CHAPTER ONE

INTRODUCTION

1.1 Background to the Study

There is increased awareness in recent times of the urgent need to improve valuers'
methodology and practice along national, regional and international boundaries. This is
informed by the growing demand on the side of investors who can no longer accommodate
unreliable valuation advice, and instead are requiring sophisticated investment guidance
(Gilbertson & Preston, 2005; Ogunba & Ajayi, 2007). This buttresses the strategic relevance
of valuation in modern investment decision often required for sales and acquisition, mortgage
transactions, insurance policies, measurement of property investment performance among
others. Harvard (1995) reported that without reliable valuations, investment in property could
not be reliable and efficient.

Valuation has been variously described as both the art and science of estimating the worth of
an interest in property for various purposes (Millington, 1988; Ajayi, 2003). The act of
valuation is an inexact science largely because it depends on individual valuer's expertise,
training, intuitional judgement, and underlying assumptions. This position coupled with the
complexities of the property market in which valuers operate and the unique characteristics of
property give rise to valuation variations and inaccuracies. As such, valuation standards are
required to assist valuers in their process of value estimation to enable them arrive at a more
transparent and objective opinion of value in accordance with the basis appropriate for each
purpose that meet the requirements of their clients as the occasion demands.

Valuation Standards are established and accepted procedural rules, ethics and guidance for
professional valuers in the conduct of their valuation assignments. It is a summary of best

practice and general established criteria that are recognised and acceptable by professional valuers to guide their conduct so as to ensure reliability, effectiveness and transparency in their valuation services. According to Ajayi (2009), Valuation Standards are quality control principles (mandatory rules, best practice guidance and related commentary) for valuers under the direction of a valuation regulatory body on how to undertake and report valuations, especially those that would be relied upon by international investors and other third party stakeholders.

Emphasis on valuation standards assumed greater prominence in the last quarter of the 20th Century as a result of the financial debacle which was traced to property related transactions (Gilbertson & Preston, 2005). These financial crises began in the United Kingdom (UK) in the early 1970s and were followed by the United States of America (USA) saving and loan crisis in 1980s. The UK property market also collapsed in the 1990s. All these property and financial crises were partly attributed to poor quality of valuations used to secure bank loans (Gilbertson & Preston, 2005; Dugeri, Gambo & Ajayi, 2012). This prompted the establishment of valuation standards at various levels in Europe and US. The International Valuation Standards known as the White Book is produced by the International Valuation Standards Council (IVSC) which has a universal status recommended for adoption by all regions (continents) and nations (countries). The regional valuation Standards is applicable in a given continent. These regional standards include European Valuation Standards manual known as the Blue Book produced by The European Group of Valuers (TEGoVA); the Uniform Standards of Professional Appraisal Practice (USPAP) produced by the US; and the Canadian appraisers known as The Appraisal Foundation (TAF); and also Australia and New Zealand Valuation and Property Standards produced by the Australian Property Institute (API). The National Valuation Standards are produced by each country to reflect the peculiarities of that country. Some of these national valuation standards include the Appraisal

and Valuation Standards by the Royal Institution of Chartered Surveyors (RICS) known as the RICS Red Book; Valuation Standards by the Hon Kong Institute of Surveyors; Philippine Valuation Standards; Guidance and Valuation Standards by the Nigerian Institution of Estate Surveyors and Valuers; among others.

In Nigeria today, there is increasing concern over the quality of valuation practice among valuers (Babawale, 2008; Gambo, 2010). Udo-Akagha (1985) in writing a foreword to the first edition of 'Guidance Notes on Property Valuation' in Nigeria, lamented that:

> "there ought to be no reason why two or more valuers valuing the same interest in a property for the same purpose and at the same time should not arrive at the same or similar results if they make use of the same data and follow the same valuation approach."

Correspondingly, the editorial in the 1998 edition of the 'The Estate Surveyor and Valuer', the journal of the Nigerian Institution of Estate Surveyors and Valuers, bemoaned that:

> "the valuation process has been the focus of recent debate and controversy both within and outside the profession as cases of two or more valuers giving different capital values with wide margins of variation for the same property abound".

In the same vein, efforts from the academia in Nigeria investigating issues related to valuation accuracy and variance mostly concluded that valuation as it is now, is not a good indicator for market price and mortgage transactions due to prevalent valuation non-reliability, inconsistency, and irrationality (Ogunba & Ajayi, 1998; Ajibola, 2006; Babawale & Ajayi, 2011).

The introduction of the use and enforcement of valuation standards is a major effort to address problem of inconsistency in valuation. Ajayi (2009) remarked that the International

Valuations Standards Council is not a regulatory body and it has no ability to sanction any entity or valuer for breach of its standards. This leaves the International Valuation Standards without enforcing mechanism. Therefore the responsibility of enforcing standards by way of sanction or any similar action must be done by regulatory bodies of individual States, or by self-regulating professional organizations. It is therefore the motivation of this study to probe issues related to compliance with valuation standards among Nigerian valuers and its enforcement by regulatory bodies. Considering the cardinal role valuation plays in the efficient functioning of property and financial market, such scrutiny is not only paramount and imperative but also timely and exigent.

1.2 Statement of the Problem

The aftermath of property and financial debacles which were traceable to poor quality of property valuations prompted stakeholders in the developed economies of Europe and United States to start probing issues related to valuation methodology and processes (Malaquin, 1997). This compelled the Royal Institution of Chartered Surveyors in the United Kingdom to develop and tighten standards to ensure that valuations produced by members achieved high standards of integrity, clarity and conform to recognised bases appropriate for each purpose. A Similar trail steered the formation of The Appraisal Foundation (TAF) by major US and Canadian Appraisal Organisations to produce the Uniform Standards of Professional Appraisal Practice, USPAP (Ajayi, 2009). This frantic move by separate professional bodies in Europe, United States of America, and Canada provided the premise for the development of valuation standards at international, regional and national levels to meet the investors' and valuers' clientele requirements in the property, business and financial circle. These standards at international, regional, and national levels have undergone refinements since the mid-1970s to date. However, in Nigeria, despite the dissatisfaction expressed by mortgage and financial institutions with the degree of reliability and inconsistency in valuations carried out

by valuers as noted by Adegoke, Olaleye, and Oloyede, (2011); Ayedun, Ogunba and Oloyede, (2011); no significant effort is made towards refinement of the national valuation standards (Ogunba & Ajayi, 2007). The Guidance Notes and Valuation Standards of the Nigerian Institution of Estate Surveyors and Valuers came into existence in 1985 and was revised in 2006; since then it has not been updated to reflect the peculiarities of Nigeria's property market and the fast changing business and economic environment unlike the RICS's Red Book in the UK; TAF's Uniform Standards of Professional Appraisal Practice in the US and Canada; Hon Kong Institute of Surveyors' Valuation Standards etc.

Appraisers and valuers in Europe, United States of America, Canada, Australia, and New Zealand are keeping abreast with the valuation standards at both national and international levels (Ellis, 2000; 2001). In Nigeria, Ajayi (2009) decried the situation and asserted that 'the awareness of and use of international valuation standards and even the Standards and Guidance Notes of the Nigerian Institution of Estate Surveyors and Valuers is very low among Nigerian valuers; and that many have never even seen the standards'. Such claim needs to be ascertained empirically.

The International Valuation Standards provided by the International Valuation Standards Council is to serve as advisory and guide to be adopted and enforced by national professional and regulatory bodies with a view to promoting standards that are globally accepted, thereby harmonising standards among the world's state and to identify and make disclosure of differences in statements or applications of standards as they occur (Migrim, 2001). It is the responsibility of the valuation regulatory authority of each nation to ensure that standards are being enforced because the International Valuation Standards Council is not a regulatory body hence it lacks the power to enforce valuation standards in any country or to sanction any valuer or entity for breach of its standards. Ajayi (2009) maintained that enforcement of valuation standards may be done by regulatory bodies of individual states or by self-

regulatory organisations. Other countries such as the UK and Hong Kong have adopted the International Valuation Standards and incorporated in their national standards adequate provision for enforcement by sanctioning any valuer in the event of obvious breach. The NIESV Valuation Standards and Guidance Notes is like a fragmented portion of International Valuation Standards Council's (IVSC) Valuation Standards 2003 edition which has been reviewed more than five times to date. The extent to which Nigerian Institution of Estate Surveyors and Valuers' (NIESV) Valuation Standards ensure compliance and provide enforcement measures is not yet clear.

The few studies probing the quality of valuation practice in Nigeria have only addressed the subject of valuation standards in part and based their studies on Metropolitan Lagos (see Ogunba & Ajayi, 1998; Ogunba & Ajayi, 2000; Babawale & Koleoso, 2006; Ogunba & Ajayi, 2007; Babawale, 2008; Babawale, 2012a). In addition to that, none of these earlier studies considered enforcement of valuation standards. Although the previous studies are timely pointers to the need to close the gap in the face of globalisation, suffice it to say that the width and depth of the study required to budge valuation practice in Nigeria to meet the world order and put it in a state of global competiveness is beyond the scope of a short paper, rather requires wider coverage and depth (Ajayi, 1990, Ogunba &Aj ayi, 2007)

In Nigeria, several academic attempts have been made to investigate issues related to valuation accuracy and variance (see Igboko, 1992; Ogunba, 1997; Ogunba and Ajayi, 1998; Aluko, 2000; Ajibola, 2006; Babawale, 2008, Ayedun, 2009). These studies show that valuation as at present is not a good proxy for sale and mortgage transactions in Lagos. All these studies revealed that there are no commonalities in valuation practice as significant variance exists. Interestingly, all the studies identified that the absence of a regulatory frame work contributed to valuation inaccuracy/variance and recommended that compliance with valuation standards and enforcement by regulatory bodies may improve the quality of

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valuation practice in Nigeria. It is against the foregoing that this study intends to undertake an all-inclusive study probing the use of valuation standards in practice and the enforcement measures put in place by the regulatory bodies in Nigeria:

1.3 Aim and Objectives

The aim of the study is to examine the use and enforcement of Valuation Standards in Nigeria with a view to developing a framework to guide and improve the use of valuation standards for valuation best practices in the country.

The specific objectives are to:

1)   Evaluate the level of Nigerian valuers' awareness of Valuation Standards;

2)   Ascertain the valuation standards in use by Nigerian valuers;

3)   Determine the extent of compliance with Valuation Standards by Nigerian valuers in practice;

4)   Examine enforcement measures available to the regulatory bodies in Nigeria to ensure compliance by valuers;

5)   Investigate factors influencing the use and enforcement of Valuation Standards in the study areas; and

6)   Develop a framework that serves as a guide for the use and enforcement of valuation standards in Nigeria.

1.4 Research Questions

This work sought to answer the following questions:

1)   What is the level of Nigerian valuers' awareness of Valuation Standards?

2)   What standards are in use by valuers in Nigeria?

3)   To what extent do Nigerian valuers comply with the Valuation Standards in practice?

4)   What enforcement measures are available to the regulatory bodies to ensure compliance with Valuation Standards?

5)   What factors influence the use and enforcement of Valuation Standards?

6)   What framework can be developed to guide use and enforcement of valuation standards in Nigeria?

1.5 Working Hypotheses

$H0_1$ There is no significant variation in the level of valuers' awareness of Valuation Standards

$H0_2$ There is no significant variation on the extent to which Nigerian valuers comply with Valuation Standards in practice

$H0_3$ There is no significant variation on measures available to the regulatory bodies to ensure enforcement of Valuation Standards

$H0_4$ There is no significant relationship between the use of valuation standards and factors influencing the use of Valuation Standards

$H0_5$ There is no significant relationship between enforcement of valuation standards and factors influencing the enforcement of Valuation Standards

1.6 Significance of the Study

The professional and regulatory bodies of most countries in the world are fast responding to the changing global economic environment by developing, tightening and refining professional practice standards. For instance the Royal Institution of Chartered Surveyors in the United Kingdom after which Nigeria patterned its professional practice started publishing Guidance Notes on Valuation of Assets first in 1976; second in 1981; and third, 1990 edition. This developed into the Manual of Valuation Guidance Notes first in 1980; second in 1981 and the third one in 1992. The RICS Appraisal and Valuation Standards Manual were published in series up to the last edition in 2002 and developed a more comprehensive RICS Appraisal and Valuation Standards first in 2003. It was amended nine times between 2003

and 2007. The RICS Valuation Standards were first published in 2008 and amended two times before the end of 2009 with presently the most current edition in 2014 (RICS, 2012). The professional association and the regulatory body of valuers in Nigeria- the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) respectively, since the first published Guidance Notes on Property Valuation in 1985 which was revised in 2006 as the national valuation standards are yet to respond to the global trend of constantly refining and tightening standards of practice to reflect local market peculiarities. It is stating the obvious to say a study of this nature will depict the position of professional practice and expose the need to meet with global practices. More so, it may probably set the two professional bodies on their toes to respond to the growing demand to ensure best practice.

