neutral
9	The teaching method of my academic training is mainly theoretical (for valuation)	3.426	1.082	5	Neutral
10	The academic training prepares me adequately for the uncertainties in the Nigerian property market	3.324	2.324	7	Neutral
11	There is a close knit between the theory and the practice of property valuation in Nigeria	3.065	1.005	10	Neutral

12	The theoretical foundation provided by my academic training are easily applicable in the field	3.245	0.987	8	Neutral
13	The academic training adequately covers the recent and evolving areas of property valuation practice	2.921	1.007	12	Disagree

The results, as presented in Table 5.13, show that respondents agreed with three statements, neither agreed nor disagreed (neutral) with seven, and disagreed with three. They agreed that 'knowledge of property market behaviour is important in real estate market' (MS: 4.476); 'my academic training gives me adequate knowledge of the behaviour of the ideal property market' (MS: 3.765); and 'my academic training gives exposes me to various sources of market data for valuation' (MS: 3.691). On the other hand, respondents disagreed that 'the contents of property market in the curriculum is adequate' (MS: 2.892); 'academic training adequately covers the recent and evolving areas of property valuation practice (MS: 2.921); and, 'the concept of property market in the academic curriculum is a true reflection of the actual property market behaviour in Nigeria' (MS: 2.990).

The results confirm the responses from practitioners and suggest that the academic training of valuers in Nigeria focuses more on the ideal market conditions but lacks sufficient contents to reflect the true nature of the Nigerian property market. Thus, some areas of academic curriculum seem to lack adequate resonance with the reality of the property market. This may be contributing to the existing gap between theory and practice of property valuation within the market of study as it has been reported in previous studies. The weak association between academic training and practice also reflects in the knowledge gap about some evolving areas of practice in valuation which practitioners are facing as a result of the lack of such knowledge in the academic training curriculum.

Investigating further into the missing link in the academic curriculum, respondents (students) were asked to suggest other market related contents that should be included in valuation curriculum to better align the academic training with the reality of practice. The question was designed in an open-ended format in order to capture diverse views of the respondents. The analysis of responses to this question reveals some improvements needed in the present valuation curriculum in Nigeria. These include (i) knowledge of the use of computer software for valuation analysis; (ii) more practical aspect to be included in the academic training; (iii)

more emphasis on how to carry out market analysis; (iv) inclusion of methods and process for carrying out business valuation including valuation of stock, shares, and bonds; and, (v) knowledge on valuation of specialised assets like aircraft, mineral assets etc. The call for inclusion of or emphasis on these areas of knowledge in the curriculum shows the deficiencies of real estate academic curriculum. This confirms the previous studies, like Abidoye and Chan (2017a), who found that artificial intelligence (AI) valuation techniques are not in use among Nigerian valuers due largely to the fact that the curriculum of real estate programmes, the Mandatory Continuous Professional Development (MCPD) and other in-house training by NIESV and ESVARBON lack the necessary content in this regard.

Also, respondents' call for more practical insights/experience during academic training raises concerns when viewed in the light of the present academic curricula of universities and polytechnics in Nigeria which make provisions for period of industrial training (IT) within the time frame of academic training. For example, students in the built environment and engineering faculties in Nigeria universities are exposed to a total of about 9 months (36 weeks) of IT between year 3 and year 4 of their study, while their counterparts in Ghana spend about 12 weeks (Phang et al., 2014). Therefore, the call for more practical experience perhaps suggests that the present structure of the industrial training window needs to be reviewed in order to achieve its purpose. For instance, previous studies have identified poor participation of students, difficulty in securing placement, and inadequate supervision/monitoring of students during IT as part of the challenges of the programme (Wodi and Dokubo, 2009; Oladiran et al., 2012). It has also been established that the length of IT is important to the impact it makes on students preparedness for future career (Phang et al., 2014). Olugbenga (2009) also considered the period allotted for IT in the Nigerian academic curriculum as too short to acquire adequate practical skill. Furthermore, the call for more emphasis on how to carry out market analysis suggests that graduates of real estate courses in the recent times have not demonstrated adequate market analysis skills. On the other hand, the call for the inclusion of business valuation and valuation of special assets is believed to be as a result of the fact that the market and the scope practice of property valuation is evolving and this has brought about an increasing demand for skills for new areas of valuation.

5.7 Framework for better understanding of valuers' behaviour in an uncertain market

Previous sections of this chapter have revealed the peculiar characteristics of the Lagos property market with reference to valuation practice, various challenges valuers face because of the nature of the market, strategies which valuers deploy towards managing these challenges, the assessment of valuers' behaviour towards the transaction costs involved in the valuation process, and the assessment of valuation education in Nigeria. This section summarises these outcomes in a simple practical framework for the understanding of valuers behaviour under an uncertain market conditions.

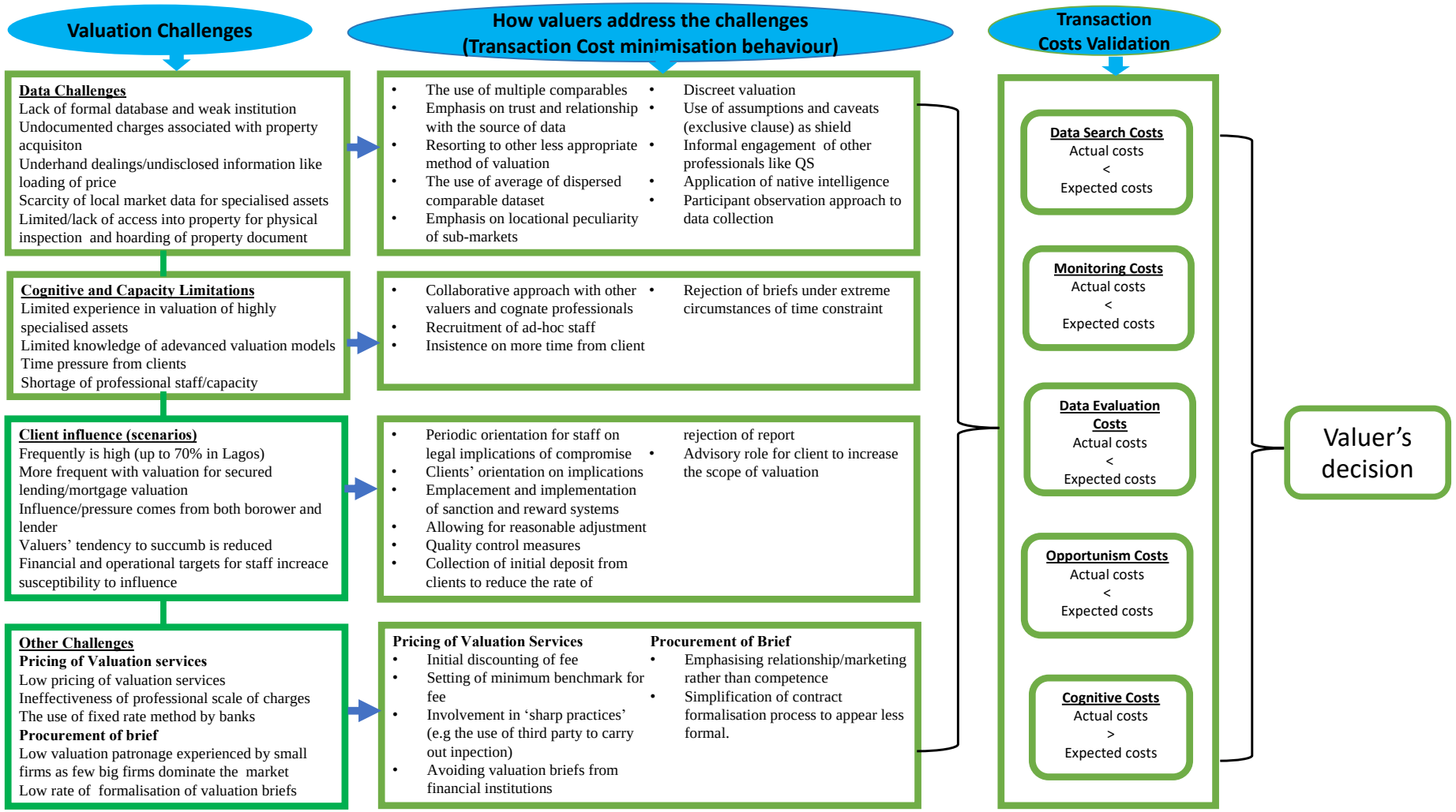


Figure 5.2: Framework for better understanding of valuers' behaviour under uncertain market conditions

Specifically, the framework presented in Figure 5.2, represents a succinct pictural presentation of valuation challenges, valuers' response to these challenges (valuers' transaction cost minimisation behaviour) and a quantitative assessment of valuers' behaviour to the challenges. It shows, at a glance, the taxonomy of valuers' behaviour towards the challenges they experience while practising property valuation within Lagos property market and the position of such behaviour within the transaction costs spectrum. The framework represents the researcher's conceptualisation of the phenomenon under study based on the outcome of the preceding objectives of this study.

This objective is further established by providing the understanding of valuers' behaviour (coping strategies) through a theoretical lens of TCE. This is contained in the next chapter (Section 6.8) where a detailed discussion on the framework is presented.

CHAPTER SIX

DISCUSSION OF RESULTS AND FINDINGS

6.1 Preamble

This chapter discusses the findings of both the qualitative and quantitative enquiries for this study. While qualitative analysis constitutes the bulk of this study, quantitative analysis reinforces the results from the qualitative strand of the study. This chapter presents a detailed discussion of the issues arising from the findings.

6.2 Aim, objectives, and propositions of the research

This research investigated the challenges that uncertain conditions of the Lagos property market pose to valuers and how valuers navigate a path through with a view to providing a theoretical explanation for valuers' behaviour in an uncertain environment. The following objectives were explored towards achieving this aim:

To examine the nature of the Lagos property market as it relates to property valuation.
To examine the nature of challenges valuer are exposed to within the Lagos property market.
To investigate how valuers manage the challenges of the uncertain nature of the market.
To compare the academic training of valuers with the actual practice of valuation.
To propose a framework for a better understanding of valuers' behaviour in an uncertain environment.

In relation to these objectives, two working propositions were set. Firstly, it was proposed that the Lagos property market exhibits high level of uncertainty which poses challenges to property valuation practice. Secondly, it was proposed that in dealing with challenges of the market, valuers would put up certain coping strategies which can be understood through their cost minimisation behaviour.

The thesis of this study was that valuers' behaviour or approach to valuation process is influenced by their understanding of the environment where they operate. Thus, if the operating environment is fraught with uncertainties, valuers would develop coping strategies to deal with

market conditions based on their understanding of the market structure. However, there is yet to be an adequate understanding of such market-dependent behaviour among valuers in the literature. It was argued that uncertainties in the market give rise to transaction costs which valuers are expected to incur as trade-offs for the inefficiencies.

The conceptual framework for this study was based on an understanding of how the nature of the property market dictates the dimension of the three main challenges of valuation – data, cognitive limitation, and client influence. The framework was premised on the understanding that these challenges come with varying degrees of transaction costs, and valuers will adopt varied approaches to managing the challenges. Hence, valuers' cost minimisation behaviour regarding their response to the transaction costs faced in the market will affect the quality of the valuation outcome.