The property market crash in the United Kingdom in the 1970s and 1990s, the financial crisis in the United States in the 1980s and also the recent bubble burst in 2007/2008 from subprime lending in the mortgage sector affected global property investment and finance. This study will enlighten and caution the Estates Surveyors and Valuers, financial analysts and investors on the need for compliance with and enforcement of standards which is attuned to the requirements of property, business and financial interest's valuations. In the absence of continuous refinement and monitoring of valuation standards application among Nigerian valuers, this research will set the pace for effective checking of the regulatory framework for valuers' conduct so that users of valuation services can build confidence and consciousness that a valuation provided is at least checked and in accordance with internationally recognised ethics.

The study contributes to knowledge by highlighting the recent development in the content and practice of valuation with regards to application of valuation standards in valuation practice in Nigeria. This brought to limelight the extent of valuers' use and awareness of

valuation standards thereby identifying possible missing links for obvious improvement. It examines   valuers' degree of compliance with the provisions of the standards. This will awake the consciousness of users of valuation reports on their right to ensure that valuations carried out by valuers are transparent, objective and in accordance with the tenets of best practice. It will caution valuers and users of valuation on the need for reliable valuation. It will also aid the professional regulatory bodies to anchor decisions on improving compliance and regulate the practice.

The International Valuation Standards Council (2001) attributed the ability and capacity to adopt and conform to International Standards to the level of property market maturity of a nation. The study identifies and reports the level of valuers' professional attainment and standardisation of professional practice which Dugeri (2011) identified as an index of property market maturity. This will in turn assist investors with investment decisions to identify reliable and transparent interests in both financial and property markets.

The study established factors influencing use and enforcement of valuation standards in a developing economy particularly Nigeria. This will be helpful particularly to the professional regulatory authorities and government in policy making so as to mitigate those factors that hinders best practice and encourage professionalism to thrive. The study re-examines the implication of failure to comply with valuation standards and identifies areas of possible improvement, at least at national level, thereby encouraging periodic research and refinement of the national valuation standards. Similarly, it provides empirical evidence that will facilitate comparison of valuation practice in Nigeria with other economies internationally, and also supply practical information for global investors to appreciate the stage for investment decision.

The study developed a framework for the use and enforcement of valuation standards in Nigeria. The developed framework can be used to guide and improve compliance with and enforcement of valuation standards in Nigeria. The developed framework if adopted will help valuation practice in Nigeria to align with global best practice to ensure valuation carried out by members achieve high integrity, clarity, and are reported in accordance with the required bases appropriate for each purpose. This framework can also be applied in any developing economy with similar characteristics as Nigeria.

1.7 Scope and Delimitation of Study

A well designed research defines the operational limit which it delineates for effective coverage depending on the target audience, available resources and time frame. Real estate practice is fast growing in Nigeria on almost daily basis (Ayedun, 2009). As such, it is not realistic to expect to be able to cover the entire country. The Study basically targeted practicing Estate surveyors and Valuers and the regulatory bodies particularly in Lagos, Abuja and Port Harcourt. These three cities were selected because they are the most active property markets and constitute over 60% of valuation practice in Nigeria (Dugeri, 2011; Ogunba, 2013).

Lagos is located in the South West, and was formerly the capital city of Nigeria. Lagos is said to be the most vibrant property market in Nigeria where the vast majority of Nigeria's valuation practice is generated (Ayedun, 2009). It remains the nation's commercial capital with over 80% of businesses having their head offices or at least a branch office there and it hosts 52% of the practicing Estate Surveyors and Valuers (Ayedun, 2009; Dugeri, 2011). The National Population Commission put the population of Lagos metropolis at 7, 557, 050 people in 2006 constituting 82.9% of the state population.

Abuja is located in the North Central Region of Nigeria and was proposed to be the new capital of Nigeria in 1976. It effectively became the nation's capital in 1991 and has since then enjoyed remarkable investment in infrastructure. Presently, Abuja's property market is second only to Lagos property market in terms of frequency and magnitude of property valuation. According to the 2006 national census it has a population of 1, 406, 239 which is entirely urban. It currently serves as the practice base of about 10% of property professionals in Nigeria (NIESV, 2006)

Port Harcourt is located in the South-South Region of the country and is Nigeria's oil and gas hub. The Port Harcourt property market ranks next to those of Lagos and Abuja (Dugeri, 2011). The city has a population of 1,000,908 according to the 2006 census figure and has recently witnessed tremendous infrastructural development.

The study captured the response of over 330 Estate surveyors and Valuers in private practice across Lagos, Abuja and Port Harcourt. Estate Surveyors and Valuers in the public sector are excluded as they are proscribed by the code of ethics from carrying out valuations for private consultation (Decree No 24 of 1975; Cap 111 LFN 1990, now Cap E13 LFN 2007). Data on enforcement of Valuation Standards were largely obtained from the authorities regulating Estate Surveying and Valuation practice in Nigeria. These include Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON); and Nigerian Institution of Estate Surveyors and Valuers (NIESV). The nature of valuers' professional practice in each study area- Lagos, Abuja and Port Harcourt was examined separately because the property market is highly localised in nature and no urban area can be representative of all the cities in the country since there will be different economic, cultural, social and institutional settings. The study is limited to the examination of the following issues: the perception of valuers' level of awareness of valuation standards; valuation standards in use in practice among Nigerian

valuers; extent of valuers' compliance with valuation standards using content analysis; and factors influencing use and enforcement of valuation standards.

The study adopted cross-sectional survey approach using both qualitative and quantitative techniques for effective coverage of the objectives. Information were obtained from valuers in decision making position in each firm in the study areas and key officers of the regulatory authorities.

Study on use and enforcement of valuation standards in Nigeria covers issue related to valuation professional standards how they are used and enforced in practice. In this study, the use of valuation standards is determined from valuers' perspective while enforcement is determined from the perspective of valuation professional regulatory bodies. Issues related to ethical standards or ethical code of conduct is outside the scope of this study. This is because professional standard only provides guide to best practice and does not regulate conduct of a professional; whereas, ethical code of conduct regulates conduct of professional members within the purview of professional practice as allowable professional ethics.

Valuers' extent of compliance is determined by examining their adherence to the reporting requirements in the valuation standards. There are many provisions in the valuation standards such as general standards, asset standards, and valuation application. The General Standards covers scope of work, implementation and reporting. The Asset Standards covers business and business interest; intangible assets; plant and equipment; real property interest; investment property under construction; and financial instruments. The Valuation Applications covers valuation for financial reporting, and valuation of real property interest for secured lending. This study will only cover 'General Standards' covering scope of work and reporting because the bulk of the valuation carried out by Nigeria valuers are mostly real property and other tangible assets often for mortgage purposes. Moreover, the scope of work covers the minimum requirement for every type and different levels of valuation reporting.

The scope of work covers a wide spectrum of valuation assignments. This provides the minimum requirements for reporting and each valuation report must capture the minimum reporting content. It is pertinent to state that extent of valuers' compliance is determined by examining compliance with adjusted minimum reporting content of International Valuation Standards which covers only valuation reporting.

Figure 1: Map of Nigeria showing 36 States in Nigeria including case study cities- Lagos, Abuja and Port Harcourt
Source: www.mapofworld.com-nigeria

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1.8 Definition of Technical Terms

The following terms have been adopted, operationalized and used throughout the study:

Applicability Issues: Matters relating to adherence with recognised national, regional and/or international best practices among property professionals.

*Basis of Valuation***:** A statement of the fundamental measurement principles of a valuation which represents the premise upon which the valuation is carried out.

Best Practice(s): High standard of professional service(s) recognised and accepted internationally in accordance with globally established professional ethics.

*Compliance***:** Adherence to standard of professional practice recognised and accepted internationally in accordance with globally established professional ethics.

Enforcement: Implementation of regulated practice by professional regulatory body.

International Valuation Standards: Acceptable rules and regulatory framework for the delivery of credible and reliable valuation opinions by trained valuation professionals acting in most acceptable ethical manner in order to build confidence and trust in the valuation process, thereby making valuations meet global requirement of the fast changing economic environment and serve the interest of the sophisticated clientele.

National Standards: Set of procedural rules and guidance notes for the conduct of professional practice within a state or national entity ensuring that professional services meet the best interest of service users in an ethical manner. These standards are set mostly to meet growing demand of a state or nation incidental to development of the economy; and often times fashioned to reflect globally accepted best practices.

*Regional Standards***:** Set of rules and regulatory framework among professional within nations or countries in a continent for regulating professional conduct in accordance with globally acceptable best practices so as to meet regional market players' requirements.

Sophistication: Increasing awareness of investors' knowledge of the market requirements and refinement, in response to the market sensitivity.

*Standards***:** recognised set rules and regulatory framework, generally accepted by members of valuation profession nationally, regionally and/or internationally which define: criteria to be used; step necessary to deal with any actual or perceived threat to members independence and objectivity; matters to be addressed when agreeing conditions of engagement; basis of value, assumption that must be taken into account when preparing a valuation; minimum reporting requirements; and matters that should be disclosed where valuations may be relied upon by third parties.

*Standardised Market Practices***:** An acceptable professional practice stemming from established global requirements, ensuring objectivity, fairness, openness, transparency and clarity of services; ultimately meeting the requirements of all market players in accordance with the tenets of best practices.

*Valuation Standards***:** An acceptable quality control manual emanating from professional principles, mandatory rules, best practice, guidance and related commentary produced by a valuation professional association or regulatory body for valuers under the scope of its jurisdiction.

1.9 Chapter Summary

This chapter gives a comprehensive introductory overview of the study carried out. The research problem was highlighted contextually based on the observed issues in real practice

that ushered in the need for professional standardisation of valuation practice right from the financial crises that rocked the United Kingdom in the early 1970s to property crash in the United States of America in the early 1980s and most recently in the 2007/2008. The problem was also linked to dissatisfaction expressed by consumers of valuation over valuation carried out by Nigerian valuers and the query into the level of Nigerian valuers' awareness of valuation standards. The significance of the study was anchored on highlighting the recent development in the content and practice of valuation with respect to application of valuation standards in practice. It also buttressed the level of valuers' professional attainment in practice and standardisation of professional practice which is an index of property market maturity. The study covered Lagos, Abuja and Port Harcourt in geographical coverage as the most vibrant property markets in Nigeria which constitute over 60% of valuation practice in Nigeria.

CHAPTER TWO

LITERATURE REVIEW

2.1 Preamble

This chapter reviews related literature on valuation standards in different regions and countries in the world so as to establish existing gaps in previous studies that this study will fill. This is necessary in order to give focus to the existing study and appreciate the depth and relevance of other studies in relation to what is obtainable in Nigeria. The review examines the methodological approaches employed by other authors in a similar study elsewhere and considers their appropriateness to this study where feasible and also relates their findings to the present research. Valuation standards are evolving and research in that aspect are just beginning most especial in Africa. Majority of the few studies are carried out in UK, US, Germany, and Australia.