The study set out five objectives to answer the research questions and test the propositions. The first objective was to examine the behaviour of the Lagos real estate market in relation to valuation practices. The study's theoretical framework provides that the structure of the environment influences human behaviour. Hence, the objective was to provide the required knowledge of the nature or environment of practice. The second objective was to provide an understanding of the actual difficulties faced by valuers as a result of the nature of the market. This objective was prompted by a desire to understand the valuation challenges from the perspective of the local market operators. Though the study conceptualises the challenges into three broad types, the data collection approach gave room for discovering other market-specific challenges. The third objective was to unbundle valuers' strategies in managing the challenges identified. The objective was meant to provide a detailed understanding of valuers' specific behaviour towards the market's uncertainties. The study's conceptual framework provided that decision-makers tend to put up certain heuristics behaviour to minimise transaction costs when faced with uncertainty. It was, therefore, argued that understanding the transaction costs involved in the valuation process and valuers' dispositions to these costs would provide appreciable insights into the understanding of valuers' decision-making process. In essence, the objective unravelled the elephant in the room with regard to heuristic behaviour among valuers.

The fourth objective examined how the existing valuation academic training prepares valuers for the nature of the market they operate. This objective was based on the premise that the

training system has a direct relationship with human behaviour and performance. The objective compared the academic training of valuers with the actual valuation practice to provide an understanding of the areas of similarity and differences. The fifth and final objective used the findings from previous objectives to suggest a framework for a better understanding of valuers' behaviour in a typical uncertain environment.

6.3 The Behaviour of the Lagos Property Market in Relation to Property Valuation Practice

The conceptual framework for this study suggests that the nature of the market determines experience and behaviour of market operators. Hence, the understanding of the nature of the Lagos property market in relation to property valuation provides the impetus for the understanding of challenges valuers face in the market. The concept of efficient institution suggests that certain institutional arrangements can help reduce transaction costs by providing a stable and predictable environment for economic exchange. These include legal systems that enforce contracts and protect property rights, regulatory agencies that set and enforce rules for firms, and other institutions that provide a framework for economic exchange. Hence, both the formal and informal institutions influence the behaviour the market and market participants.

This study highlights four major peculiar characteristics of the Lagos property market which directly affect the practice of property valuation. These include the lack of formal database of property transactions, weak institutions and corrupt property rights registration system, dominance of valuation for mortgage purpose in the market, and improved standardisation and internationalisation of professional services. These findings expose the actual nature of the market, and how it affects property valuation practice. Therefore, while this study partialy confirms the submissions of previous studies on the nature of property market in developing nations, it further reveals the peculiar nature of the Lagos property market.

This study shows that high volume of property transactions occurs within the Lagos property market, but market data are not easily accessible by market participants. Hence, the main challenge in an uncertain market is the lack of reliable data. In a stable market, valuers can rely on historical data and trends to inform their valuations. However, in an uncertain market, past trends may not be indicative of future performance, making it difficult to predict how a property will perform over time.

The theoretical framework for this study predicts that transaction costs arise from information gaps or disproportionate distribution of information between transaction parties. The lack of collated and verified data in the market widens the information gap among the market participants. Therefore, the nature of the Lagos property market increases transaction costs associated with valuation process, especially data search. However, the market has potential for a robust database if the advantage of high transaction volume is well harnessed. In recent years, considerable effort has been devoted to resolving the market data problem. Understanding the true nature of the challenges provides an impetus for accomplishing this goal.

This study shows that the lack of collated data is attributable to the culture of secrecy among market participants, the propensity to evade property taxes, and valuers' fear of losing relevance. For example, the study shows that market participants do declare a far lower figure while registering property titles with the government to evade tax. To discourage this act, the Lagos state government came up with its rates (for land values) to determine taxes and other charges on landed property in 2015. The rate was referred to as "fair market value". By this, different rates were allotted to various locations within the state as land value (per square meter). However, this system was faulted on two grounds. First, the rates were only applicable to land as no provision was made for the values of buildings. Second, the rates were not in tandem with the reality of the market. Furthermore, the finding that valuers refuse to release data for fear of losing relevance is unexpected, considering valuers' level of education and exposure. Such a mentality constitutes a considerable barrier to data availability in the market.

This study also reveals that the Lagos property market is characterized by a weak and corrupt property rights registration system. This gives room for various criminal practices like cloning of title document and fraudulent property transactions among market participants. It was found that the legal institutions and enforcement parameters surrounding the exchange and registration of property rights are weak and cumbersome, thereby fuelling corrupt practices and criminal tendencies. Generally, the Nigerian property market exists within a dual institutional framework where both formal and informal institutions co-exist. The weaknesses of these institutions in terms of non-enforceability of statutes, use of political influences, and contradictions arising from the drafting of the major statute property rights and management in Nigeria (Land Use Act) fuel corrupt and criminal tendencies among market players.

The fraudulent and corrupt practices among market players is aided by the weakness of property right system and legal institutions in the market. From the theoretical standpoint, the institutions and economic growth's view measures transaction costs in proxy by measuring the costs of institutional inefficiency and poor governance (Wang, 2003). By implication, weak institutions increase transaction costs in the market. For example, market players take advantage of the weakness of the system to increase data search costs. Hence, when institutions are weak, corrupt practices are encouraged, and firms experience high transaction costs (Barasa, 2018).

The results also indicate that valuation for secure lending/mortgage purposes dominates the Lagos valuation market, while demand for valuation services for other purposes is low. Financial institutions are therefore the largest source of valuation briefs. On the one hand, the prevalence of mortgage valuation demonstrates the significance of valuation in the lending process. Due to the inherent risk in the secured lending process, it indicates that lenders (banks) hold valuation services in high regard. On the other hand, it grants banks a tremendous amount of control over the valuation practice. The determination of valuers' remuneration is an example of such control. In addition, the low demand for valuation services for other purposes suggests that market participants make suboptimal real estate decisions for other purposes. This is a sign of weakness for the market.

This study also shows that the recent adoption of international standards, particularly financial reporting (IFRS) and public sector accounting (IPSAS) standards, is advantageous to the valuation practice. In contrast, the adoption of valuation standards among valuers in Lagos remains very low. Due to their statutory nature, the reporting and accounting standards are mandated by statutes. Hence, they are effective and efficient. However, valuation standards lack such legislative backing, rendering enforcement very low. The theoretical framework for this study suggests that performance will be poor when institutions are weak. Consequently, valuations not directly affected by IFRS and IPSAS are susceptible to suboptimal approach.

In summary, there is a high degree of institutional deficiency in the Lagos property market. Such an environment is fraught with high uncertainty which, in effect, creates challenges and increases transaction costs for market participants.

6.4 Challenges confronting valuers within the Lagos property market

This study was premised on the proposition that the uncertain nature of property market poses certain peculiar challenges to property valuation practice. The challenges were categorised into three broad groups in the conceptual framework. These include data challenge, cognitive limitation, and client influence. Considering the nature of market, the second objective for this study provides the understanding of the actual dimension of these challenges and other challenges peculiar to the Lagos property market from valuers' experience.

6.4.1 Data challenges

In addition to the lack of property database and weak institutions that characterise the Lagos property market, this study revealed that real estate transactions in the study area are rife with undocumented/hidden costs and shady dealings. This is due to the prevalence of institutional barriers, the proliferation of informal property ownership in the market, and the tendency of market participants to keep property transactions secret. Moreover, this study found that data-related challenges are more pronounced when dealing with the valuation of special properties, such as filling stations and hotels, because clients' financial records are often unavailable, incomplete, or falsified. Moreover, it was discovered that, in many instances, valuers are not permitted to conduct a thorough inspection of the property to be valued. Consequently, valuers lack access to some essential information required for the valuation process.

In line with the conceptual framework, the findings established the peculiar nature of data challenges in the Lagos property market and how they have aided corrupt practises among market participants. The implication is that lack of access to market data makes valuers resort to other sub-optimal means or shortcuts to executing valuation assignments. These shortcuts consequently introduce bias into valuation. Lack of access to market data also create a wide information asymmetry in the market which encourages opportunistic behaviour and corrupt tendencies among market participants.

6.4.2 Cognitive limitations

In terms of cognitive and other limitations, it was found that many valuers especially in most small firms were deficient in experience and skills to value highly specialised assets as well as in the use of advanced valuation models. This was attributed to the deficiency in academic

training and experience. Furthermore, time constraint as a form of cognitive limitation was found to be a challenge as clients always give insufficient/short time to deliver report. This finding emphasises the need for valuers and valuation firms to negotiate for adequate time budget for valuation assignments. The limitation in terms of resources needed for effective valuation was found not to be an obvious challenge except for the shortage of human resources in the occasions of big valuation jobs. However, valuation firms do collaborate to execute complex valuation briefs in order to manage the challenge of deficiency in specialised skills. Hence, implications of these findings include, on one part, that the dearth of skills among valuers encourages collaboration, and, on the other part, working under an extreme time limitation could lead to delivery of less quality job.

6.4.3 Challenges of influences from clients

This study found that advances from clients to influence valuations are high in the market under study. It was reported to be as high as 70 cases out of every 100 briefs especially in the cases valuation for mortgage purposes. However, the tendency to succumb to client influence is reducing among valuers due to increased legal prosecution by clients, and improved credit/risk management policy of banks. It was also found, contrary to expectations, that pressure to increase valuation figure also comes from bank officers (representing lending institutions). This study further revealed two factors that influence valuers' response to clients' influence. These include the practice of aggressive marketing by valuation firms and valuers' years of experience.

Transaction cost theory predicts that opportunism behaviour can lead to higher transaction costs as parties may need to invest in protecting themselves against risks. The theory further advances that factors influencing opportunism behaviour include the degree of uncertainties surrounding the transaction, and the level of information asymmetry between the parties. This suggests that client influence increases transaction costs in the valuation process. Hence valuers in the Lagos property market would need to incur high transaction cost to protect themselves against the risk of succumbing to influence.

6.4.4 Other Challenges: challenges with valuation service pricing and procurement of brief

It was predicted in the conceptual framework that the interview approach to data collection would produce other challenges peculiar to the market of study. Based on this, the analysis

revealed two other significant challenges, which include low pricing of valuation services and formalisation of briefs.

On the issue of pricing, it was found that the professional scale of charges is hardly used in determining valuation fees. Rather, valuation services are priced based on negotiation and fixed rate systems. Factors responsible for this include infectiveness of the professional scale of charges, business competition/survival syndrome among valuers, risk management policy of banks, and inaction on the part of professional and regulatory bodies. Specifically, both qualitative and quantitative data show that fixed fee system of pricing is common with briefs from financial institutions, while other categories of clients adopt negotiation approach. Respondents generally described the practice of fixed fee system as ridiculous and gross under-pricing of valuation services.

This study demonstrates that the fixed rate system frequently results in extremely low valuation fees. In order to guarantee future briefs, valuers would have to pay back 20% to 30% of the fee to the officers in the form of "Public Relation (PR)" or "kickback," despite the meagre nature of valuation fees paid by banks. While the practice of appreciating clients appears modest at first glance, the "PR" in the context of valuation practice raises ethical and professional concerns. It also calls into question the quality of valuations. In line with this, the data further revealed that poor remuneration discourages the zeal for professionalism among valuers, encourages sharp practices, and discourages some valuers from engaging in valuation assignments for financial institutions. This finding challenges the credibility of how banks select valuers for valuation job. For mortgage valuation in Nigeria, banks pre-select valuation firms on a retainer basis. However, after making it onto the retainer list of banks, valuation firms still need to do more in “PR” to consistently receive valuation briefs. This practice casts doubt on the valuers' ability to provide impartial professional services and the transparency of their selection process. Besides this, the bankers' moral obligation to demand quality service from the valuer is weakened.

In effect, the pricing system, especially the fixed rate system, yields ridiculously low remuneration for valuers’ services. Based on this, valuers sometimes cannot cover some costs necessary for the effective delivery of professional service. They are also not encouraged to do due diligence on valuation assignments. Hence, the fixed rate system discourages incentives and professionalism. This suggests that remuneration affects the quality of service. It also

means that the service provider's perception of the pre-determined low fee affects the quality of service delivery. This study, therefore, argues that poor remuneration contributes to valuation bias as it discourages valuers from exerting the adequate effort required for a high level of professionalism. Hence, the intervention of professional and regulatory bodies in the issue of pricing of valuation services is of importance at the time to restore confidence and professionalism into the practice of valuation.

On the issue of procurement of briefs, interview data revealed that a more significant percentage of valuation briefs are in the hands of a few big firms. This is because the few big firms dominate the retainership of banks because they have the resources to set up dedicated marketing departments to penetrate banks. It was also found that the majority of valuation briefs are not formalised. Theoretically, contractual incompleteness, in which the terms of the contract are not fully specified, can result in higher transaction costs, as the parties may need to expend more resources negotiating and revising the terms of the contract. According to the Mallinson Report, "the preparation of a valuation requires precise instructions from client" (Mallinson, 1994, p. 45). Even though circumstances may necessitate that the valuer begin work prior to receiving formal instructions, the valuer is not expected to submit the valuation report without formal instructions. It is expected that the terms and conditions of a contract of valuation will be spelled out in a formal letter of instruction so that parties can be properly guided and so that, in the event of a breach of contract, the affected party can seek redress. For example, Badger and Gay (1996) discovered that parties to construction contracts are less likely to violate contract terms when contracts are well documented. In the absence of a formal contract between a valuer and a client, the valuer is at a disadvantage in the event that the client breaches the agreement. For example, when a client refuses to pay fees because the valuation number falls short of their expectations. Consequently, the informality of briefs may contribute to client pressure.

6.5 Strategies valuers use in managing market challenges

The prediction of theoretical and conceptual frameworks for this study is that economic agents would put up cost minimisation behaviour when confronted with uncertainty. The theoretical framework also predicts that understanding the costs and benefits of different transactions helps firms choose the most effective approach to organising the operation and engaging in economic exchange. Consequently, the results revealed the various strategies employed by valuers in various circumstances as they navigate a path through the identified challenges.

6.5.1 Strategies for data challenges

This study revealed several strategies valuers adopt in addressing this challenge. These include the use of multiple comparables, emphasising trust, relationship and personality related to the data source, resorting to other methods, the use of average comparable data, optimising locational peculiarity of sub-markets, and the use of conservative value opinion. Others include 'discreet' approach to valuation, the use of assumptions and caveat, engaging other professionals, and going the extra mile to extract data.

Respondents believe that getting high number (at least five or more) of market data would boost the reliability and accuracy of analysis. However, this approach raises another concern in terms of time constraints. Considering the nature of the market, gathering high number of comparables market data, if possible, requires enormous time and which valuers hardly have at their disposal considering the urgency associated with most valuation briefs and poor remuneration. To reduce transaction costs involved in gathering data, valuers leverage on their social network by concentrating on getting data from their trusted colleagues of past relationship and personality. Social relationship has been identified as an important factor for business especially in a developing market where formal institutions are weak because most transactions take place within social networks and thereby reduces transaction costs (Binzel & Fehr, 2010). This means that social relationship among professionals can be explored to increase trust among practitioners for ease of information sharing.

In addition, it was discovered that valuers utilise a different method when the specific data required for a more suitable method is not readily available or accessible. In particular, a strong preference for cost methods was found among valuers in the Lagos market. When either the investment or profit method of valuation is most applicable, practitioners typically employ the cost method. For example, valuers are fond of employing costs approach to value property for mortgage purposes, probably because it is easier to use. This practice is contrary to the dictate of basic valuation theory which emphasis investment method as the appropriate approach for mortgage valuation (Aluko, 2007; Asres et al., 2020). Though IVSC (2017) suggested that cost method may be used where be used where there are no comparable market data. The implication of using cost method of valuation to value an investment property in a typical uncertain market is the possibility of high variance among valuations by different valuers due to subjective choice of cost parameters. Also, the use of cost method of valuation for investment

property may lead to overvaluation as the method only considers the supply side of the market (Aluko 2007). This finding suggests that valuers in study area resort to the use of cost method in most cases to avoid the transaction costs involved in data search.

Other strategies identified by respondents for managing the challenges of data include the use of average figure extracted from comparable market data and the average of valuation figures arrived at after using two or more valuation methods as market value. This approach is deficient theoretically and scientifically as each property transaction data is characterised by peculiar circumstances. It was also found that valuers emphasis their knowledge about the peculiarities of the environment where property is located in their choice of valuation approach and variables to be used. In essence, valuers have developed experiential knowledge about the appropriate valuation approach which mirrors the behaviour of particular segment of the market especially in terms of the method and other variables like yield.

Furthermore, respondents submitted that when clients refuse to make vital documents/information available for valuation, valuers proceed with the valuation but first turn out a 'conservative' valuation figure to provoke clients into releasing the required document or information. In the same vein, when valuers are not granted access to the subject property for inspection, they carry out a 'discreet' valuation. That is, valuation is not based on internal inspection of the property but on intuition from external observations only, such as visual assessment of external dimensions of the property and assumption of internal finishing. By implication, the practice of 'discreet' valuation plays down the importance of physical inspection in the determination of property value.

This study also found an indiscriminate use of assumptions and caveat/disclaimer clauses among valuers. Valuers engage in this practice principally to cover up for insufficient data search. However, while valuation is an art which allows for a degree of subjectivity in the process, the art or subjectivity in the process must be adequately justified. Also because of lack of construction cost data, valuers solely depend on Quantity Surveyors (QS) as the main source of construction cost information when using cost method of valuation. However, it is striking to find that valuers hardly engage QS officially. It was found that the majority of valuers engage QS services mainly on friendship basis primarily because of the cost involved. While the use of other allied professionals where necessary can boost the credibility of a valuation, engaging professionals like QS without any monetary consideration may not yield an optimum

professional service. This behaviour is, perhaps, related with the challenge of poor pricing of valuation services.

Finally, it was found that valuers sometimes go the extra mile in their search for data by adopting participants' observation approach or using native intelligence like disguising themselves as buyers. These strategies require that valuers have a good sense of socialisation and be ready to part with resources and time in the course of data search.

6.5.2 Strategies for managing cognitive limitations

In this study, cognition, time, and resources were highlighted as constraints. It was discovered that limited experience and capability encourage collaboration among valuers and with other relevant professionals, whereas firms employ ad hoc personnel when they are short on personnel. This is line with the theoretical framework for this study which suggests that in the face of cognitive limitation, an economic agent may invest in searching for suitable trade partner. Therefore, a collaborative approach among valuers has a tendency to facilitate market expansion, knowledge sharing, and an improvement in valuation quality. This result raises concerns regarding the need for regulatory policies and standards guiding the collaborative relationship among valuers. Such policies would instil professionalism and confidence in the collaborative or joint work of valuers.

In dealing with the challenge of time constraints, it was found that valuers reject valuation briefs only in the circumstances of extreme time constraints because of the need for survival. This means that valuers most times work within the limited time normally given by clients even when it is practically not sufficient for thorough job.

6.5.3. Strategies for client influence

As earlier stated, previous studies have established that client influence is a challenge to the practice of valuation but little is known about valuers' behaviour towards clients' various means of influencing valuation. This study revealed various strategies valuers in Lagos Nigeria deploy in managing the phenomenon. These include orientation for staff and clients, allowing for reasonable adjustments, quality control system, collection of initial deposit of fee, and offering advice to clients.

Valuation firms emphasis giving periodic orientation to their staff members as well as educating their clients on the consequences and legal implications of unprofessional conducts This is done in order to reduce the tendency for connivance between valuation staff and clients which may result in influencing valuation. This approach would create a sense of responsibility and accountability in both staff and clients, thereby reducing the possibility of unprofessional acts. It was also found that valuers do adjust valuation figures if clients' demand for review of value falls within what they consider a 'reasonable' range. While this behaviour is established in literature, the reasonability of the change in value is still subjective as it depends on the valuer. Hence, this practice may create avenue for bias in valuation. Furthermore, while it is interesting that respondents emphasised quality control as one of the ways valuation firms curb possible compromises in valuation, most small firms lack dedicated quality control units.
This means that the majority of firms do not ascribe adequate importance to this practice as they lack independent quality control system. This has implications on the quality of valuation report and reliability of valuations from small firms.

In addition, previous research has identified reward power, such as clients' refusal to pay valuation fees, as one of the tools that influence valuation. This study found that valuers collect an initial deposit of approximately 50% of their fees prior to beginning a valuation in order to reduce clients' propensity to abuse this power. This reduces the risk of financial loss should the client reject the valuation. The initial fee deposit instils in the client a sense of commitment and reduces the possibility of using remuneration tools to influence valuers. This practice anticipates the possibility of opportunistic behaviour from clients. Consequently, it reduces pressure on valuers, thereby enhancing the valuations' credibility and objectivity.

6.5.4. Strategies for poor pricing of valuation services

After establishing the difficulties associated with low pricing of valuation services and determining that negotiation and fixed price are the most prevalent pricing systems, it was discovered that valuers have developed strategies for negotiating favourable deals for themselves. These strategies include offering clients an initial fee discount, conducting pre-site and on-site fee negotiations prior to beginning the valuation, establishing a minimum price benchmark, engaging in sharp practises, and refusing valuation assignments from banks.

Valuers put up these strategies to protect their interests against clients' exploitative tendencies. For example, strategies of setting minimum price benchmarks and avoiding valuation from a

banks are means of communicating value to clients to let them understand the importance of valuers' service. These strategies help professionals to select clients to work with within the market. Also, the strategy of negotiating fees before or during the inspection is to commit clients to financial obligations acceptable to the valuer before committing effort and resources to the assignment.

Generally, this study revealed that banks use a fixed price system to determine valuers' remuneration, which has led to poor valuation fees. Intuitively, poor remuneration discourages professionals from putting in adequate effort to guarantee a high level of professionalism. Therefore, valuers are not encouraged to observe due diligence in the course of carrying out valuation. A low valuation fee reduces the valuer's income. This consequently leads to the valuers' inability to hire adequate personnel, inability to undergo training for better performance and raises the tendency to involve in sharp practises.

6.5.5 Strategies for challenges with procurement

This study also investigated valuers' behaviour towards the challenges associated with procurement of brief namely; low valuation patronage by small firms, and non-formalisation of brief. In order to manage the challenges of low patronage and increase their share of the market, valuers emphasis more on their sphere of influence and relationship to canvas for jobs. While it is expected that competence and professionalism should be the marketing strength of service providers, the 'who you know' syndrome seems to be prevalent in market. Based on the theoretical framework, one of the ways to mitigate the possibility of opportunistic behaviour from clients is to have a formal contract that clearly outlines the terms and condition of engagement. Strategies valuers developed to ensure that instructions are formalised include designing of brief instruction form which client can easily sign, and confirming oral instruction through a confirmation email.