2.2 What is standard?

A standard is a published document that contains a technical specification or other precise criteria designed to be used consistently as a rule, guideline or definition. Webster Reference Dictionary defines a standard as "anything taken by general consent as a basis of comparison, or established as a criterion, a grade or level of excellence or advancement generally regarded as right or fitting" (Webster, 1961 in McNamara, 1999). They are summary of best practice created by experienced experts in a particular field taking into account the interest of the experts, users of their services and relevant stakeholders. Standards contain technical specifications and other prescribed material designed to be used consistently as a rule, guideline, or definition and are aimed at helping to simplify and to increase the reliability, comparability; and effectiveness of goods and services (Gambo, 2014)

2.3 What are Valuation Standards?

Valuation Standards are established and accepted procedural rules, ethics and guidance for professional valuers in the conduct of their valuation assignments. It is a summary of best practice and general established criteria that are recognised and acceptable by professional valuers to guide their conduct so as to ensure reliability, effectiveness and transparency in their valuation services. According to Ajayi (2009), Valuation Standards are quality control principles (mandatory rules, best practice guidance and related commentary) for valuers under the direction of a valuation regulatory body on how to undertake and report valuations, especially those that would be relied upon by international investors and other third party stakeholders. He further remarked that valuation standards should address: Generally Accepted Valuation Principles (GAVP); uniformity of valuation approaches; and ethical and competency requirements of practicing professional valuers. In addition, they should harmonise valuers/appraisers standards of value to meet various global clients' requirements [such as International Accounting Standards Board (IASB); International Financial Reporting Standards (IFRS); International Public Sector Accounting Standards, etc] at international level. Valuation standards are professional benchmarks or beacons that enable members to ensure that valuations produced by professional valuers achieve high standards of integrity, clarity, and objectivity and are reported in accordance with recognised bases that are appropriate for each purpose (Babawale, 2012a). Valuation standards are not concerned with 'what' valuers should do but rather with 'how' they should do it. According to International Valuation Standards Committee, IVSC (2003), valuation standards are not so much concerned with valuation theory and methods as they are with the mechanics of practice including the assembly, interpretation and reporting of information relevant to the task of valuation. The standards provide a framework for best practice in the execution and delivery

of valuations for different purposes but they do not instruct valuers on how to value, nor do they discuss valuation methodology or techniques (RICS, 2010).

2.4 Who sets valuation standards?

Standards are set by bringing together the experience and expertise of all interested parties – the producers, sellers, buyers, users and regulators of a particular material, product, process or service (McNamara, 1999). Valuation standards are set by various professional bodies at international, regional and/or national levels. However, in some countries, valuation standards are set up by the government or its agency most especially standards that relate to statutory valuation (valuation for compensation and taxation purposes). For instance, in Germany, valuation standards and regulation are well entrenched in the national and Federal legislation (Lorenz, 2002). In some states in the United States of America standards for real estate practice is produced by the professional body in collaboration with the central government agency. The International Federation of Surveyors (IFS) noted that the main actors in the development of standards are usually the academia and public servants whose organizations can afford them the time to travel and spend time on the necessary meetings (IGS, No 28). This position was supported by Kohnstamm (1995) who observed that the task of formulation of uniform valuation standards often rests on academic researchers who supply information and analysis on the criteria used in comparative international studies as part of their role.

2.5 The Evolution of Valuation Standards

Issues related to Valuation Standards came to the front burner with various unfolding developments at the national, regional and international levels in the last quarter of the twentieth century. These developments took place at various times and in different countries

and regions starting first with isolated standards in various countries and region then later developing into collective valuation standards at international level.

In the United Kingdom, the Royal Institution of Chartered Surveyors (RICS) published Valuation Standards colloquially known as "The Red Book" in 1974 in the wake of the property market crash of that time (RICS, 2010). At that time, there was substantial criticism of the valuation profession from both within and outside the profession informed by the property market collapse of early 1970s (French, 2003). This prompted RICS to investigate valuation methods, principal bases and how they were applied. The move resulted in the production of the guidance notes (the original Red Book). At the commencement of the application of the original guidance notes, it was not mandatory and only covered asset valuations. Later on, when there was financial unease in the early 1990s, the RICS joined the British Banking Association (BBA) to produce a new version of the valuation guidance notes to guide bank lending early in 1994 (RICS, 1994). To aid further improvement, the Mallinson Committee was set up in 1994 to review all aspects of the commercial property valuation process. This resulted in the publication of the first unified mandatory valuation standards (The Red Book 4th edition) in 1995 (Mallinson, 1994) which have been mandatory since *1991* with the publication of the 1990 issue (RICS, 2010). French (2003) generalised Guidance Notes on the Valuation of Assets together with Manual of Valuation Guidance Notes and listed the editions as: first edition 1976; second edition 1981; third edition 1990; fourth edition 1995; and with the fifth edition in 2003. RICS (2010) in the latest edition of the RICS Red Book clarified that the Appraisal and Valuation Manual was originally published as two titles:

➢ Guidance Notes on the Valuation of Assets:

First edition 1976

Second edition 1981

Third edition 1990

➢ Manual of Valuation Guidance Notes:

First edition 1980

Second edition 1981

Third edition 1992

The RICS Appraisal and Valuation Manual was reprinted in 1993, twice in 1996, and once each in 1998, 2000 and 2002. The RICS Appraisal and Valuation Standards were first published in 2003, with nine amendments published between March 2003 and April 2007. The RICS Valuation Standards were first published in 2008, amended in September 2008, reprinted in March 2009, amended in July 2009 and printed in April 2010 as the latest version (RICS, 2010). It is evident that the Red Book is an evolving document set to reflect current changes in the economic environment and reveals its international status. The latest edition has reflected the suggestion by Carsberg Report (2002) to help improve the independence of the valuer from the client.

In Europe, elements of globalisation and the need to facilitate cross-border investment necessitated uniformity of practice among property professionals. Hordijk and Condit (1997) noted the difficulties investors, international traders and property appraisers would have to undergo with each of the European countries having its own customs, currency, tax structure, aviation regulations, language, banking system and real estate /property practices. Each has some natural resources but none is self-sufficient. As a result, they have to rely on each other. In some of the countries, restrictions inhibited international investment in real estate. The introduction of Single European Act of 1985 and the subsequent Maastricht Treaty of 1991 resulted in promoting European integration (McParland, McGreal & Adair, 1997). The essence of the Single European Act was to introduce competition in Europe's internal market by 1992 so as to create a continental trade area; improve regional research and technical

development; ensure progress in European economic and monetary union; and improve working conditions in the European countries. The removal of barriers along international boundaries facilitated cross-border investment in trade and professional practices. However, with increasing activities in property investment the Royal Institution of Chartered Surveyors identified variations in valuation practice within Europe as a problem for globalisation of the property market (RICS, 1993). RICS General Practice, Planning and Development Division Sub-Committee then demanded for research to examine various methods of valuation in European Countries so as to determine the degree of broad unanimity within valuation practice and the appropriateness of the different methods. Following this, there was growing interest in valuation standards and approaches within Europe both from the academia and the practitioners (RICS, 1993). According to McParland et al. (1997), prior to the 1990s there was not much emphasis on the standardisation and globalisation of valuation methodologies within the property investment circle. Contrary to this stance, was the view that the progress recorded by the European Group of Valuers Association (TEGOVA) in the publication of the Guide Bleu (Blue Book) which established Approved European Valuation Standards was what prompted the adoption of a common basis (Bruhl, 1997). TEGOVA was formed by the merger of The European Group of Valuers of Fixed Assets (TEGOVOFA) and European Property Valuers Association (EUROVAL) in 1987.

Similarly, in the United States, the financial crises of early 1980s prompted the need for standards of valuation practice to meet financial standard requirements. The Appraisal Foundation (TAF) together with some Canadian Appraisal Organisations came together to form the Uniform Standards of Professional Appraisal Practice (USPAP) (Ajayi, 2009).

International Valuation Standards emerged in the property market arena during the last quarter of the twentieth century (Dugeri, Gambo &Ajayi, 2012). Gilbertson and Preston (2005) reported that valuation standards first emerged at the national levels in an attempt to

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address financial crises traceable to property related transactions. The series of property and financial crises that affected the UK economy in the 1970s and 1990s; the American financial crash of the 1980s and of 2007/2008 and also that of Germany in 2005/2006 were all attributed to poor quality of valuations (see French, 2003; Gilbertson & Preston, 2005; Schnaidt& Sebastian, 2012).

It appears, as asserted by Hordijk and Condit (1997), that rapid and effective action for the standardisation of valuation practice at international level was taken by the property professionals within the real property market. They categorised these players into three groups: inter-European appraiser organisations committed to standardising valuation; practice; professional organisations; and the real property investors who are the major users of valuation services

In the category of the Inter-European Appraiser Organisations is the European Group of Valuers Association (TEGOVA) which came into existence through the merger of the European Group of Valuers of Fixed Assets (TEGOVOFA) and European Property Valuers Association (EUROVAL) (McParland et al., 1997). Before the merger of the two professional bodies, TEGOVA under its previous name (TEGOVOFA) had been providing guidance for valuation standards to member countries and European Union bodies since 1977. This unified professional body in Europe has published the *Guide Blue* (Blue Book), establishing Approved European Valuation Standards which covers a wide range of valuation activities (Champness, 1997).

With regards to professional organisation, the Royal Institution of Chartered Surveyors (RICS) in UK has been the most effective body working towards the unification of valuation standards at international level. They have, since 1976, been actively involved in the publication of Valuation and Appraisal Standards which have influenced valuation practice in

UK and Europe (RICS, 2010). The RICS has established offices outside the UK in France, Germany, Belgium and Spain and have also been active in developing valuation philosophy and standardisation of guidance produced by TEGOVA (Hordijk& Condit, 1997). In the same vein, The Appraisal Foundation (TAF) has made progressive effort towards the development of valuation standards at international level. According to Ajayi (2009), the necessity for the International Valuation Standards was compelled by the savings and loan crises which led to the formation of The Appraisal Foundation (TAF) by mainly the US and Canadian Appraisal Organisations which came together to produce the Uniform Standards of Professional Appraisal Practice (USPAP).

The third and the possibly the most influential players in the effort towards the standardisation of valuation practice at international level are the real property investors. Despite the pace set by inter-European valuer organisations and other professional bodies, progress toward unification of standards at international level has been slow. For the same reason investors became increasingly frustrated (Hordijk& Condit, 1997) due to overwhelming fluctuations in the property market in the 1980s. These investors perceived the exigencies for standardisation and the need to improve quality of valuation if they were to have confidence in the market and thereby preserve the quality and liquidity of their portfolios. The timely demand by the investors was based on apt justification that property investors suffer more in times of economic down turn than the banking sector and other financial sectors which receive government intervention. The business and financial world recognised the strategic role of real property and other assets in their corporate organisations and demanded for quality valuation practice in accordance with International Accounting Standards. Hussey and Ong (2005) reported that the need for uniform accounting standards at international level necessitated the formation of International Accounting Standards by the International Accounting Standards Committee in 1973 by different accounting bodies from

Australia, Canada, France, Germany, Mexico, the Netherlands, the United Kingdom, and the United States with a view to achieving consistency internationally in the definitions, measurement and treatment of transactions thereby enabling financial reporting that allows for international comparability. The International Accounting Standards Committee (IASC) which later changed to International Accounting Standards Board (IASB) has been responsible for accounting standards since 1970s which is still undergoing changes. The changing economic environment and the need for the international investors to compare and judge their property investment performance with other investment class put a daunting task on the accountants and financial analysts which compelled property professionals to harmonise valuation standards to meet International Accounting Standards requirements (Ellis, 2002).

It can so far be said that the rapid economic changes in the 1970s underscored the importance of property valuation in Europe. The obvious and glaring quickening pace in the globalisation of investment markets drew attention to the urgent need for internationally accepted standards for property, business and financial interest valuation. In response to this market instability, concerted efforts by different countries at various times started progressive moves toward internationalisation of valuation standards. Principal actors among these professional bodies are members of a Technical Committee of Royal Institution of Chartered Surveyors (RICS) and representatives of US appraisal organisation who began series of meetings towards the close of the 1970s which resulted in the formation of The International Assets Valuation Standards Committee (TIAVSC) in 1981. The two cardinal objectives of TIAVSC then were:

✓ "To formulate and publish, in the public interest, valuation standards for property valuation and to promote their worldwide acceptance; and

✓ To harmonise standards among the world's states and to identify and make disclosure of differences in statements and/or applications of standards as they occur". (Milgrim, 2002).

The International Assets Valuation Standards Committee (TIAVSC) changed its name in 1994 to International Valuation Standards Committee (IVSC). The International valuation Standards were published in 1985, 1994/97, 2000, 2001, 2003, 2005, 2007, 2009 and most recently in 2011.

The IVSC publishes standards which cover requirements for financial statements, mortgage secured lending, and real property valuation for all purposes (Fernandez, 2005). The IVSC has membership of all major valuation affiliated professional bodies from 52 countries (IVSC, 2003) including Nigeria. The International Valuation Standards Committee was renamed to International Valuation Standards Council (IVSC) retaining its acronym in 2008. The IVSC collaborates with member states and liaises with International agencies such as the Organisation for Economic Cooperation and Development (OECD), the World Bank, the International Monetary Fund (IMF), the World Trade Organisation (WTO), the Commission of the European Union, the Bank of International Settlements (BIS), and the International Organisation of Security Commissions (IOSCO). It also maintains good working relationship with International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS), the International Federation of Accountants (IFAC) - the International Public Sector Accounting Standards Board and the International Auditing Assurance Standards Board (IVSC, 2003).

Thus, what is obtainable today as the International Valuation Standards started with isolated national and regional standards in a swift response to the financial crises attributed to poor quality valuations. Some of these national and regional standards include the Appraisal and Valuation Manual of the UK Royal Institution of Chartered Surveyors (Red Book); the

Uniform Standards of professional Appraisal Practice (USPAP) of The Appraisal Foundation (TAF) in US; Canadian USPAP of the Appraisal Institute of Canada (AIC); the Australian Property Institute's Professional Practice; and the European Group of Valuers' Association (TEGOVA) Approved European Practice Standards (Blue Book). These national and regional standards no longer exist in isolation but had to harmonise with each other for a single benchmark of common standards at international level in accordance with the role IVSC fulfils (Edge, 2002).

The current IVS is divided into three broad categories of application:

- ❖ General Standards- which cover scope of work, implementation, and reporting
- ❖ Assets standards- cover business and business interests, tangible assets, plant and equipment, real property interests, investment property under construction, and financial instruments
- ❖ Valuation Application- valuation for financial reporting, and valuation of real property interests for secured lending

The various efforts from professional organisations, professional practitioners and investors saw the formation of valuation standards at international, regional and national levels. This perhaps was necessitated by the increasing need for the valuation standards in the investment arena.

2.6 The Need for Valuation Standards in Professional Practice

Valuation being an art and a science requires the judgement of a professional valuer who must apply some scientific processes in value estimation to arrive at the value of an interest in property. Harvard (1995) described valuation as an inexact science which makes the process of value estimation dependent on the valuer's knowledge and interpretation of trends in the market place. More so, the heterogeneous nature of the property market in which the

properties exist and their unique attributes couple with the differences in individual valuer's intuitive judgement and training make value estimation to the valuer a daunting task which creates room for diverse opinions of value tied to different approaches. It is therefore pertinent to assist valuers in their process of value estimation to arrive at more transparent and objective opinion of value to meet the requirements of their clients. The Valuation Standards contain basic underlying concepts and principles of value which are the targets of any valuer, and aid their understanding in any given task. The essence of the standards is to ensure that valuations produced by members achieve high standards of integrity, clarity and are reported in accordance with the required bases appropriate for the purpose (Babawale, 2012a). According to Mills (2007), the purpose of setting standards at international level is to facilitate cross-border transactions, contribute to the viability of international property markets, promote transparency in financial reporting, promote reliability of valuations and to serve as a professional benchmark globally. Valuation Standards such as the one provided by RICS's Red Book, TEGOVA's Approved European Property Standards, and International Valuation Council's Standards contain mandatory and non-mandatory guides to be applied in most valuation tasks embarked upon by members (RICS, 2010; IVSC, 2011)

The need for valuation standards is closely linked to IVSC's focus on increasing the confidence of users of valuation services. In fact their overriding objectives for providing standards are to:

❖ promote consistency and aid the understanding of all types of valuation by identifying or developing globally accepted principles and definitions;

❖ identify and promulgate common principles for the undertaking of valuation assignments and the reporting of valuation;

❖ identify specific matters that require consideration and methods commonly used when valuing different types of assets or liabilities;

❖ identify the appropriate valuation processes and reporting disclosures for the major purposes for which valuations are required;

❖ reduce diversity of practice by enabling the convergence of different valuation standards used in specific sectors and stages (IVSC, 2011).

The standards are provided to be applied by professional valuers and intended to benefit users of valuation services and regulate market operations generally. RICS (2010) also reaffirmed that valuation standards are to provide an effective regulatory framework within the rules of conduct so that users of valuation services can have confidence that a valuation provided by any member is not only in accordance with internationally recognised standards but also that there is an obligation placed on the individual valuer or firm to follow these standards, and that there are effective sanctions in the case of material breach.

Similarly, unprecedented court litigations have also impelled the need for valuation standards. Sampson, Waller and Waller (1988) observed that the courts have always looked up to the published standards for professional bodies to guide their judgements. These standards have aided the courts to establish liability cases in negligence and fraud. Fernandez (2006) maintained that valuation standards are important as they aid valuers display high levels of integrity and competence. They serve as gauge for the duty of care valuers owe their clients since they contain the code of ethics, enunciation of principles of valuations supported by outline of best practices. Valuation carried out based on specifications of the standards is a good defence when a valuer is challenged in a court of law, on charges of negligence. More so, the client may institute action against the valuer for any claim where it is established that the valuer did not comply with valuation standards.

Gilbertson and Preston (2005) considering the importance of valuation required by investors to measure investment performance and for banks in secured lending; enjoined valuers to understand and interpret the dynamics of the market place and the role which the valuation

standards perform. The authors also noted that the increasing amount of cross-border financial activity in investment or lending requires that valuers develop the dexterity to meet global business and financial investment requirements for which valuation is a key player. Also, world over, all listed investments in the capital market are attuning to International Financial Reporting Standards (IFRS). This puts pressure on valuers to refine their professional practice to match accounting standards as incorporated in the Valuation Standards. The International Accounting Standards Board (IASB), responsible for IFRS, is working in collaboration with IVSC to draw up compatible valuation practices that meet global financial requirements (IVSC, 2003). The International Valuation Standards Committee remarked that the introduction and implementation of valuation standards are essential to the consolidation of the property and capital market particularly in the developing economies and that the *quickening* pace in the globalisation of the investment market further underscores the need for international accepted standards for reporting the value of property (IVSC, 2001)

2.7 Dynamics of the Regulatory Framework

The regulatory bodies play an important role in ensuring that professional valuers conform to acceptable valuation standards in their discharge of professional duties. Professional regulatory bodies are majorly concerned with, issues pertaining to ethics, best practices, research development, and the enforcement of rules and regulations guiding the profession among others. Professional activities of valuers have been regulated since in the 16th century in the UK (McNamara, 1999). The professional body in UK (RICS) regulating activities of valuers has been publishing valuation standards known as the 'Red Book' since 1974 (RICS, 2010). The published standards have been changing with circumstances required along with the dynamic economic environment. For instance, when there was bank disquiet in the early 1990s, the RICS joined with the British Banking Association (BBA) in a concerted effort

which resulted in the publication of new valuation guidelines on bank lending in 1994 (RICS, 1994). The RICS valuation department also initiated another research in 1994 through the Mallinson Committee which resulted in the publication of the first unified mandatory valuation standards which was issued in 1995.

French (2003) remarked that RICS valuation standards (The Red Book) is an evolving document and in the last ten years the profession has produced a number of reports that have influenced and structured the changes that have been incorporated in the manual. RICS series of revised editions include the 1976, 1981, 1990, 1995, 2003, 2007, 2008, 2010 and 2012 editions. RICS is affiliated to the European Group of Valuers Association (TEGOVA) which is a regional standard setting body, and also to the International Valuation Standards Council (IVSC), which has 52 member states (RICS, 2003).

The International Valuation Standards Council has been attuning to investors' sophistication to enable it provide a proper code of conduct and practical information to achieve high professional best practices. The increasing demand in the business and financial world requiring valuations are carried out in accordance with International Accounting Standards compelled the IVSC to promulgate standards ensuring that valuations by members enable investors measure and compare their investment performance in the capital market. (Fernandez, 2005). The International Valuation Standards Council also published standards in editions of 1985, 1995/97, 2000, 2001, 2003, 2005, 2007, 2009 and the latest now in 2011

In Nigeria, the first Guidance Notes on Property Valuation was published by the Nigerian Institution of Estate Surveyors and Valuers (NIESV) in 1985. This was probably influenced by the development unfolding in the UK about the same time. The second edition which has close semblance with the 6th edition of the International valuation Standards was published

in 2006. Since then there has been no further revisions of the NIESV Valuation Standards and Guidance Notes.

2.8 Form and Contents of Valuation Standard Manuals

There are categories of valuation standards at international, regional and national levels. The International valuation standard is set by the International Valuation Standards Council (IVSC) which is a global standard known as the White Book. The International Valuation Standard Council is concerned with developing global standards for real estate, personal property, financial and business interests. The International Valuation Standards (IVS) are frequently being updated with its current edition in 2014. The International Valuation Standards produced by IVSC is not mandatory for use in practice by valuers around the world and they do not have to adhere to its provision except where their national valuation standards incorporate aspects of it and make it mandatory. The IVSC do not have power to enforce on members but can enforce through adoption in the national standards. Regional valuation standards include the European valuation standards produced by The European Group of Valuers' Association (TEGoVA) known as the Blue Book. The European Valuation Standard is produced for valuers that are members of the 45 valuers' association from 26 countries representing the membership of TEGovA (TEGoVA's Bluee Book, 2012). The Uniform Standards of Professional Appraisal Practice (USPAP) is produced by the Appraisal Standards Board of The Appraisal Foundation (TAF) for appraisers in the United States of America and Canada. This standard has a regional status as it applies outside the USA and extends to Canada and some Asian countries.

The valuation standards manual produce by the Royal institution of Chartered Surveyors (RICS) known as the Red Book is meant to be a national standard for the UK but has gained the status of a regional standard because it is of its influence across the globe, in particular

Commonwealth countries (Fernandez, 2006). The Australia and New Zealand valuation and property standards set by Australian Property Institute (API) is a national standard that came into effect on 1st August 2006 with the latest edition produced in 2012. The Guidance Notes and Valuation Standards produced by the Nigerian Institution of Estate Surveyors and Valuers (NIEVS) is a national standard which operates within Nigeria. The Nigeria's standards was first published in 1985 and revised in 2006, since then nothing is done about it. The NIESV valuation standard is like a fragmented portion of the 2003 International Valuation standards produced by the IVSC. The contents of valuation standards carry along with its professional considerations with the practical needs of the market place (Babawale, 2013). The essence of the standard is to impose sanctions or serve as advisory or combination of the two. Worthy of note is the fact that it is only regional or national valuation standards that can enforce compliance. This is done through appropriate professional regulatory bodies whose jurisdiction covers a region or nation. However, Babawale (2013) opined that standards can be imposed by personal conscience, by national professional institutions or by law. Valuation standards are not necessarily concerned with valuation theory and methodology but are concerned with mechanics of practice including assembly, interpretation and reporting of information relevant to any valuation assignment (RICS, 2003). In the light of the foregoing, Edge (2002) made a distinction between valuation standards and methodology in that methodologies are dynamic, changing with need, fashion, demand, and analytical techniques borrowed from the fields; standards should be consistent, a benchmark of good practice.

A typical valuation standard manual contains at least three parts these are – the standards, the application, and the Guidance Notes and commentary (IVSC, 2003; 2014). The standards section addresses issues related to valuation bases and reporting among others. The application section focuses on application of the standards to business and financial interests

and valuation for lending purposes, while the Guidance Notes focus on specific valuation issues and commentary of business and service producing situations. Complimentary sections provide the glossary of terms, short discussions on valuation principles and techniques, history and recent developments. The IVSC (2014) has an introductory section with three broad sections. The Introductory section covers principal changes to previous edition of the standards, International Valuation Standards (IVS) definitions, International Framework. The First Section is General Standards which covers Scope of Work (IVS 101), Implementation (IVS 102), and Reporting (IVS 102). The Second Section of the most recent valuation standards is Asset Standards which captures Business and Business Interests (IVS 200); Intangible Assets (IVS 210); Real Property Interest (IVS 230); Investment Property Under Construction (IVS 233); and Financial Instruments (IVS 250). The Third Section is Valuation Application which covers Valuation for Financial Reporting- Property, Plant and Equipment in the Public Sector (IVS 300); and Valuation of Real Property Interest for Secure Lending (IVS310). Some regional and national standards contain codes of professional ethics and enforcement procedures for appropriate sanctions in the event of material breach.