6.5.6 Valuers attitudes towards transaction costs involved in property valuation decision making process

This section discusses the findings of the quantitative enquiry into valuers' behaviour towards transaction costs they experience due to the nature of the market. The result presented in previous chapter (Section 5.5.5) compares the expected and actual costs associated with valuation process based on five identified categories of transaction costs elements including search costs, monitoring costs, data evaluation/decision costs, opportunism costs, and

cognitive/specificity costs. Each comparison provides answer for the corresponding hypothesis raised in relation to each category of transaction cost. The results revealed that valuers generally give less than expected in four out of five categories of costs namely search costs (MD=1.043), monitoring costs (MD=1.245), data evaluation/decision costs (MD= 0.721), and opportunism costs (MD= 0.683). Negative Mean Difference (MD= -0.475) was recorded for cognitive costs which means that valuers are able to adequately dispense the required costs in this regard. Based on this, four out five hypothesis were rejected while only the hypothesis relating to cognitive costs was retained. This means that, on the overall, valuers dissipate less effort, time, and resources needed to manage the challenges of the market in all categories of TCs except cognitive costs. It also suggests that the cost minimisation behaviour put up by valuers do not adequately cover for the transaction costs inherent in the uncertainties in the market.

6.6 Assessment of how real estate education in Nigeria prepares valuers for the nature of market where they operate

This objective assesses how real estate education in Nigeria prepares valuers for the nature of the Nigerian property market. From the qualitative strand, the majority (16 out of 24) of respondents were of the opinion that a wide gap exists between the academic training and the actual practice of valuation in the market while 4 out 24 did not see obvious difference between the two. Some differences between the academic training and the practice of valuation identified by respondents include the fact that some complex valuation calculations emphasised in the academic curriculum are rarely used in practice due to the low level of market maturity. Respondents also emphasised that academic training has not embraced some complex and evolving areas of valuation practice where valuers' competences are being required in practice. Such areas include valuation of vessels, billboards, heritage properties, and valuation of mineral properties. It was also found that the academic training of valuers still rely heavily on foreign textbooks and this contributes to the inadequacy of the knowledge about local property market during the academic training of valuers. This study also identified a disparity between the focus of academics and that of the practitioners. While the academics emphasis advanced approaches to valuation, practitioners are interested in updating their skills about specialised assets. This has contributed to lack of town-gown relationship between academics and practitioners. Therefore, skill gaps in practice are not being addressed by academic's teaching and research.

Furthermore, quantitative data extracted from valuers and students respondents also revealed some exciting findings. Interestingly, views of both categories of respondents were similar. According to both the valuers and students, the academic training of valuers in Nigeria covers sources of market data and their level of reliability, and also provides adequate practical exposure. However, it does not provide adequate understanding of the behaviour of the local property market especially because the teaching methods are not properly market oriented. Students respondents further provided that academic curriculum of real estate should emphasis more on some aspects including the application of computer software in valuation, more practical experience, market analysis, business valuation, and valuation of specialised property.

This finding sheds more on the deficiencies of the current academic curriculum of real estate courses and helps understand what is needed to be done to bridge the existing gap between the theory and practice of valuation in developing markets like Nigeria. In line with this finding, Akomolede (2007) submitted that a significant gap exists between the academic training of valuer and the actual practice of property valuation, and this is responsible for lack of collaboration between academics and practitioners in the field of valuation. Hence, this study argues that there is a need to upgrade both the curriculum contents and methods of teaching valuation in Nigerian tertiary institutions to reflect the nature of the local market so as to meet the actual demand of the market.

6.7 Evaluation of research propositions

As stated earlier, two propositions were set for this study. First, it was proposed that the Lagos property market exhibits a high level of uncertainty, posing challenges to property valuation practice. The study examined the nature of the Lagos property market in relation to property valuation and identified the major challenges valuers are exposed to in the market.

Results show that the Lagos property market is characterised by factors that directly affect the practice of valuation. These include the lack of a formal database of market transactions, weak institutions/corrupt property rights registration system, the dominance of valuation for mortgage purposes, and an improved standardisation and internationalisation of professional services.

Results show that the absence of transaction database is the primary cause of the information gap among market players, which creates uncertainty in the market. The lack of access to

organised market data increases the cost of data search. Results also show that weak and corrupt property rights system encourages various criminal practices among market participants. This consequently increases transaction costs in the market. Regarding the market dominance of valuation for mortgage purposes, the results show that this is a sign of weakness in the market as it allows banks to have a significant influence on valuation practice, especially the determination of valuation fees. The improved internationalisation of professional services is, in part, beneficial to the practice of valuation. This is most evident in the area of reporting. Other specific challenges identified include lack of experience in the valuation of specialised properties, time constraints, high degree of influence from clients, poor valuation fees, and non-formalisation of briefs. Overall, the results partially establish the first proposition.

The second proposition for this study was that in dealing with the challenges of the market, valuers would put up certain coping strategies, which can be understood through their cost minimisation behaviour. The behaviour of valuers towards market challenges was assessed by identifying and examining the strategies they employ in navigating the difficulties identified while practising property valuation in the market. The results show that valuers apply various strategies according to the nature of the market uncertainty. While some identified strategies are logical and expected, others seem counterintuitive and unprofessional. However, these coping strategies are contextual in nature, as they are based on valuers' understanding of the nature of the market. Hence, the second proposition is substantially confirmed.

6.8 Framework for better understanding of valuers' behaviour in an uncertain market - synthesis and discussion

This section discusses the framework for better understanding valuers' behaviour under an uncertain environment as presented in Section 5.7 by drawing all previous analyses together and engaging directly with the study's main question. This includes a synthesis of findings within the theoretical and conceptual frameworks guiding the study. This is to further achieve objective five of this study.

The framework was developed by first identifying the peculiar challenges facing valuers in the property market under study and then ascertaining the approaches valuers apply to manage these challenges. The framework also shows the quantitative assessment of valuers' behaviour

towards addressing these challenges through the lens of TCE. Initially, major valuation challenges were identified from the literature, including data challenges, cognitive limitations and client influence. The actual form of these challenges in the Lagos property market was later discovered through the analysis of empirical data. The data also revealed other challenges peculiar to the market, and they formed part of the final framework. It is worth noting that the major findings in this study emanated from qualitative data, while quantitative data provided validation for some major findings. The quantitative strand was also used to assess the transaction costs within the valuation process.

The central focus of this study, which is to examine the actual behaviour of valuers towards the challenges of the market, has been addressed through the results of empirical data. However, the question at this point is whether TCE provides a better explanation for valuers' behaviour in an uncertain environment than the neo-classical economics theory. To answer this question, it is important to first view valuers' behaviour through the lens of the provisions of TCE.

The nature of the Lagos property market contributes to valuation uncertainty. For instance, despite the high volume of property transactions in the Lagos market, there is no formal record of the transactions. Consequently, a significant information vacuum exists in the market. In addition, the market's weak property rights structure facilitates corrupt practices among market participants. Hence, the nature of the market makes it challenging for valuers to get reliable data for valuation purposes. Consequently, the market is quite uncertain with regard to the valuation process. The neo-classical school of thought does not anticipate such a market imbalance. For instance, the neo-classical theory predicts that adequate information will be freely available in the market; hence, valuers may utilise a positivist approach to assess market value. On the other hand, TCE is cognisant of the potential hidden costs during data searches. It acknowledges the existence of institutions that influence market behaviour. TCE anticipates that formal institutions will reduce market uncertainty and, thus, lower transaction costs through increased efficiency. However, this study demonstrates that weak institutions raise market uncertainty and increase transaction costs. The results indicate that market participants use the institution's weakness to increase the cost of data search.

Basically, the thesis of TCE underpins the unforeseen costs due to uncertainty associated with the exchange process. These costs may or may not be financial. There are various transaction

costs from various schools of thought established earlier in this study (Section 3.5.1). Also, TCE predicts that an economic agent would invest in certain cost minimisation behaviour when faced with uncertainty. Such investments could be in the form of time, effort, or resources. Various coping strategies we identified among valuers towards managing the challenges. These coping strategies are cost-minimisation behaviour in the context of TCE.

Concerning data challenges, this study finds that, among other things, valuers resort to placing a high premium on information from within their social networks. They also engage other professionals like QS on a friendship basis. This means valuers must invest in social capital to broaden their social network. In TCE, using relational contracts based on trust and long-term relationships effectively reduces transaction costs. However, the quality and reliability of information from such an arrangement could raise questions. It was also found that valuers collaborate with their colleagues and other cognate professionals or sometimes recruit ad-hoc staff to manage the challenges of cognitive limitations. While neo-classical theory assumes that firms take optimal decisions under complete information, TCE recognises that firms may not have complete information and that bounded rationality can affect decision-making. Hence, collaborative approaches like strategic alliance, merger, and acquisition effectively reduce transaction costs.

It was also found that valuers manage the challenge of client influence through the emplacement of quality control systems, orientation for staff and clients on legal implications, and implementation of sanction reward systems among staff members, among others. These are in line with the predictions of TCE. First, TCE predicts that the presence of opportunism can increase the costs of transactions. The theory further suggests that firms will adopt a governance structure that aligns the incentives of the different parties involved in a transaction to reduce the likelihood of opportunistic behaviour. Such incentives may include employee empowerment. Also, the quality control system is a type of monitoring cost identified in TCE as transaction costs. The study further reveals that only a few big firms have independent quality control systems, as small firms lack the resources to implement such. Under TCE, as the size of the firm increases, the internal governance mechanisms become more efficient in controlling and monitoring employee behaviour, which in turn reduces transaction costs.

In terms of other challenges peculiar to the Lagos market, this study found that valuation fees are poor, especially when dealing with financial institutions as clients. Poor remuneration

results from bad practice structure whereby a party possesses substantial control over the contract terms. In this case, banks hold a considerable influence over the remuneration of valuers. On the non-formalisation of briefs, the theory predicts that a high level of uncertainty requires that firms rely on more formal and legally binding contracts to manage the risk of exchange. Hence, the common practice of not formalising briefs increases contract risks for valuers. Overall, other challenges identified in this study show a lack of good negotiation skills among valuers. TCE suggests that if firms invest in improving employees to improve their negotiation skills, they can negotiate better with other partners, which can help lower transaction costs.

This study takes a further step to measure transaction costs quantitatively by testing the hypothesis on each category of transaction costs. The quantitative analysis shows that valuers give less effort, time and resources than expected in dealing with challenges in the market, except for cognitive limitations.

Overall, the study concludes that the uncertain nature of the Lagos property market opens valuers to several forms of coping strategies influenced by their understanding of their environment and academic training. Assessing valuers' behaviour through the lens of TCE, the study demonstrates that while some valuers' coping strategies reduce valuation uncertainty, others increase the uncertainty and bias in valuation. Although TCE provides that firms can only minimise transaction costs and cannot eliminate them completely, it is worth noting that some costs must be incurred to ensure the quality of professional service. It is also evident from findings that valuers in the Lagos property market respond to each challenge based to their knowledge of the market behaviour.

Based on the foregoing, it is also concluded that the provisions of TCE more accurately reflect the actual experience of valuers in an uncertain market. Hence, this study argues that understanding the cost minimisation behaviour of valuers is central to behavioural research relating to property valuation and that TCE is a useful tool for analysing property markets and valuers' behaviour.