2.8.1 The Minimum Reporting Content of Valuation Reports under the Scope of Work

The section on minimum reporting contents of a valuation reports as set out in the valuation standards specifies in clear and unambiguous terms what each valuation report should contain. The report should not be ambiguous or misleading; neither should it create a false impression. This minimum reporting content is used as a benchmark to determine compliance with the provision of valuation standards. It is therefore paramount and imperative to examine minimum reporting contents of various valuation standards so as to come up with the best possible benchmark for examining valuation reports and valuers' compliance with the standards.

The IVS sets out the minimum content of what should be contained in every report irrespective of the varying degree of valuation advice that may be provided. The scope of work in the IVS (IVS 101) sets out the agreed purpose of the valuation, the extent of investigation, procedure that will be adopted, assumptions that will be made and the limitations that will apply. These report contents sets out by IVSC (2011) are as follows:

a) Identification and status of the valuer

   The valuer can be an individual or firm. A statement confirming that the valuer is in a position to provide an objective and unbiased valuation and is competent to undertake the valuation shall be included. The report shall include the signature of the individual or firm responsible for the valuation. If the valuer has obtained material assistance from others in relation to any aspect of the assignment, the nature of such assistance and the extent of reliance shall be referenced in the report.

b) Identification of the client and any other intended users.

   The party commissioning the valuation shall be identified together with any other parties whom it is intended may rely on the valuation.

c) Purpose of the valuation.

   The purpose of the valuation shall be clearly stated and distinguished from the basis.

d) Identification of the asset or liability to be valued (subject of valuation clarification may be needed to distinguish between an asset and an interest or right of use of that assets, it will be necessary to clarify whether those assets are included in the valuation, excluded but assigned to be available or excluded and assumed not to be available.

e) Basis of value

This shall be appropriate for the purpose. The source of the definition of any basis of value used shall be cited or the basis explained. Some common valuation bases are defined and discussed in previous chapter.

f) Valuation date

The valuation date is the date to which the opinion of value applies. This may be different from the date on which the valuation report is issued or the date on which investigations are to be undertaken or completed. Where relevant, these dates shall be clearly distinguished in the report.

g) Extent of investigation

The extent of investigations undertaken, including the limitations on those investigations set out in the scope of work, shall be distinguished in the report.

h) Nature and source of the information relied upon

The nature and source of any relevant information relied upon in the valuation process without specific verification by the valuer shall be disclosed

i) General and special assumptions

All assumption and any special assumption made shall be clearly stated.

j) Restriction on use, Distribution or publication

Where it is necessary or desirable to restrict the use of the valuation or those relying upon it, this shall be stated.

k) Confirmation that the valuation has been undertaken in accordance with the IVS.

While confirmation or conformity with IVS is required, there may be occasions when the purpose of the valuation will require a departure from the IVS. Any such departure shall be identified, together with justification for that departure. A departure would not be justified if it results in a valuation that is misleading.

l) Valuation Approach and Reasoning

To understand the valuation figure in context, the report shall make reference to the approach or approaches adopted, the key inputs used and the principal reasons for the conclusions reached. The IVS identifies basically the three approaches to value-market approach, income approach, and cost approach. This requirement does not apply if it has been specifically agreed and recorded in the scope of work that a valuation report shall be provided without reasons or other supporting information.

m) Amount of the Valuation or Valuations (statement of value)

This shall be expressed in the applicable currency.

n) Date of the valuation Report

The date on which the report is issued shall be included. This may be different from the valuation date (f above) (IVSC, 2011:30)

The RICS valuation standards (RICS, 2012) remarked that it must deal with all the matters agreed between the client and the member in terms of engagement and include the following minimum information, except where the report is to be provided on a form supplied by the client:

a) Identification of the client;

b) The purpose of the valuation;

c) The subject of the valuation;

d) The interest to be valued;

e) The type of property and how it is used or classified by the client;

f) The basis of valuation;

g) The date of valuation;

h) Disclosure of any material involvement or a statement that there has not been any previous material involvement;

i) If required, a statement of the status of the valuer;

j) Where appropriate, the currency that has been adopted;

k) Any assumptions, reservations, any special instructions or departures;

l) The extent of the valuer's investigations;

m) The nature and source of information relied on by the valuer;

n) Any consent to, or restrictions on publication;

o) Any limits or exclusion of liability to parties other than the client;

p) Confirmation that the valuation accords with these (RICS) standards;

q) A statement of the valuation approach;

r) A statement that the valuer has the knowledge, skills and understanding to undertake the valuation competently;

s) The opinion of value in figures and words;

t) Signature and date of the report (RICS Red Book, 2012:40)

The European Group of Valuers' Association's (TEGoVA) valuation standards (European Valuation Standards, Blue Book, 2012) requires that valuers should establish client's needs and requirements with precision as requirements of best practice. The terms of engagement should be attached to the report as an appendix to the report. The valuation report must make reference to:

- The client's identity, specifying a corporate or personal identity;

- The purpose of the valuation and the importance of restricting the use of the valuation to the stated purpose;

- The precise extent of the property/interest being valued with reference to a plan or other fixed object;

- The basis or bases of value;

- A specific valuation date, not "as of the date of valuation"

- Any previous involvement with the property or the parties involved;

- The status of the valuer, clarifying whether acting in an external and independent capacity, specifying a corporate or personal identity; or as an internal valuer;

- All assumptions and special assumptions that will be made in preparing the report;

- The scope and extent of investigations that will be undertaken and any verification that will be required by the client or his representatives, together with confirmation of the valuer's competence to undertake the instruction;

- Reliance placed on information provided by the client, the client's representatives or third parties;

- Any restriction placed on publication of part or all of the valuation produced;

- The extent to which a duty of care will be provided, stating any exclusions as to parties or matters as determined by the valuer or requirements of insurers".

- Compliance, where appropriate, with European valuation standards

- The basis of fee to be charged as determined by the valuer or prescribed by third parties or statute (TEGOVA, 2012:62)

The Australian and New Zealand's Property and Valuation Standards, ANZPVS (2012) require valuation report to have the following content:

- Instruction – which must capture details of instructing party and/or client who is to rely on the valuation.

- Purpose – a statement as to the purpose of the valuation

- Date of valuation – date of valuation is usually the date of inspection of the property.

- Basis of valuation – basis or bases of value on which the valuation is conducted.

- Methodology, Reconciliation and Value Range – Unless not required in pro-forma report, the methodology should be appropriately outlined for each approach along

with important calculations and rationale. A reconciliation of the approaches adopted should be included. A value range may be expressed before being reconciled to a single point figure.

- Legal Description – noting any encumbrances on the available title documentation and the impact on value and marketability of the property. Title research should also be conducted.

- Nature of interest – nature of interest to be valued – fee simple vacant, fee simple subject to tenancy or lessee's interest.

- Lease or license details – where the property is the subject of a lease, license or other agreement, the valuers should note all the relevant details on that lease/licence/agreement and their impact (if any) upon the value. Where no document is obtained or sighted in respect of the lease/licence/agreements, then reference to the fact should be noted in the report.

- Dimensions and Area – measurement covering land area should be provided

- Location and Locality – the position of the property in relation to the Central Business District (CBD), nearest town or regional centre, locality requires description of the neighbourhood and surrounding developments, drawing attention to prominent features which may affect value positively or negatively.

- Town planning/Resource Management – details of town planning approval is required here, noting the planning or the name of the planning authority and comment on the present use of the property with regards to its zoning. Valuer should take note of the need to sight and review any development or other consent and conditions that may affect the property. It is needful that the valuer comment on the 'highest and best use' of the property; and also considers any public or private authority reservations, designations or proposals.

- Site, services and environmental Hazards – description of the nature of the site, its services and information on any significant observable/visual or known hazards such as mining sites, flooding, site contamination, inadequate drainage etc. Valuers should indicate that they are not expert in contamination issues (unless that is the case) when comment is made on such matters.

- Structural Improvement – description of structural improvements touching approximate age, area and accommodation of buildings and their general state of repair should be included.

- Lease(s) – where a property is under lease(s), it should be clearly stated. A statement should be made regarding source of the documents and whether they have been sighted or not.

- Outgoings and Recoveries – operating expenses should be included where a property is under one lease or more leases which permit the use of the income capitalization approach.

- Marketability – information regarding any inherent or external features favourable or adversely affecting the marketability of the property should be noted.

- Further investigation other experts – any information that may require input from other expert should be noted.

- Condition of the market – requires information on the market circumstances for the class of that property. More detailed analysis of the market dynamics may be appropriate.

- Market Evidence – comment on any sale of the subject property within the previous 3 years (or longer if considered relevant) and any known circumstances regarding the sale. In case of property this should include sales and rental data evidence and justification by reference to the market evidence of any capitalization rate adopted.

- Single Valuation Figure – market value should be reported as a single valuation amount.

- Sale in One Line or Single Transaction – valuation of multiple properties in one development should be completed on the basis of a single transaction or sale in one line to one buyer. Valuation of multiple properties in one development, such as lots in a subdivision or units in a building, the sum of the individual values or gross realization assessed on the basis of an orderly marketing and sale program should be clearly defined as the total gross realization.

- Property Development – where the subject property is a proposed development, the report should state: source of information on which the report is based; valuation on an 'As if complete' basis, any assumption necessary to ensure the basis of the report is clear.

- General Market Advice – valuer may be required in some cases to provide general market advice on a specific property. Valuers should be aware that such advice may still be interpreted in a legal sense as a valuation. The scope of work should be defined to protect the interest of all parties who may rely on the advice.

- Going concerns – a property valued as a going concern should: state the source of the trading figures; have annexed to it, a copy of trading figures supplied; and show any adjustments made to those figures in the valuation process.

- Disclaimer and Qualifications – appropriate disclaimer and qualifications should be included in a valuation report.

- Signing the Report (endorsement) - the report should be signed by the person who carried out the valuation (who must be the person who inspects the property. Where the report is counter – signed, the capacity in which the counter – signatory is signing the report must be stated. This is to clear the doubt that of anyone relying on the

report who might otherwise be under the impression that a co – signatory signing as a 'valuer, would have also inspected the property and had significant involvement in the valuation process. An example, the following clause could be used:

> *The counter signatory, who has read and signed this report, verifies that the report is genuine and is endorsed by (firm name). The opinion of value expressed has been arrived at by the person who conducted the valuation* (Australia & New Zealand Property and Valuation Standards, ANZPVS, 2012:8.1.2).

The Hong Kong Institute of Surveyors' Valuation Standards (2012) stated categorically that it is one of the objectives of the valuation standards to provide standards on reporting of valuations for the valuers to follow in communicating such analysis and opinion in a manner that is not misleading to their clients and readers. It further stated that the format and extent of the detail of the report are a matter of the valuer's discretion except where the report is to be provided on a form supplied by the client. The presentation of the valuation report should take into account the need for any special format and should contain the following minimum required information:

a) the identity of the client;

b) the purpose of the valuation;

c) the subject of the valuation;

d) the interest to be valued;

e) the basis or bases of valuation;

f) the valuation date;

g) the status of the valuer and where appropriate and applicable, the disclosure of any material involvement, previously or current;

h) the currency in which valuation is to be expressed;

i) any assumptions, special assumptions, reservations, any special instructions or departures;

j) the extent of the valuer's inspections and investigations;

k) the nature and source of information;

l) any consent to, or restrictions on, publication;

m) any limits or exclusion of liability to parties other than the client;

n) the confirmation that the valuation complies with the requirements set out in the standards;

o) a statement or description of the valuation approach;

p) the analytical process and empirical data used to arrive at the value conclusion;

q) a statement of valuer's competency in performing the valuation;

r) the opinions of value in figures and words;

s) the name and signature of the valuers; and

t) the date of the report (HKIS, 2012:41).

The Uniform Standards of Professional Appraisal Practice (2014-15:17) requires in developing a real property appraisal that appraisers must:

a)   identify the client and other intended users;

b) identify the intended use of the appraiser's opinions and conclusions;

c) identify the type and definition of value, if the value opinion to be developed is market value, ascertain whether the value is to be the most probable price:

i) in terms of cash; or

ii) in terms of financial arrangements equivalent to cash; or

iii) in other precisely defined terms; and

iv) if the opinion of value is to be based on non-market financing or financing with unusual conditions or incentives, the terms of such financing must be clearly identified and the appraiser's opinion of their contributions to or negative influence on value must be developed by analysis of relevant market data.

d) identify the effective date of the appraiser's opinion and conclusion;

e) identify the characteristics of the property that are relevant to the type and definition of value and intended use of the appraisal, including:

i) its location and physical, legal, and economic attributes;

ii) the real property interest to be valued;

iii) any personal property, trade fixtures, or intangible items that are not real property but are included in the appraisal:

iv) any known easements, restrictions, encumbrances, leases, reservations, covenants, contracts, declarations, special assessments, ordinances, or other items of a similar nature; and

v) whether the subject property is a fractional interest, physical segment, or partial holding.

f) identify any extraordinary assumptions necessary in the assignment- an extraordinary assumptions may be used in an assignment only if:

i) it is required to properly develop credible opinion and conclusion;

ii) the appraiser has a reasonable basis for the extraordinary assumption;

iii) use of the extraordinary assumption results in a credible analysis; and

iv) the appraiser complies with the disclosure requirements set forth in USPAP for extraordinary assumptions;

g) identify any hypothetical conditions necessary in the assignment- a hypothetical condition may be used in an assignment if:

i) use of the hypothetical condition is clearly required for legal purposes, for purpose of reasonable analysis, or purpose of comparison;

ii) use of the hypothetical condition results in a credible analysis; and

iii) the appraiser complies with the disclosure requirements set forth in USPAP for hypothetical conditions;

h) determine the scope of work necessary to produce credible assignment results in accordance with the Scope of Work Rule (USPAP, 2014/15:17)

The USPAP categorises appraisal report into two which are 'Appraisal Report' and/or 'Restricted Appraisal Report'. A report that included parties other than the client is regarded as 'Appraisal Report'. When the intended users do not include parties other than the client, a 'Restricted Appraisal Report' may be provided. The distinction between these two options is in the content and extent of information provided. The category of report and level of information to be provided in each circumstance depends on the intended use and the intended users. A party receiving a copy of Appraisal Report or Restricted Appraisal Report in order to satisfy disclosure requirements does not become an intended user of the appraisal unless the appraiser identifies such party as an intended user of the assignment. The report content and level of information provided in USPAP standard are minimum for each type of report. The minimum reporting content of each are presented hereunder:

A) The content of an Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

i) state the identity of the client and any intended user(s), by name or type- an appraiser must use care when identifying the client to ensure a clear understanding

and to avoid violation of the 'Confidentiality' section of the Ethics Rule. There are instance when the client may like to remain anonymous, an appraiser must still document the identity of the client in the work-file but may omit the client's identity in the report. Intended users may be lender, employees of government agencies, partners of a client, and a client's attorney and accountant.

ii) state the intended use of the appraisal;

iii) summarise information sufficient to identify the real estate involved in the appraisal including the physical. Legal, and economic property characteristics relevant to the assignment- The real estate under consideration can be specified, for example a legal description, address, map reference, copy of a survey map, property sketch, and/or photographs or the like;

iv) state the real property interest appraised- this requires evidence of property right, as needed by copies or summary of the descriptions or other documents that reveal any known encumbrances;

v) state the type and definition of value and cite the source of the definition- stating the definition of value also requires any comments needed to clearly indicate to the intended users how the definition is being applied;

vi) state the effective date of the appraisal and the date of the report- the effective date of the appraisal establishes the context for the value opinion, while the date of the report indicates whether the perspective of the appraiser on the market and property as of the effective date of the appraisal was prospective, current, or retrospective;

vii) summarise the scope of work used to develop the appraisal- intended users' reliance on an appraisal may be affected by the scope of work, the report must enable

them to be properly informed and not misled. Sufficient information included disclosure of research and analyses performed and might also include disclosure of research and analyses not performed;

viii) summarise the information analysed, the appraisal methods and techniques employed, and the reasoning that supports the analyses, opinions, and conclusions; exclusion of the sales comparison approach, cost approach, or income approach must be explained- must include sufficient information to indicate that the appraiser complied with the requirements of STANDARD1. The details of the information required will vary with the significance of the information to the appraisal. The appraiser must provide sufficient information to enable the client and the intended user(s) to understand the rationale for the opinions and conclusions, including reconciliation of the data and approaches, in accordance with USPAP Standards Rule1-6

ix) state the use of the real estate existing as of the date of value and the use of the real estate reflected in the appraisal;

x) when an opinion of highest and best use was developed by the appraiser, summarise the support and rationale for that opinion;

xi) clearly and conspicuously:

- o state all extraordinary assumptions and hypothetical conditions; and
- o state that their use might have affected the assignment results; and

xii) include a signed certificate in accordance with USPAP Standards Rule 2-3

B) The content of a Restricted Appraisal Report must be consistent with the intended use of the appraisal and, at a minimum:

i) state the identity of the client, by name or type; and state a prominent use restriction that limits use of the report to the client and warn that the rationale for how the appraiser arrived at the opinions and conclusions set forth in the report may not be understood properly without additional information in the appraiser's work-file- an appraiser must use care when identifying the client to ensure a clear understanding and to avoid breaching of the Confidentiality section of the Ethics Rule. There are instances when the client wishes to remain anonymous, an appraiser must respect that but document the client's identity in the work-file;

ii) state the intended use of the appraisal- the intended use must be consistent with the limitation on use of the Restricted Appraisal Report option in the Standards Rule (i.e., client use only);

iii) state information sufficient to identify the real estate involved in the appraisal;

iv) state the real property interest appraised;

v) state the type of value and cite the source of its definition;

vi) state the effective date of the appraisal and the date of the report;

vii) state the scope of work used to develop the appraisal;

viii) state the appraisal methods and techniques employed, state the value opinion(s) and conclusion(s) reached, and reference the work-file; exclusion of the sales comparison approach, cost approach, or income approach must be explained;

ix) state the use of the ral estate existing as of the date of value and the use of the real estate reflected in the appraisal;

x) when an opinion of highest and best use was developed by the appraiser, state that opinion;

xi) clearly and conspicuously state:

- o all extraordinary assumptions and hypothetical conditions; and

- o that their use might have affected the assignment results; and

xii) include a signed certification in accordance with USPAP Standards Rule 2-3

USPAP Standards Rule 2-3 requires each written real property appraisal report must contain a signed certification that is similar in context to the following form:

I certify that, to the best of my knowledge and belief:

- o the statements of fact contained in this report are true and correct.

- o The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.

- o I have no (or the specified) present or prospective interest in the property that is the subject of this report and no (or the specified) personal interest with respect to the parties involved.

- o I have performed no (or the specified) services, as an appraiser or any other capacity, regarding the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment.

- o I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.

- o My engagement in this assignment was not contingent upon development or reporting predetermined results.

- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favours the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

- My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the 'Uniform Standards of Professional Appraisal Practice'.

- I have (or have not) made a personal inspection of the property that is the subject of this report. (If more than one person signs this certification, the certification must clearly specify which individuals did and which individuals did not make a personal inspection of the appraised property)

- No one provided significant real property appraisal assistance to the person signing this certification. (If there are exceptions, the name of each individual providing significant real property appraisal assistance must be stated). (USPAP, 2014/15:22)

The NIESV (national) Valuation Standards and Guidance Notes (2006), demands that a valuer assures that the analysis, information and conclusions presented in the valuation report fit the specifications for the assignment. The specifications for the valuation assignment include the following seven requirements:

a) An identification of the real property, personal (plan and equipments; furniture, fixtures, business or other) property subject to the valuation and other classes of property included in the valuation besides the primary property category.

b) An identification of the property rights (sole proprietorship, partnership, or partial interest) to be valued.

c) The intended use of the valuation and any related limitation; and the identification of any subcontractors or agents and their contribution.

d) A definition of basis or type of value sought.

e) The date as of which the value estimate applies and the date of the intended report.

f) An identification of the scope/ extent of the valuation and of the report.

g) An identification of any contingent and limiting conditions upon which the valuation is based (NIESV Valuation Standards & Guidance Notes, 2006:30)

The NIESV valuation standard manual is a fragmented portion of the 2003 edition of IVSC's valuation standards which is outdated. The seven-item minimum requirements cannot sufficiently cover a good valuation report. The NIESV Standards has the least requirement of all valuation standards manual capturing only seven items in the minimum reporting content. There are lots of critical requirements missing in the NIESV valuation standards. The standard does not provide for identification of the valuer; purpose of valuation; definition of value to be estimated; disclosure of any material involvement; extent of investigation; nature and source of information; state of the valuation approach; opinion of value in figure and words and also the currency adopted; signature of the valuer, pictorial representation of the property or interest valued.

The various valuation standard manual have captured basically what is required to be contained in a valuation report. However, there are some peculiarities noted in these valuation standards manual. A close examination showed that the Hong Kong Institute of Surveyors' Valuation Standard contains similar minimum reporting content with that of RICS Valuation Standard (Red Book); the only difference is in the alphabetical arrangements of how these requirements appear. The International Valuation Standards has not specified signature of the valuer. So also TEGOVA's Valuation Standards has not specified signature of the valuer. Definition of the type of value to be estimated is missing in almost all the

valuation standards except the USPAP. In all the Valuation Standards Manual examined, it is Australian and New Zealand's Property and Valuation Standards that captures legal description of the property (different from type of interest), location and locality (neighbourhood analysis), town planning requirements, site, services and environmental hazards (level of risk), marketability and markets advice (market analysis). Although what the International Valuation Standards provide is the 'minimum requirements' that is expected in any valuation standard manual provided at regional or national level and depending on the peculiarities of each market. For instance, in Nigeria, it is expected that valuers include pictures of the property in the report or as appendix due to cases of hypothetical valuation of properties that never existed. It was also observed that none of the valuation standard manuals provided guidance note on 'margin of error' (bracket) despite being featured prominently in recent times both in literature and in practice as debated by courts and academia. None of the valuation standard manuals gives guidance on compensation on bases of market value. These are obvious gaps that need to be addressed by national valuation standards depending on the peculiarities of the market. However, the Australia and New Zealand's Property and Valuation Standard is discovered to be more comprehensive for valuation of real property.

2.8.2 Basis of Valuation

Valuers must be able to establish the purpose of the valuation before they determine and adopt the most appropriate basis in any valuation task. In any particular case, the valuer should only use recognised bases of valuation that are compatible with the purpose of the valuation thereby ensuring consistency with the principles of transparency and coherence. The international valuation standard has provided guidance to assist valuers in determining appropriate basis in any circumstance.   Basis of valuation is the foundation or premise on which a valuation exercise is based. It is the aim for which the valuation is being carried out.

According to IVSC (2011), is a statement of the fundamental measurement principles of a valuation which represents the premise upon which the valuation is carried out. RICS Red Book (2012:29) presents basis of value as "a statement of the fundamental measurement assumptions of a valuation". It describes the fundamental assumptions on which the reported value will be based. These fundamental principles or bases of value can be categorised into three (IVSC, 2011:11) which include the following three.

❖ *Market Value*- it indicates the most probable price that would be achieved in a hypothetical exchange in a free and open market.

❖ *Investment Value*- it indicates the benefit that a person or an entity enjoys from ownership of an asset. The value is specific to that person or entity, and may have no relevance to market participants in general.

❖ *Fair Value*- it indicates the price that would be reasonable agreed between two specific parties for the exchange of an asset.

The target of every valuer is mostly to properly estimate the market value in any given circumstance unless where the basis required specified other bases other than the market value. It is therefore paramount and imperative to understand and explore the concept of 'market value'.