CHAPTER SEVEN

SUMMARY OF FINDINGS, CONCLUSIONS AND RECOMMENDATION

7.1 Preamble

This research examined the challenges that uncertain conditions of the Lagos property market pose to valuers and how valuers navigate a path through with a view to providing a theoretical explanation for valuers' behaviour in an uncertain environment. The study reviewed the literature on the concept and process of property valuation, the nature and classification of property markets, and the nexus between property market, market data, and property valuation. The research also reviewed factors contributing to uncertainties in valuation (valuation challenges) and the place of property valuers within the workings of the property market. The literature review provided insight into the existing knowledge on property valuation, valuation uncertainty, and behavioural studies in property valuation. The review also guided the choice of variables for research constructs, the development of a conceptual framework and research design. The research answered the central question, *"What are the challenges posed to valuers by the nature of the Lagos property market, and how do valuers navigate a path through in such an environment?"*. This question prompted the need for a better understanding of valuers' behaviour within uncertain market conditions. The research was premised on two propositions. First, it was proposed that the Lagos property market exhibits a high level of uncertainty which poses challenges to property valuation practice. Second, it was proposed that, in dealing with the challenges of the market, valuers operating in the market put up certain coping strategies which can be understood through their cost minimisation behaviour. The research utilised a mixed-methods approach to extract qualitative and quantitative data to achieve the aim of the study. Specifically, this research used semi-structured interviews and questionnaires to answer the research question. Furthermore, this research explored the theoretical lens of Transaction Cost Economy (TCE) to get the understanding of valuers' behaviour in an uncertain market. This chapter presents the summary of findings emanating from the research. This chapter also reports the conclusions drawn from the findings and recommendations that resulted from the findings. The chapter concludes with the contributions to knowledge and areas for further study.

7.2 Findings from research objectives

This section discusses the findings from the objectives explored to achieve the aim of this study. The following subsections describe how each research
objective was met in turn.

7.2.1 Research Objective 1: Examine the nature of the Lagos property market as it relates to property valuation

This objective explains the unique behaviour of the Lagos property market from the perspective of property valuation practitioners. Qualitative analysis found that the Lagos real estate market has a large volume of transactions but lacks a structured and organised database where valuers can access credible market data. The data difficulties in the Lagos property market are tied to the following incidents: Property transactions are by private treaty; market players are secretive about their identities and wealth; parties involved in transactions conceal information to evade tax, and valuers conceal information for fear of losing relevance. The rental value is more accessible than other datasets. The Lagos property market has weak institutions, a corrupt property rights system, and a high degree of informality, which aid corrupt practices. These unscrupulous tactics include cloning property documents and exploiting third-party title documents to process loans. Another characteristic of the Lagos property market is the dominance of valuation for mortgage purposes. It portrays financial institutions as the major clients for valuation services. This gives financial firms tremendous influence over property valuation processes in Nigeria. Lastly, the market recently witnessed an improvement in the standardisation and internationalisation of professional services, which positively affects property valuation. The improvement is due to the enforcement of IFRS and IPSAS. In addition, quantitative data demonstrated that enforcement of valuation standards is still low.

7.2.2 Research Objective 2: Examine the nature of challenges valuers are exposed to within the Lagos property market

The study highlighted data problems, cognitive constraints, client influence, and other Lagos property market issues. Undocumented costs and underhanded tactics in property transactions impair data trustworthiness. The study also concluded that valuing specialised assets like filling stations, hotels, and aircraft is challenging due to a lack of data. The study found that valuers have limited or no access to required information, including property inspection and paperwork. It induces valuers to overuse assumptions, experience, and caveats. Due to cognitive and ability limitations, many valuers in the Lagos market lack the experience and

abilities to value specialised assets and use advanced valuation techniques/methods. The study indicated that valuation briefs had tight deadlines (as low as 24 hours). It makes valuers rely more on experience and assumptions over detail. According to the results, up to 70% of valuation briefs are influenced by clients. Influence profoundly arises from valuation for mortgage purposes, where both the borrower and lender's representatives (bank executives) exert pressure. Low-priced valuation services and procurement-related problems are two more market peculiar challenges. Due to financial institutions' market dominance and the ineffectiveness of the professional scale of charges, banks underprice valuation services. Few big valuation firms dominate the market, while most firms have little patronage. In addition, the study indicated that valuers rarely formalise valuation briefs.

7.2.3 Research Objective 3: Investigate how valuers manage the challenges of the uncertain nature of the market

The study suggested many data-related strategies. These include using multiple comparables, emphasising trust, relationship, and personality of the data source, resorting to other methods, using average comparable data, optimising sub-market locational peculiarities, using conservative value opinion and 'discreet' valuation approach, using assumptions and caveats, engaging other professionals, and going the extra mile to extract data. On cognitive challenges, valuers collaborate with other valuers and cognate specialists to perform valuation assignments or recruit ad-hoc staff to manage limited human resources and time. On client influence, valuation firms emphasise periodic staff orientation and client education to decrease the possibility for connivance between employees and clients to affect valuation outcomes. Quality control is another way valuation firms prevent compromises. Valuers collect a 50% deposit of their fees before commencing the valuation exercise to avoid losing money in case the client rejects the reports. Lastly, valuers advise clients to add more assets to the brief (if there are any) to get the desired amount while offering to value such additional assets at a discount. On valuation services pricing, valuers have devised price tactics to negotiate a favourable deal. These include offering initial fee discounts for clients to maintain business relationships and discourage further negotiation; offering pre-site and on-site fee negotiations before beginning the valuation; and setting a minimum price benchmark based on location or type of property below which firms would not accept. On procurement related issues, valuers use their sphere of influence and relationships to source for brief. Also, valuers build a quick instruction form that client may quickly sign and confirm verbal instructions via email. Based on quantitative analysis, valuers often give less than the expectation in four out of five costs categories

including search costs, monitoring costs, data evaluation and decision costs, and opportunistic costs. This means that valuers dissipate less effort, time and resources needed to manage the challenges of the market in all categories of transaction costs except cognitive costs.

7.2.4 Research objective 4: Assessment of how real estate education in Nigeria prepares valuers for the nature of market where they operate

The study found a discrepancy between the academic training of valuers and actual market practice. Due to low market maturity, some theoretical valuation calculations are rarely employed in practice. Respondents noted that academic training is yet to embrace several challenging and growing aspects of valuation practice. Academic training of valuers relies mainly on foreign textbooks. This contributes to a dearth of knowledge about the local property market among fresh graduates. In terms of improving the profession, the survey revealed a gap between the academics' and practitioners' priorities. While academics emphasise advanced valuation methods, practitioners want to learn more about specialised assets and emerging areas of practice. On the other hand, students opined that the real estate curriculum should emphasise computer software tools for valuation, practical experience, market analysis, business valuation, and specialised property. This imbalance suggests that academic instructions and research are not addressing the actual skill gaps in practice. In other words, the training approach is not market-oriented. These findings shed more light on the shortcomings of the current academic curriculum of real estate programmes and help bridge the gap between theory and practice in developing markets like Nigeria.

7.2.5 Research objective 5: Propose a framework for a better understanding of valuers' behavior in an uncertain environment

A comprehensive framework for understanding valuers' behaviour in uncertain environments was developed by identifying the challenges valuers face in the market under study; analysing the approaches valuers use to manage these challenges (cost-minimizing behaviour); and, assessing the valuers' efforts towards addressing these challenges through the lens of Transaction Cost Theory. The literature identifies data, cognition, and client influence as significant valuation challenges. More market-specific concerns were found and included in the framework during data gathering. Both qualitative and quantitative findings were used to construct the framework. While significant findings came from interviews, questionnaire data provided supplementary findings and validation for some qualitative findings. The qualitative strand described valuation issues and valuers' cost-minimization behaviours, while the

quantitative strand corroborated some qualitative findings and assessed valuation transaction costs. The framework describes, at a glance, how valuers react to obstacles they face when practicing property valuation in Lagos and the position of such behaviour within the transaction costs spectrum. The framework also provides a theoretical explanation for valuers' behaviour. Therefore, the framework represents the researcher's conceptualization of the phenomenon under study based on the aims of this study.

7.3 Conclusion

The literature shows that the behaviour of real estate markets varies globally. Property markets in most sub-Saharan African nations are developing and immature. Challenges of data, uncertainty and weak institutional framework plague property markets in developing markets and directly impact the valuation practice. When essential market evidence is unavailable or inaccessible, valuers resort to heuristics, which exposes valuations to bias. However, while behavioural research in the valuation discipline is notable, the literature still lacks a detailed explanation of valuers' heuristic behaviour, especially in the context of developing markets.

This study revealed that valuers' strategies for managing valuation challenges are contextual and unique to the market of operation. Specifically, the study established that the Lagos property market lacks a credible transaction database and is characterised by weak property rights institutions. These pose a myriad of challenges to valuers and contribute to uncertainty in valuation. While the study established the actual dimensions at which valuers experience the three categories of challenges established in the literature (data, cognitive, and client influence), it added other issues relating to the pricing of valuation services and procurement of briefs as other challenges prominent in the Lagos property market which has not been captured in literature prior to this time. This shows that valuers in Lagos operate within a unique environment of an interconnected framework of uncertainties that requires a pragmatic approach.

This study also revealed that valuers in Lagos had devised specific heuristic behaviour to manage the market conditions. Through the lens of TCE, these strategies represent cost minimisation strategies or mechanisms a rational man is expected to put up when confronted with uncertain conditions. The theory asserts that a rational man would prefer the option that brings lower transaction costs when faced with choices. This study established this typical behaviour among valuers in Lagos. It was found that, apart from costs relating to cognitive

limitations, valuers assert lower than expected in terms of costs relating to data search, monitoring, evaluation, and opportunism. This suggests that most transaction cost minimisation strategies put up by valuers (as contained in the final framework) may translate to optimal decisions.

In addition, this study established that the underlying rationale for heuristic behaviour among valuers is to manage the transaction costs inherent in the valuation process. Hence, since there is no perfect market, valuers behave differently in different marketplaces as the degree of uncertainty varies across markets. Therefore, this study has taken behavioural studies in valuation beyond mere identification of heuristic behaviour to revealing the reasons behind the heuristic behaviour. Based on the framework developed for a better understanding of valuers' behaviour, this study also argues that TCE is a better theoretical lens for understanding valuers' behaviour.

This study demonstrated how the nature of the practice environment influences the transaction costs associated with the valuation process. Evidence revealed that market participants in Lagos exploit the weakness and deficiency of the market to behave in ways that increase the costs of operating in the market. This affirms that opportunistic tendencies in a rational human being are amplified when the system is deficient, and institutions are weak.

Overall, the study argues that a comprehensive understanding of the structure of a property market and the unique problems it presents is essential for addressing the factors that contribute to uncertainties in valuation. In the context of this research, the Lagos property market, like other developing markets, presents unique challenges to valuation practice, and valuers have developed strategies for managing the circumstances based on their understanding of the nature of the market. According to Todd and Brighton (2016), understanding the specific nature of the decision-making environment enables better scrutiny of the decision-makers behaviour. Hence, to effectively model valuers' behaviour, specific market characteristics should be considered.

7.4 Recommendations

Research is impactful when its results yield useful recommendations with practical and policy implications. Based on the findings, the following recommendations are made for an improved valuation practice:

It is recommended that stakeholders in the real estate industry work towards emplacing a robust transaction database for the markets. This study provides valuable insights into the actual nature of data problems in the market and why market participants are not ready to release data. Hence, both the professional (NIESV) and regulatory (ESVARBON) bodies should work on strategies that can encourage market players to support the project.

A weak property rights institution impacts property valuation practice negatively because it impedes the availability, credibility and reliability of market data. This consequently increases transaction costs in the market. Therefore, the government should review the Land Use Act and address provisions that encourage corrupt practices to facilitate smooth running of real estate transactions.