2.8.2.1 Market Value

There are various definitions of market value prior to the globally accepted definition provided by IVSC in 2003, but there is now worldwide acceptance of the definition of market value. According to IVSC (2011:20), "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 wherein the parties had each acted knowledgeably, prudently and without compulsion". Market value is the universally

acceptable common basis for valuing most resources particularly real property in all market based economies (IVSC, 2003).

The IVSC (2011) stated that the definition of market value shall be applied in accordance with the following conceptual framework:

"*the estimated amount*' refers to a price expressed in terms of money payable for the asset in arm's length market transaction. Market value is the most probable price reasonably obtainable in the market on the valuation date in keeping with the market value definition. It is the best price reasonably obtainable by the seller and the most advantageous price reasonably obtainable by the buyer. This estimate specifically excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of special value;

'*an asset should exchange*' refers to the fact that the value of an asset is estimated amount rather than a predetermined amount or actual sale price. It is the price in transaction that meets all the elements of the market value definition at the valuation date;

'*on the valuation date*' require that the valuation is time-specific as of a given date because markets and market conditions may change, the estimated value may be incorrect or inappropriate at another time. The valuation amount will reflect the actual market state and circumstances of the effective valuation date, not as of either a past or future date. The definition also assumes simultaneous exchange and completion of the for sale without any variation in price that might otherwise be made;

'*between a willing buyer*' refers to one who is motivated, but not compelled to buy. This buyer is neither over eager nor determined to buy at any price. This buyer is also one who purchases in accordance with the realities of the current market and with current market expectations, rather than in relation to an imaginary or hypothetical market that cannot be demonstrated or anticipated to exist. The assumed buyer would not pay a higher price than the market requires. The present owner is included among those who constitute 'the market';

'*and a willing seller*' is neither an over eager nor a forced seller prepared to sell at any price, nor one prepared to hold out for a price not considered reasonable in the current market. The willing seller is motivated to sell the asset at market terms for the best price attainable in the market after proper marketing, whatever that price may be. The factual circumstances of the actual owner are not a part of this consideration because the willing seller is a hypothetical owner;

'*in an arm's length transaction*' is one between parties who do not have a particular or special relationship, e.g. parent and subsidiary companies or landlord and tenant, that may make the price level uncharacteristic of the market or inflated because of an element of special value. The market value transaction is presumed to be between unrelated parties, each acting independently;

'*after proper marketing*' means that the asset would be exposed to the market in the most appropriate manner to effect its disposal at the best price reasonably obtainable in accordance with the market value definition. The method of sale is deemed to be that most appropriate to obtain the best price in the market to which the seller has access. The length of exposure time is not a fixe period but will vary according to the type of asset and market conditions. The only criterion is that there must have been

sufficient time to allow the asset to be bought to the attention of an adequate number of market participants. The exposure period occurs prior to the valuation date;

'*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 use 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. Prudence is assessed by referring to the state of the market at the valuation date, not with benefit of hindsight at some later date. For example, it is not necessarily imprudent for a seller to sell assets in a market with falling prices at a price that is lower than previous market levels. In such cases, as is true for other exchanges in markets with changing prices, the prudent buyer or seller will act in accordance with the best market information available at the time;

'*and without compulsion*' establishes that each party is motivated to undertake the transaction, but neither is forced or unduly coerced to complete it" (IVSC, 2011: 20)

The concept of market value according to IVSC (2011) presumes a price negotiation in an open market where the participants are acting freely. The market for an asset could be an international or a local market. The market could consist of numerous buyers and sellers, or characterised by a limited number of market participants. It also holds that the market value of an asset will ideally reflect its highest and best use. The highest and best use is the use of an asset that maximises its productivity and that is possible, legally permissible and financially feasible (IVSC, 2011). The highest and best use may be for continuation of an asset existing use or for some alternative use.

Valuation which is an act of estimating market value is generally perceived to be an inexact science which precludes 100 per cent accuracy in estimating market value which is the basis of most valuation, implies an estimation of most probable price (Ratcliff, 1972; RICS, 1998; Wyatt, 2003). This by implication means a range of market value exist in the market for a particular property, French and Mallison (2000) opined that the appropriate probability distribution would be a normal or bell-shaped distribution to reflect various market values for a property in the market place.
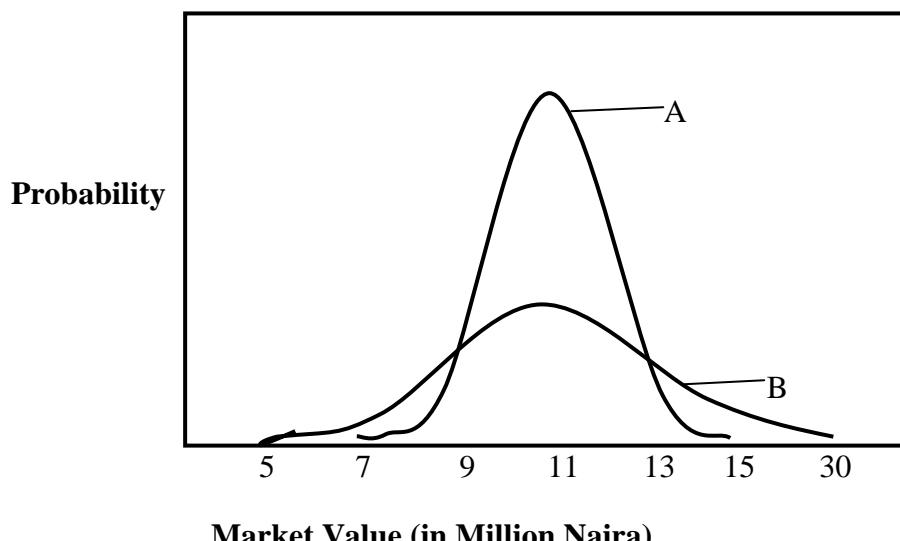
Market Value (in Million Naira)
Figure 2.1 Normal Distribution around Market Value

Figure 2.1 shows the normal distribution of market value. There is high tendency that the true market value which is unknown to any valuer is around 11 million naira. This does not mean 11 million is the only value reflecting the market value of the asset. For curve A, the market value may be found between 7 million and 15 million. For distribution B with wide spread, the range of market value is largely lying between 5 million and 30 million.

2.8.2.2 Bases other than Market Value

Although the commonest basis of value is the market value, however, there are instances where bases other than the market value may be required or more appropriate. The

International Valuation Standards (2003) stated that the object of the 2003 Valuation Standards 2 are to first to identify and explain bases of value other than market value and to establish standards for their application; and second to distinguish them from market value. It is therefore important to examine other bases of valuation other than market value. The RICS Red Book (2012) identifies four bases of valuation which are: market value, market rent, investment value (worth), and fair value. The TEGVA's Valuation Standards (2012) identifies other bases such as fair value, special value, investment value or worth, mortgage lending value, insurance value, and depreciated replacement cost other than market value. The NIESV Valuation Standards and Guidance Notes (2006:20) identify twelve different bases of value other than market value. These are value-in-use, limited market property, special purpose property, invest value or worth, going concern value, insurance value, assessed rateable value, salvage value, liquidation or forced sale value, special value, mortgage lending value, and depreciated replacement cost. It is obvious the Nigerian national standard is out of date and requires refinement to reflect global best practices and peculiarities of local market situations. In Australia and New Zealand there other bases of value recognised by law in statutory valuations. These bases include improved values, unimproved values, site values, land values, gross rental values, and estimated annual values or assessed annual values (ANZVPS, 2012). Other bases of value exist which fall outside the three/four bases identified by IVSC and RICS. These bases are termed as auxiliary bases of value which include going concern value, liquidation value, salvage value, direct business profit etc. (Ajayi, 2009; Ogunba, 2013). Most of these bases of value are no longer considered as bases in valuation. However, some of these bases offer good explanation to some purposes for value estimate and is important we examine them.

Fair value- is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants possessing full knowledge of all

the relevant facts, making their decision in accordance with their respective objectives (TEGOVA's Blue Book, 2012:37). The IVSC (2011:23) defined fair value as "the estimated price for the transfer of an asset or liability between identified knowledgeable and willing parties that reflects the respective interest of those parties". This definition has consideration for general market transactions where an opinion of fair value would not be expected to be the same as opinion provided to market value. Also TEGOVA's Blue Book looks at fair value from the accounting perspective which is specifically adopted as a term under IFRS with looser assumptions than the full definition of market value; it may often give the same meaning as market value. The definition of fair value in IFRS is different from the above. The International Valuation Standards Board (IVSB) considers that the definitions of fair value in IFRS are generally consistent with market value. For accounting purposes, fair value is "the price that would be received to sell an asset or pay to transfer a liability in an orderly transaction between willing market participants at the measurement date" (TEGOVA's Blue Book, 2012:37). For purposes other than use in financial statements, fair value can be distinguished from market value. Fair value requires the assessment of the price that is fair between two identified parties taking into account the respective advantages or disadvantages that each will gain from the transaction. It is commonly applied in judicial contexts. In contrast, market value requires any advantages that would not be available to make participants to be disregarded. Fair value is a broader concept than market value (IVSC, 2011); although in many instances, the price that is fair between two parties equate the market value obtainable. However, there will be cases where the assessment of fair value will involve taking into account matters that have to be disregarded in the assessment of market value, such as any element of special value arising because of the combination of the interest.

Special Value- is the opinion of value that incorporates consideration of characteristics that have a particular value to a special purchaser (IVSC, 2011). A special purchaser is a

purchaser who can optimise the usefulness of an asset compared to other market participants and whose opinion of price equates to a special value. The TEGOVA valuation standards also commented that where a particular property is valued by one acquiring party at a level above that which would present market value, that party may be described as a special purchaser and any figure of value reported in that circumstance represents a special value. This can be argued out on the ground that what a special purchaser wants is the opinion of market value as such the basis of the valuation should be market value not special value. At the same time, the interest of a special purchaser should be given a close look because it represents a purchaser with interest mostly in special property or special property to the market. Therefore, special value could be associated with elements of Going Concern Value. The valuer must ensure that such criteria are distinguished from market value, making clear any special assumptions made.

Another class of special value which the valuer may come across is the marriage value or synergistic value. It is defined as "an additional element of value created by the combination of two or more assets or interests where the combined value is more than the sum of the separate values" (IVSC, 2011:12). Where this value exists or is created, the terms of engagement and valuation reports should clearly specify where such values are required or will be provided and market value should also be reported to identify the differences between the two bases. Special value in the form of marriage value might often exist where the acquisition of a property, mostly a neighbouring one, unlocks extra value for the purchaser. It may be relevant to transactions between landlord and tenant. However, where a property offers synergistic value opportunities to several potential bidders (as by offering any of them greater scale of operation) then that may more usually be a function of market value.

Investment Value (Worth) - is the value of an asset to the owner or a prospective owner for individual investment or operational objectives (IVSC, 2011:12). Investment value relates to

specific investor, group of investors, or entity with identifiable investment objectives and/or criteria. Valuation prepared on this basis assess what an individual or entity may be prepared to bid, they are not expected to be consistent with or equivalent to valuations prepared on any other basis, including market value. Such valuations:

- o Are to determine the value for a specific individual investor with his own actual concerns rather than a hypothetical party
- o Do not assume an exchange of property between parties.

Mortgage Lending Value- is the value of a property as determined by a prudent assessment of the future marketability of the property taking into account long-term sustainable aspects of the property, the normal and local market conditions, the current use and alternative appropriate uses of the property (TEGOVA, 2012). Here speculative elements are not taken into account in the assessment of the Mortgage Lending Value.

Insurance Value – is the sum stated in the insurance contract applying to that property as the liability of the insurer should damage and financial loss be caused. The valuer is expected to pride an appropriate figure that will cover the property when asked to determine insurance value.

Market Rent- is the estimated amount for which a property would be leased on the valuation date between a willing lessor and a willing lessee on appropriate lease terms in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion (IVSC, 2011:12). This appears a modified version of market value. Market rent will vary significantly according to the terms of the assumed lease contract. The appropriate lease terms will normally reflect current practice in the market which the property is situated, although for certain purposes unusual terms may need to be stipulated. Matters such as the duration of the lease, the frequency of rent reviews

and the responsibilities of the parties for maintenance and outgoings will all impact the market rent. In some countries, statutory provisions may influence the terms that may be agreed, or restrict the terms in the contract. The valuer should take all the considerations into account. Market rent will normally be used to indicate the amount for which a vacant property may be let, or for which a let property may be re-let when the existing lease terminates. Market rent is not a suitable basis for setting the amount of rent payable under a rent review provision in a lease, where the actual definitions and assumptions have to be used.