On another note, the study found that valuation practice is dominated by a few big firms. It is recommended that a better practice structures like partnership or consortium of firms is encouraged among practitioners. This will afford many of the present small firms the advantages of reasonable market share and involvement in extensive valuation briefs. It will also consolidate valuation practice against external influences, encourage specialisation, and boost clients' confidence. Furthermore, special certification to practice valuation is recommended to distinguish valuation experts from other real estate practitioners. This is a way to start the specialisation drive in the practice of real estate in Nigeria and other developing markets, as it is being practised in other nations like the UK and South Africa. This is worth exploring, considering that property valuation remains the only exclusive domain of estate surveying and valuation professionals in Nigeria. Ensuring professionalism in the delivery of valuation will prevent the profession from losing its relevance due to unprofessional practices among the practitioners.

Findings of this study established that the adoption and enforcement of the provisions of IFRS and IPSAS in Nigeria have improved the quality of valuation, especially in the area of

reporting. Hence, it is recommended that the ESVARBON develops strategies for enforcing local and international valuation standards and professional ethics among valuers.

The study identified a dearth of skills for the valuation of specialised assets and the use of advanced valuation models among valuers. First, it is recommended that NUC reviews and update the curriculum with skill sets on emerging areas of valuation. Second, NIESV and ESVARBON should organise Mandatory Continuing Professional Development training for registered valuers on the emerging areas of practice to update their skills to global standards.

It is recommended that practitioners embrace formality in their operations, both in the securing of briefs and collaborations with others. Valuers should always formally document valuation briefs' terms, conditions and limitations. This is basically in line with the provisions of IVS 101 in the International Valuation Standards which encourages clear outlining of scope of work between the valuer and the client (IVSC, 2021). This practice would strengthen valuers' resistance against influences from clients and provide a legal ground to claim damages in case of breach of contract. Also, when instructed to conduct valuation in an unfamiliar market, valuers/firms should formally partner with valuers/firms operating in such a market to execute such instruction rather than just calling for informal or friendly assistance. It is believed that this would foster a sense of responsibility in such a partnering valuer/firm.

Based on the findings of this study on the pricing of valuation services, it is recommended that a harmonic and workable agreement is worked out between the professional and regulatory bodies of valuers (NIESV and ESVARBON) and financial institutions (Chartered Institute of Bankers of Nigeria [CIBN] and Central bank of Nigeria [CBN]) for a remuneration system that is fair and equitable for all parties.

The practice of the 'fixed rate' system of pricing valuation services and the ineffectiveness of the professional scale of charges, as found in this study, portray a future danger for the profession as it makes valuers lose control over their remuneration. This study recommends that the regulatory body (ESVARBON) design a more enforceable professional scale of charges to put valuers in a better position in the market. Such drive could lean on the newly enacted Federal Competition and Consumer Protection Act 2019 in Nigeria, which frowns at exploitative tendencies in contractual arrangements, including price-fixing fees for professional services.

Furthermore, the disparity found between the focus of academic training and the actual practice of valuation points to the need for review of the real estate curriculum to make the training more market oriented. It is, therefore, recommended that provisions should be given in the curriculum for courses addressing the actual behaviour of the local market and courses on valuation of specialized assets and the evolving areas of practice. It is also recommended that emphasis should be given to writing of local textbooks by the academics to reduce the heavy reliance on foreign textbooks.

Having identified the lack of property transaction databank as a major challenge of the market, this study provides useful insights for the ongoing efforts towards establishing a sustainable transaction database in the market. The results revealed detailed insights into why market participants are not willing to release transaction data. Such insights could help policy makers in designing strategies to achieve the lofty idea of building a sustainable property transaction databank.

7.5 Contribution to knowledge

This study contributes to knowledge in three broad ways as explained below:

7.5.1 Contributions to theory development

This study contributes to the development of theory in two ways. Firstly, the study extends the tenets of TCE, which is within the central framework of NIE, to the understanding of the nature of the property market and how it affects property valuation practice using the Lagos property market as a case study. Thus, the study makes a new contribution to the application of the TCE by expanding its use to real estate research, and property valuation in particular. It is against the backdrop that TCE has previously been applied to explain various phenomena in other fields of studies, but it is rarely applied in real estate research. Specifically, the study identifies critical transaction cost elements within the property valuation process and extends the narrative with contextual instances of a developing market. Hence, this study provides a blueprint for further studies in this area.

Secondly, using the theoretical tools of TCE, this study develops a framework linking the property market's nature to valuers' behaviour. The framework provides a theoretical

explanation for heuristic behaviour among valuers and how market context influences such behaviour. More significantly, the framework contributes to the knowledge in terms of adding to the literature on valuation knowledge dynamism and the behaviour of valuers amidst uncertainties. Therefore, the study provides a theoretical insight into how valuers manage challenges and uncertainties of the market. The study shows that contingencies and unforeseen scenarios manifest sporadically within the valuation process. These circumstances are referred to as transaction costs, and the costs are hidden and often contextual. Furthermore, the detailed insight provided by the framework about the nature of valuation challenges and valuers' behaviour towards them, as underpinned by TCE, lends credence to the importance of theories in studying human behaviour.

7.5.2 Contributions to policy development

The essence of research is to provide results applicable to practical problems. This means that good research should have policy implications. This study contributes to policy development in a number of respects. At a fundamental level, the knowledge of market-specific valuation challenges and valuers' strategies towards them could help professional and regulatory bodies in designing professional and ethical standards that capture the actual nature of the market to better the practice of valuation. Another contribution to policy is in the area of real estate education. Information provided in the study could help refine the curriculum for valuers' training to bridge the gap between the academic training of valuers and the actual market experience.

7.5.3 Contributions to the empirical literature

This study contributes to the existing empirical literature in some ways. First, the study is situated within the domain of behavioural studies focusing on decision-making behaviour among valuers. The study enhances the current knowledge in property valuation behavioural studies by providing a better understanding of how valuers utilize heuristic behaviour. It unbundles the actual form of coping strategies among valuers practicing within the context of an uncertain market. This fills the gap in the previous studies, which failed to contextualise valuers' behaviour. The study further contributes to the literature by proposing a framework for a better understanding of valuers' behaviour in an uncertain environment.

7.6 Areas of further research

This study opens up varieties of windows for further studies. Most of the major findings create gateways for new areas of study.

Research on the unique characteristics of the Lagos market and valuers' context-based heuristic behaviour suggests that further studies should be conducted on other markets with different economic, legal, and property registration settings. These studies could reveal fascinating insights specific to those environments.

This study also unveils some areas that are critical to valuation practice but yet to receive adequate research attention. For instance, this study is the first to highlight the issues around pricing of property valuation services especially within the Lagos property market. Further study on the phenomenon could produce a better understanding of the pricing structure for valuation services across markets and its relationship with bias in valuation. Also, this study revealed the importance of the emplacement of quality control systems in valuation firms. Hence, there is a need for detailed research on the contextual understanding of quality control practices among valuation firms. Such a study could produce more insights into the system, structure, efficiency and challenges of quality control practice in valuation firms.

Furthermore, research of this nature with different methodology approaches, like the experimental approach, may produce more insightful findings.

Lastly, there is a need for further studies into the applications of TCE and other relevant theoretical tenets in other areas of real estate practice to establish a theoretical understanding of critical issues in real estate practice.

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APPENDICES

APPENDIX A : Ethic Clearance

Application for Approval of Ethics in Research (EIR) Projects
Faculty of Engineering and the Built Environment, University of Cape Town

APPLICATION FORM

Please Note:
Any person planning to undertake research in the Faculty of Engineering and the Built Environment (EBE) at the University of Cape Town is required to complete this form before collecting or analysing data. The objective of submitting this application prior to embarking on research is to ensure that the highest ethical standards in research, conducted under the auspices of the EBE Faculty, are met. Please ensure that you have read, and understood the **EBE Ethics in Research Handbook** (available from the UCT EBE, Research Ethics website) prior to completing this application form: http://www.ebe.uct.ac.za/ebe/research/ethics1

APPLICANT'S DETAILS		
Name of principal researcher, student or external applicant:		Sunday Olatinre Oladokun
Department:		Construction Economics and Management
Preferred email address of applicant:		OLDSUN001@myuct.ac.za
If Student:	Your Degree: e.g., MSc, PhD, etc:	PhD
	Credit Value of Research: e.g.; 60/120/180/360 etc:	360
	Name of Supervisor (if supervised):	A/Prof. M.M Mooya
If this is a research/contract, indicate the source of funding/sponsorship:		N/A
Project Title:		Property Valuation Under Uncertain Market Conditions

I hereby undertake to carry out my research in such a way that:

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

SIGNED BY	Full name	Signature	Date
Principal Researcher/ Student/External applicant	Sunday Oladokun		**19 Oct 2017**

APPLICATION APPROVED BY	Full name	Signature	Date
Supervisor (where applicable)	A/Prof. M.M. Mooya	mmooya	19 Oct 2017
HOD (or delegated nominee) Final authority for all applicants who have answered NO to all questions in Section1, and for all Undergraduate research (including Honours).	A/Prof. Kathy Michell	K.A. Michell.	19 Oct 2017
Chair : Faculty EIR Committee For applicants other than undergraduate students who have answered YES to any of the above questions.	**Roger Behrebs**	R. Behrebs	20Oct17

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APPENDIX B: Consent Form

Department of Construction Economics and Management

Head: Associate Professor Kathy Michell

University of Cape Town, Private Bag X3, Rondebosch 7701
5th Level, Snape Building Upper Campus
Tel: +27 (0) 21 650 3443 Fax: +27 (0) 21 689 2746

Internet: http://www.cons.uct.ac.za
Email: CON-cem@uct.ac.za

CONSENT FORM

Title of the research project:

Property Valuation Under Uncertain Market Conditions

Name and position of the researcher:

Sunday Olarinre OLADOKUN, PhD Candidate, Department of Construction Economics and Management, University of Cape Town

Please respond to the following:
Please tick

1. I have read Mr. Sunday's covering letter and understand the kind of information he is seeking from me. ☐

2. I agree to answer the questions posed in this study, and provide accurate information to the best of my ability. ☐

3. I understand that my participation is voluntary and that I am free to withdraw at any time without offering reasons. ☐

4. I agree to take part in this study. ☐

Name of the participant (on behalf of the company): ……..

Signed: Date……

NOTE: All the information provided by you on behalf of the company will be treated with the strictly confidentiality. The result will be presented in aggregate format and no individual disclosure will be made.

APPENDIX C: Interview Guide

THE SEMI-STRUCTURED INTERVIEW QUESTIONS GUIDE (For Valuers)

Introduction of the interviewer

Principal Researcher: Mr. Sunday O. Oladokun
Supervisor: Associate Professor Manya M. Mooya
Research Title: Property valuation under uncertain market conditions

Information about research

Interviewer introduces the focus of the research and ask for permission to record the interview session.
Presentation of consent form

General information about the company and the responding officer:

Name of the firm
Can I meet you sir/ma/introduce yourself?
Respondent's name (optional):
Position in the organisation:

Interview Questions:

1. Please tell me about yourself and your experience in property valuation practice in Lagos (expected answers include age, academic and professional qualifications, job role/title, year of experience, , etc)
2. Please how would you describe the structure of property market in Lagos as it relates to property valuation (follow up questions include issues relating to data availability, accessibility, and retrieval, as well as market transparency, business competition, economic fluctuation, etc.).
3. Generally what are the challenges associated with the practice of valuation in Lagos and what do you do in these circumstances? (the overarching question)
4. Kindly describe the nature of various sources of valuation data (eg. Capitalization rate, vacancy/absorption rate, construction cost, transaction/comparable details, etc).
5. What are the challenges you normally experience during valuation process and what do you think are responsible for them (formal and informal institutions responsible)
6. How did you go about these challenges (in Q5) in the past and why did you choose such approach?
7. Are there any sources of information where information are available but not accessible, and vice versa?
8. From your experience, has there been times when you did not have enough time, knowledge/experience, or resources required for specific valuation assignment?
9. What do you think is responsible?
10. If yes to Q8, Kindly share your experience as to what you did when
    (a) You were under the pressure of time
    (b) you lacked knowledge/experience/skill required by a valuation brief
    (c) a valuation brief required more resources than you/your firm possess

11. From your experience, how would you describe the challenges of client influence (severity and factors responsible) in the market?
12. Kindly share your experience of influences of client and your/your firms approach towards it.
13. It is been reported that clients use the treats of remuneration, business relationship, and information to exert influence on valuers. What do you do in these circumstances?
14. Kindly explain the processes of property valuation in your firm from instruction stage to final submission of report (including policies and structure) (to know the element of quality control involved)
    - Follow up questions for each stage, e.g. how do you get brief (marketing, letter, phone, mail), accessibility for inspection, challenge in collecting fee (what is responsible)
    - Are there other stages after submission of report e.g meeting, presentation, defence?
15. Are there other peculiar challenges you would want to talk about? How do you manage such challenges?.
16. What can you say is the difference between the theory/teaching of valuation and the practice of it in Nigeria? (follow up: market contents of curriculum compared to actual)
17. Does your academic and professional training prepare you for understating of the market behaviour?
18. In general, how do the uncertainties in the market affect your overall decision making process in property valuation?
19. Do you have any question for me or other things you would like to tell me?

    Thank you very much for your time.

APPENDIX D: Questionnaire for Valuers

Department of Construction Economics and Management

Head: Associate Professor Kathy Michell

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Dear Sir/Madam,

PROPERTY VALUATION UNDER UNCERTAIN MARKET CONDITIONS

This questionnaire is part of an ongoing PhD research project at the University of Cape Town, South Africa. The study seeks to investigate the challenges that uncertain market conditions pose to property valuation and how valuers navigate a path through in delivering professional valuation services.

The researcher, at this phase of the project, seeks to collect information from practicing valuers and other stakeholders about the nature of the property market, the nature of uncertainties it presents and how valuers behave around these issues.

The questionnaire can be completed in roughly 20 minutes. You are welcome to add further comments that may assist the researcher in the spaces provided. Please be assured that any information you provide will be treated with the utmost confidentiality. Should you have any queries or require further information, please do not hesitate to contact the principal researcher on 0806-609-9743 or OLDSUN001@myuct.ac.za.

Thank you for your participation and assistance.

Mr. Sunday Oladokun M.Sc., ANIVS
(PhD Candidate/Principal Researcher)

Ass/Prof. Manya Mooya
(Supervisor)

Section A : General Information

A1. Name and location of your firm (optional)
…….
A3. Gender: Male ( ) Female ( )
A4. Academic Qualification: National Diploma ( ) HND ( ) BSc ( ) Masters ( ) PhD ( )
A5. Professional Qualification: Probationer ( ) ANIVS ( ) FNIVS ( ) MRICS ( ) FRICS ( )
A6. Year of experience (in property valuation): 1-5 yrs ( ) 6-10 yrs ( ) 11-15 yrs ( ) 16-20 yrs ( ) Above 20 yrs ( )
A7. Your position in this firm: Field Surveyor ( ) HOD/Manager ( ) Partner ( ) Principal Partner ( )
A8. Number of estate surveyors in your firm: 1-5 ( ) 6-10 ( ) 11-15 ( ) 16-20 ( ) above 20 ( )
A9. Age of your firm 1-5 years ( ) 6-10 years ( ) 11-15years ( ) 16-20years( ) 21-25 years ( ) above 25years ( )
A10. On the average, what percentage of your firm's annual income comes from property valuation?
1 %– 15% ( ) 16%-30% 31%-45% ( ) 46% - 60% ( ) Above 60% ( )
A11. Does your firm have a dedicated valuation department/unit? Yes( ) No ( )
A12. Is your firm on the retainership of any bank? Yes ( ) No ( )
A13. Average number of valuation brief executed monthly in your firm:
……..

Section B: The nature of property market

B1-B21. Kindly rate the Lagos property market in terms the following key property market factors in relation to property valuation; and how these ratings affect the certainty of property valuations. The rating scales are as follows:

Rating

Market Behaviour rating	**1**	**2**	**3**	**4**	**5**
	Very low	**Low**	**Moderate**	**High**	**Very High**

Effects

Effects Rating	**-3**	**-2**	**-1**	**0**	**+1**	**+2**	**+3**
	Very high negative effect	**high negative effect**	**Negative effect**	**No effect**	**Positive effect**	**High effect**	**Very high positive effect**

S/N	Market Behaviour/Factors	Rating					Effects on valuation						
	Data related												
B1	Easy flow of market data among stakeholders	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B2	Transparency of the market	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B3	Availability of data on the appropriate capitalization rate	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B4	Availability of information on Vacancy/void rates	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B5	Availability of information on the appropriate outgoings	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B6	Information surrounding transactions (sales/letting) of comparable properties	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B7	Information on details of comparable properties e.g. land size, age, finishes etc	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B8	Information on rental growth	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B9	Availability of comparable capital values	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B10	Availability of comparable rental values	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
	Economic Factors/variables												
B11	Scarcity of valuation brief	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B12	Fluctuating Inflation rate	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B13	Fluctuations in prices of property	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B14	Fluctuating exchange rate	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B15	Economic instability	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
	Professionalism, ethics and standards												
B16	Adequacy of local professional and ethical standards	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B17	Adequacy of international professional standards	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B18	Enforcement of standards	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B19	Some agencies requirements e.g IFRS, AMCON, etc	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B20	Efficiency of professional body	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3
B21	Efficiency of regulatory authority	**1**	**2**	**3**	**4**	**5**	-3	-2	-1	0	+1	+2	+3

Section C: Sources of uncertainty and their severity

C1-C12. Kindly rate the extent to which you think the following contribute to uncertainty in valuation within Lagos property market (*NOTE: uncertainty in valuation refers to the probability that the valuation estimate would differ from the price in an actual transaction on the same terms on the valuation date)*

	Sources	No contribution←-----→very high contribution				
		1	2	3	4	5
C1	Lack of sufficient transaction evidence in the market	1	2	3	4	5
C2	Valuers' inability to adequately capture market liquidity profile in valuation	1	2	3	4	5
C3	Unique characteristic/complex nature of property being valued	1	2	3	4	5

C4	Valuers' use of unverified market data	1	2	3	4	5
C5	Choice of wrong methods by valuers	1	2	3	4	5
C6	Valuers' relying more on their subjective judgement than analysis of market data	1	2	3	4	5
C7	Valuers' lack of experience	1	2	3	4	5
C8	Inadequate market analysis /investigation by valuers	1	2	3	4	5
C9	Inadequacy of time to conduct thorough search and analysis	1	2	3	4	5
C10	Valuers' yielding to influences from clients	1	2	3	4	5
C11	Insufficient adjustment between market evidence and subject property	1	2	3	4	5
C12	Fluctuations in economic variables	1	2	3	4	5

C13-C23. Kindly rate the susceptibility of the following stages of valuation process to uncertainty (of either inadequacy of data, influence from client, or natural limitation) and effects of such on valuation output. Please apply the rating scale used in B1-B22 (i.e. 1 – Least susceptible; 5 – Most susceptible)

S/N	**Stages of valuation process**	**Rating**					***Effects on valuation***						
		1	**2**	**3**	**4**	**5**	**-**	***-2***	***-1***	***0***	***+1***	***+2***	***+3***
	Instruction/Brief												
C13	Securing valuation brief	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C14	Formalizing valuation brief	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
	Inspection and market survey												
C15	Property details survey	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C16	Neighbourhood analysis	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C17	Market data sourcing	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
	Desktop analysis and report writing												
C18	Data validity/confirmation	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C19	Choice of valuation method	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C20	Data analysis/calculation	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C21	Quality control/vetting	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
	Submission of report and Fee collection												
C22	Submission of report (draft and final)	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*
C23	Fee negotiation and collection	1	2	3	4	5	-	*-2*	*-1*	*0*	*+1*	*+2*	*+3*

C24-C36. Kindly express the rate at which you use the following sources of data and the reliability you attach to each source

S/N	Sources of Information for Valuation	Rate of usage Least←--------- →Most					*Reliability* *Least*←---------- *→Most*				
		1	**2**	**3**	**4**	**5**	***1***	***2***	***3***	***4***	***5***
	Sources of data										
C24	Land registry/Public institutions	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C25	Manufacturer contacts	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C26	Professional colleagues	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C27	Internet	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C28	Property Magazines	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C29	Property or asset owner	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C30	Other Cognate professionals	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C31	Other local real estate agents	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C32	Community members/residents	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C33	National statistics (e.g CBN data, NBS etc)	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C34	Independent database	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C35	Firm's database	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***
C36	Property bulletin of other firms	1	2	3	4	5	***1***	***2***	***3***	***4***	***5***

Section D: Analysis of Valuer's education about property market

D1-D10. Using the following criteria, kindly express your opinion on academic training of valuers as it relates to property valuation and property market behaviour

S/N	**Market Behaviour**	**Totally disagree←----------→ Totally agree**						
		1	**2**	**3**	**4**	**5**	**6**	**7**
D1	My academic training exposed me to various sources of market data	1	2	3	4	5	6	7
D2	My academic training exposed me to the reliability/uncertainty attached to different sources of market data	1	2	3	4	5	6	7
D3	The concept of property market in the academic curriculum is a true reflection of the actual property market behaviour	1	2	3	4	5	6	7
D4	The content of market in the academic curriculum is adequate	1	2	3	4	5	6	7
D5	The teaching method of the academic training is market focused	1	2	3	4	5	6	7
D6	The academic training adequately prepared me for the uncertainties in the market	1	2	3	4	5	6	7
D7	There is a close knit between the theory and the practice of property valuation in Nigeria	1	2	3	4	5	6	7
D8	The academic training provided me with the adequate practical insights	1	2	3	4	5	6	7
D9	The theoretical foundations provided by my academic training are easily applicable in the field	1	2	3	4	5	6	7
D10	The academic training appropriately covers the recent and evolving areas of practice	1	2	3	4	5	6	7

D11. What other market related contents would you like to suggest for property valuation curriculum?

……..……..……..……..……
……
……..……..……..……..……
……

Section E: Transaction costs and valuers' dispositions

E1-E13. Which of the following MUST you have of each market evidence before you can consider such for your valuation analysis?

	Transaction information	Not at all (1)	Rarely (2)	Sometimes (3)	Often (4)	Very often (5)
E1	Sales price	1	2	3	4	5
E2	Rental value	1	2	3	4	5
E3	Property address	1	2	3	4	5
E4	Information about parties to the transaction	1	2	3	4	5
E5	Transaction mode e.g auction, private treaty etc	1	2	3	4	5
E6	Specific details of the property e.g land size, finishes	1	2	3	4	5
E7	Accommodation details	1	2	3	4	5
E8	Age of the property	1	2	3	4	5
E9	Neighbourhood characteristics	1	2	3	4	5
E10	Nature of the Subsisting interest in the property	1	2	3	4	5
E11	Constructional details	1	2	3	4	5
E12	Management structure of the property	1	2	3	4	5
E13	Date of transaction	1	2	3	4	5

E14-E34 Kindly give your opinion on the following statements in relation to your/your firm's actual valuation practice

	Transaction Costs	Totally disagree←----------→ Totally agree						
		1	2	3	4	5	6	7
E14	Dissipating all required efforts to data search is most times difficult within the available time and resources	1	2	3	4	5	6	7
E15	Valuation briefs always come with enough time to do thorough search	1	2	3	4	5	6	7
E16	I always have sufficient resources required for adequate data search	1	2	3	4	5	6	7
E17	I opt for another method when I have challenges getting appropriate data for primary method	1	2	3	4	5	6	7
E18	I hardly probe further on information supplied by colleagues on phone because of trust I have in them	1	2	3	4	5	6	7
E19	Most times I get input of other professionals (like Quantity Surveyors) on friendship basis	1	2	3	4	5	6	7
E20	My firm has a quality control system independent of field officers	1	2	3	4	5	6	7
E21	We hardly have reasons to double-check the information supplied by field officers	1	2	3	4	5	6	7
E22	My firm has very effective reward and sanction system	1	2	3	4	5	6	7
E23	Details about parties and circumstances surrounding comparable evidences may not be necessary so long as I have the sales/rental value	1	2	3	4	5	6	7
E24	It is not necessary to calculate specific outgoings for each property I value since experience can help	1	2	3	4	5	6	7
E25	I always find information supplied by clients reliable	1	2	3	4	5	6	7
E26	When I use more than one methods for a valuation, I usually adopt average of values from the methods	1	2	3	4	5	6	7
E27	We do execute valuation assignment with informal instruction from clients	1	2	3	4	5	6	7
E28	It is very unusual for me/my firm to reject valuation brief because of client request for adjustment in valuation	1	2	3	4	5	6	7
E29	I always have reasons to discuss valuation figure with client before the final report	1	2	3	4	5	6	7
E30	I prefer working within the time given by client no matter how short	1	2	3	4	5	6	7

E31	When a brief seems complex beyond my experience, I prefer to find means around it than to involve other colleagues/firms	1	2	3	4	5	6	7
E32	When valuation assignment requires more personnel than we have in our firm we prefer to make do with the available hands rather than recruiting ad-hoc staff	1	2	3	4	5	6	7
E33	I am not involved in estate agency duties in my office	1	2	3	4	5	6	7
E34	I have attended at least four valuation specific training over the last two years	1	2	3	4	5	6	7

E35-43. How would you describe how valuation service is remunerated by categories of clients within Lagos property market?

Categories of clients		**Basis of fee payment**	**Not at all**	**Rarely**	**Sometimes**	**Often**	**Very often**
Financial institutions (commercial banks)	E35	According to the Professional scale					
	E36	Negotiated fee					
	E37	Fixed rate system					
Other corporate clients (non-banking)	E38	According to the Professional scale					
	E39	Negotiated fee					
	E40	Fixed rate system					
Non-corporate clients (e,g individuals)	E41	According to the Professional scale					
	E42	Negotiated fee					
	E43	Fixed rate system					

E44-E46. Generally, how would you describe adequacy of the remuneration/payment for valuation services within Lagos property market from these categories of clients?

	Categories of clients	**Poor**	**Fair**	**Good**	**Very good**	**Excellent**
E44	Financial institutions					
E45	Other corporate clients					
E46	Non-corporate clients					

E47-E49. Kindly specify the rate at which you secure valuation jobs from these categories of clients

	Categories of clients	**Less than 20% Almost never**	**21-40% rarely**	**41-60% sometimes**	**61-80% often**	**Above 80% Always**
E47	Financial institutions (Banks)					
E48	Other corporate clients					
E49	Non-corporate clients					

E50. The adequacy or otherwise of remuneration affects the quality of valuation service
Strongly disagree ( ) Disagree ( ) Indifferent ( ) Agree ( ) Strongly agree ( )

E51. Do you think that if more effort, time, and resources are committed to the search, confirmation, and monitoring of market data, valuers will make a better decision on value opinion?
Strongly disagree ( ) Disagree ( ) Indifferent ( ) Agree ( ) Strongly agree ( )

E52. What percentage of valuation briefs do put in writing (formalize) before commencing work
$\geq$ 20% ( ) 21-40% ( ) 41-60% ( ) 61-80% ( ) 81-100% ( )

E53-73 Kindly give your opinion on the following statements as you think it is expected of an ideal valuation practice

	Transaction Costs	**Totally disagree←----------→ Totally agree**						
		1	**2**	**3**	**4**	**5**	**6**	**7**

E53	Thorough data search in this market requires much effort from valuer	1	2	3	4	5	6	7
E54	Adequate data search in this market requires much time	1	2	3	4	5	6	7
E55	Thorough data search in this market requires much resources	1	2	3	4	5	6	7
E56	Getting appropriate data to use for some methods of valuation (e.g. profit method) is sometime very difficult or impossible	1	2	3	4	5	6	7
E57	Data gathered from colleagues on phone requires further extensive probes to ensure reliability	1	2	3	4	5	6	7
E58	I expect to get a more reliable data/input from other professionals like quantity Surveyor if I pay for their services	1	2	3	4	5	6	7
59	It requires much resources to set internal and independent quality control system in a valuation firm	1	2	3	4	5	6	7
E60	Confirming or verifying information gathered by the field officers requires extra effort, time and resources	1	2	3	4	5	6	7
E61	Reward and sanction system is important in an estate firm	1	2	3	4	5	6	7
E62	Details about parties and circumstances surrounding transactions of comparable evidences are difficult to access	1	2	3	4	5	6	7
E63	Calculating specific rate of outgoings for each property is most times difficult because of lack of property specific data	1	2	3	4	5	6	7
E64	It is important the valuer conduct an independent search on property information supplied by the client	1	2	3	4	5	6	7
E65	Deciding on value opinion when more than one methods are applied must be determined by the dictates of the market	1	2	3	4	5	6	7
E66	It is always necessary to spell out brief/contract terms formally before commencing work on any valuation assignment	1	2	3	4	5	6	7
E67	Rejecting a brief because of client's request to adjust valuation figure may impact highly on valuer's/firm's income	1	2	3	4	5	6	7
E68	Valuer's refusal to discuss valuation figure with client before the final submission of report may reduce the possibility of getting more jobs from such client	1	2	3	4	5	6	7
E69	Asking for more time from client to deliver may project me as incompetent	1	2	3	4	5	6	7
E70	Valuer must collaborate with other colleagues when a valuation assignment seems complex than his/her experience	1	2	3	4	5	6	7
E71	Some valuation assignment may require that the valuation firms recruit ad-hoc staff	1	2	3	4	5	6	7
E72	Valuer needs to be active in agency services in other to have good knowledge of property market behaviour	1	2	3	4	5	6	7
E73	To be optimal in the discharge of valuation duty requires much in terms of training and retraining	1	2	3	4	5	6	7

APPENDIX E: Questionnaire for Final Year Students

Department of Construction Economics and Management

Head: Associate Professor Kathy Michell

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Dear Sir/Madam,

PROPERTY VALUATION UNDER UNCERTAIN MARKET CONDITIONS

This questionnaire is part of an ongoing PhD (Construction Economics and Management) research project that seeks to investigate the challenges the uncertain market conditions pose to property valuers and how they navigate a path through to deliver their professional service. The researcher at this phase of the project seeks to collect information from final year students in the departments of estate management of various tertiary institutions, who must have completed their Industrial Training, about the extent to which the academic training mirrors the actual behaviour of market and practice of property valuation.
The questionnaire can be completed in roughly 10 minutes. You are welcome to add further comments that will assist the research through the email address provided. The information provided by you will be treated with the strictest confidentiality. Should you have any queries or require further information, please don't hesitate to contact me on 0806-609-9743 or email me at OLDSUN001@myuct.ac.za.
Thank you for your participation and assistance.

Mr. Sunday Oladokun
(PhD Candidate/Principal Researcher)

Ass/Prof. Manya Mooya
(Supervisor)

Section A : General Information

1. Name and location of your school
   …….
2. Gender: Male ( ) Female ( )
3. Level of study:
4. Cumulated total period of Industrial Training (I.T) or industrial experience you have had in the past: 3 Months ( ) 6 months ( ) 1 year ( ) 2 years ( )
   Above 2 years ( )
5. Did you carry out your industrial training in Lagos? Yes ( ) No ( )
6. Were you involved in any aspect of property valuation during your I.T?: Yes ( ) No ( )
7. If yes to Question 6, kindly rate your level of involvement in the following stages of valuation process (1= Not at all,……5= well involved).

	Valuation Process	1	2	3	4	5

(i)	Securing instruction					
(ii)	Property inspection					
(iii)	Market survey					
(iv)	Data analysis					
(v)	Report writing					
(vi)	Submission of report and fee collection					

Section B: Valuers' academic training and property market

Based on your level of involvement in property valuation practice during your I.T and exposure to academic training so far, kindly express your opinion on the following statements:

S/N	Market Behaviour	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
1	Knowledge of property market behaviour is important in real estate curriculum					
2	My academic training gives me adequate knowledge of the behaviour of an ideal property market					
3	My academic training gives me adequate knowledge of the actual behaviour of the Nigerian property market					
4	My academic training exposes me to various sources of market data for valuation					
5	My academic training exposes me to the reliability/uncertainty attached different sources of market data for valuation					
6	The concept of property market in the academic curriculum is a true reflection of actual property market behaviour in Nigeria					
7	The contents of property market in the academic curriculum is adequate					
8	The teaching method of the academic training is market focused (for valuation)					
9	The teaching method of my academic training is mainly theoretical (for valuation)					
10	The academic training prepares me adequately for the uncertainties in the Nigerian property market					
11	There is a close knit between the theory and the practice of property valuation in Nigeria					
12	The theoretical foundations provided by my academic training are easily applicable in the field					
13	The academic training adequately covers the recent and evolving areas of property valuation practice					

14. How often do you have industry-based lecturers during your academic training?
    (a) Never (b) Seldom (c) Sometimes (d) often
15. Are you likely to pursue career in property valuation?
    (a) Extremely unlikely (b) Unlikely (c) Neutral (d) Likely (e) Extremely likely
16. What is responsible for your response in (15) above?

…….

…….

17. Which aspect of valuation practice do you think is missing in the academic training/curriculum?

…….

…….

18. What other market related contents would you to suggest for the present valuation curriculum?

……..……..……

…..……..……..……..…

……

19. To what extent would you say your Industrial Training experience has added to your valuation knowledge?

(a) Not at all (b) Very little (c) Neutral (d) Somewhat (e) To a great extent

20. To what extent would you say that what is taught in the classroom translates to or is different from the actual practical experience of valuation in the following areas:

S/N	Areas of comparison	Completely different	Somewhat different	Neutral	Somewhat close	Completely the same
i	Property market fundamentals and behaviour					
ii	Property market survey					
iii	Property data analysis					
iv	Choice of valuation method					
v	Valuation report writing					
vi	Application of conventional methods of valuation					
vii	Application of advanced methods of valuation					
viii	Application of automated valuation models					
ix	Client relation and influences					