Depreciated Replacement Cost (DRC) - it is regarded as a method to address market value in the absence of better evidence. DRC is the current costs of replacing adjustments for physical, financial and technical obsolesce. DRC is also known as 'Contractor's Method', can be used to give a value to properties for which there are not relevant direct market comparisons, by referring to a wider range of evidence from the market. These may often be properties with non-conforming, unusual or distinctive attributes, either in terms of construction, orientation, location or other spatial characteristics. In valuation standard manuals of some countries such as Nigeria, DRC is regarded as a basis of value in the national standards. Although the earlier edition of the International Valuation Standards presented DRC as a basis of value but has been revised and now presented as an approach to value and not basis of value. But in practice, DRC is generally regarded as an approach to value leading to market value.

Forced Sale - the term 'forced sale' is often used in circumstances where a seller is under a compulsion to sell and that, as consequence, a proper marketing period is not possible. The price that could be obtained in these circumstances will depend upon the nature of the pressure on the seller and the reasons why proper marketing cannot be undertaken. It may also reflect the consequences for the seller of failing to sell within the period available. This

cannot represent any basis of valuation but there are situation where the valuer may be requested to determine what value can be realised in such circumstance. The IVSC (2011) stated clearly that unless the nature of and the reason for the constraints on the seller are known, the price obtained in a forced sale cannot be realistically estimated. It therefore implies that valuers should not be reporting hypothetical forced sale value in their mortgage valuation. In fact, the 2003 edition of the IVSC Standards forbade valuers form reporting forced sale value. According to IVSC (2011), the price that a seller will accept in a forced sale will reflect its particular circumstances rather than those of the hypothetical willing seller in the market value definition. The price obtainable in a forced sale has only a coincidental relationship to make value or any of the other bases defined earlier or in the IVSC Valuation Standards. A "forced Sale" is a description of the situation under which the exchange takes place, not a distinct *basis of value* (IVSC, 2011:25)

These bases need to be understood by valuers and when to correctly use them in relation to the appropriate purposes of the valuation assignment. It is not uncommon to see valuers mistaken basis of valuation for purpose of valuation.

2.8.3 Purpose(s) of Valuation

The purpose of a valuation exercise is the estimation of the kind of value required to serve the client's objective (Udo, 2003). It is obvious to see that the purpose of valuation would differ according to the client's problem. This is why it is possible to obtain different kinds of value for one property investment. According to Ogunba (2013), the purpose of valuation refers to the use to which the valuation is to be put and should be agreed between the client and the valuer. The following are the purposes of valuation which consequently determine the type of valuation method to be adopted: sale, purchase, mortgage, rental valuation, insurance, balance sheet, going concern, compensation, auction reserve, redevelopment, rating/taxation,

probate etc (Udo, 2003; Ogunba, 2013). It is very important to understand the relationship between purpose of valuation and basis of valuation. A good number of valuers often interchange their contextual meaning and practical applications. Although the valuation standards did not specify any purpose that may be required by the clients, it should be noted that the purpose of valuation is determined by the client and the basis of value is determined by the valuer.

2.8.4 Approaches to Value or Methods of Valuation

Approaches to value or Methods of valuation will depend from country to country. The IVSC (2011) recognises basically three methods (approaches) that are universally accepted- the market approach, income approach, and the cost approach. The UK practice and most of the Commonwealth Countries have five methods of valuation- the market approach, income approach, cost approach, profit method, and the residual method (Ajayi, 2009). These are known as traditional or conventional methods of valuation. There are other advanced or contemporary valuation methods which include artificial neural networks (ANNs); hedonic price method; spatial analysis methods; fuzzy logic; autoregressive integrated moving average (ARMA); real options method; and rough set method (Pagourtzi, Assimakopoulos, Hatzichristos & French, 2003; Lorenz, 2006). Those methods that rely on a range of valuers' observations to influence the model are known as the traditional or conventional method; while those methods that try to analyse the market by direct mimicking the thought process of the players in the market to estimate the exchange price are referred to as the advanced or contemporary methods (Pagourtzi et al., 2003). These methods can be classified and described as follows:

2.8.4.1 Traditional or Conventional (Approaches) Methods of Valuation

The conventional approaches to value are the most widely used approaches to value known worldwide. They are basically five but only three of these approaches- market approach, income approach and cost approach are the most recognised in all the valuation standard manuals including the International Valuation Standards. The remaining two approaches- profit and residual are mostly applicable to commonwealth countries. These conventional approaches to value are hereunder discussed.

i. Market Approach/Sales Comparison- The market approach or sales comparison method (Direct Market Comparison) is often regarded as the best, most widely used, and reliable approach to valuation (Ifediora, 2005; Ogunba, 2013). The approach provides an indication of value by comparing the subject asset with identical or similar assets for which price information is available (IVSC, 2011; 26). The property to be valued (subject property) is assumed to have close similarities to the selling prices of similar properties (comparable properties) within the same market in the same area. The method is based on the principles of substitution and demand and supply (Ifediora, 2005; Ogunba, 2013); and on the understanding that the best evidence of market value is market price. The demand and supply principle holds that value is determined through market interaction of buyers and sellers while substitution holds that a purchaser would not pay anything than it would cost to replace an asset based on comparable utility and desirability (Appraisal Institute, 2001; Ogunba, 2013) The valuer selects comparables that are similar in size, shape, location and with evidence of recent sales. It is expected that the valuer will adjust the selling price of each comparable to reflect differences in size, age, quality of construction, transaction date, surrounding neighbourhood etc. since no two properties are exactly alike (Pagourtzi et al., 2003). The reliability of this approach depends on the availability, accuracy, completeness, and timeliness of sale transaction data. Castle and Gilbert (1998) opined that information

required for the use of this approach could be sourced from government records, data vendors, and valuers' network of local contacts. According to Pagourtzi et al. (2003), comparable sales analysis procedure may be viewed as a four-part process:

> ➢ "For a given property, finding the most comparable sales;
> ➢ Adjusting the selling prices of the comparable to match the characteristics of the subject;
> ➢ Using the several estimate of value to arrive at an estimate of market value; and
> ➢ Presenting the results in report format suitable for viewing or printing"

The international valuation standards like most of the standards require valuers have at least three comparables that are in the same neighbourhood with the subject property before using this approach. This approach to value is recognised by the International Valuation Standards and all other regional and national standards.

ii. Income Approach(Investment Method)- The Investment Method (a UK term) is described in the International Valuation Standards as the Income Approach (a US term), is used for valuing properties that are producing income (rent). This method of valuation is based on the principle of anticipation which holds that value is created by the expectation of benefits to be derived from possession, operation and or capital gain at re-sale (Ogunba, 2013). The principle shows the relationship between anticipated earnings (rental income) and the value of comparable property types. It therefore implies that value of a property to an investor while using the approach, depends on the benefits which he expects to derive from the property. This method assumes that the value of a property equals the sum of the present values of all the anticipated future net incomes from the property, discounting at the appropriate yield. According to Ajayi (2009), the variables employed in the income approach to value are rent (gross rent), outgoings, and yield/discounting rate and is expressed as:

Capital Value = Rack Rent (gross rent – outgoings) X 1/Initial Yield

There are two approaches under the income approach to value (Ajayi, 2009):

✓ The income capitalisation approach which is sub-divided into four: the term and reversion method (vertical slicing income); the layer method (horizontal slicing income); the hard core method (a variant of the layer method); and the equivalent yield method.

✓ The Discounted Cash Flow (DCF) method which is an improvement on the conventional investment method by making explicit assumptions in respect of presented income streams and yields.

This approach to value is recognised by the International Valuation Standards and all other regional and national standards. In Nigeria, valuers believe that the income approach to value at present provides capital value estimate lower than the market price and that for this method to be used, adjustment of constituents variable would be required to give accurate capital values (Ogunba 1997; Ogunba & Ajayi, 1998, 2000, 2007; Ogunba, Ajayi & Aluko, 2005; Bello & Bello, 2007), as such they resort to using cost approach (depreciated replacement cost method) to value because it produces estimates that reflect market prices and is now considered most suitable approach of valuing income producing properties. The income approach has come under intense criticism in recent times due to logical and arithmetic error and the implicit nature of yield used (Bowcock, 1983; Crosby, 1991; Brown, 1991; Baum & Macgregor, 1992; Ajayi 1994). The problem with the investment method of valuation in Nigeria stemmed from the use of foreign valuation tables which assume annual rent is paid in arrears whereas rent is often paid two years in advance at commencement. Igboko (1992) attributed this to inconsistency arising from the valuation theories derived from UK literature and the actual evidence obtainable from local market practice.

iii. Cost Approach (Contractor's Method) - The cost approach or contractor's method is used in the valuation of specialised properties that are rarely sold in the market. These include

worship centres, schools, fire station, nuclear power stations, oil refineries etc. This approach is used where there are no comparable or where the properties are not producing income (rent). The cost approach is based on the principle of substitution which holds that no rational person will pay more for a property than the amount for which he can obtain for equal desirability and utility. The depreciated replacement cost method approximates the value of a property by estimating the cost of constructing new similar property and making adjustment to allow for obsolescence and depreciation of the existing building relative to the new hypothetical unit. The valuer assesses the market value of the land using comparison approach and added to the value of the depreciated cost of new building. Land is not depreciated while estimating land value because land is assumed does not depreciate in value. This approach to value is recognised by the International Valuation Standards and all other regional and national standards. Akinyode (1987) examined sixty seven valuation reports drawn from fifteen practicing valuers and reported that the depreciated replacement cost (DRC) method was the most often used basis of valuation by valuers in Nigeria. Ajayi (1997) argued that the value arrived at using DRC method is often high as a result of blind reliance on an over simple methodology. Otegbulu (2001) attributed this high figure arrived at by DRC to unrealistic physical depreciation allowed for in the valuation, and absence of provision for functional, technological and economic obsolescence where they apply.

iv. Profit Method - In cases where the factors that determine the value of the property are so unique that comparison with other properties is not feasible, the value can be estimated by considering the actual level of business (level of sales, profit etc.) achieved in the property. This method is based on the consideration that the market value of a property built and used for certain types of business depends on the level of profit derived from the use of the property for the particular business, the first step in using this method is to determine the gross profit from the trading accounts; then from the gross profit, the working expenses are

deducted to get the net profit. Certain percentage (interest) is taken from the net profit to allow for the tenant's capital, what is left is called the divisible balance, to be shared between the landlord and the tenant. Rates are then allowed for to get the net rent of the property, which is converted to the capital value of the property by multiplying it by an appropriate years purchase (YP). This method is the combination of accounting procedure and the investment method of valuation and it requires knowledge of the type of business performed in the property as well as ability to interpret financial accounts and analyse profit (Johnson et al., 2000; Ifediora, 2005).

v. Residual Method- Property stands to be destroyed and crated as the need be under the process of development or demolition and redevelopment, which is required to meet the changing demands of society. Thus, the valuer is often needed to give a valuation of land or building which are to be developed or redeveloped. The valuer therefore, may be able to arrive at such a value by direct comparison with the sale of other similar property which is to be developed in a similar manner. In many instance, this may be impracticable because of the unique nature of the property in question and the development proposal. The residual method of assessing the value of ripe urban site for development and redevelopment involves the introduction of capital investment which will release the latent value of such site because urban site values are not static. This means that the same site is capable of commanding different values under different development projects that could be built unit. Urban sites are of two types:

a. Vacant site

b. Sites presently being occupied by obsolete structures that have to be demolished.

The residual method of valuation is a combination of the contractor's and the investment methods and also involves the same level of mathematical initiatives as well as their shortcomings (Ifediora, 2005).

In the US, the profit and the residual methods are grouped under the income approach. The last two approaches (profit and residual methods) are only applicable to UK and Commonwealth countries including Nigeria.

2.8.4.2 The Advanced/Contemporary Valuation Methods

The contemporary approaches to value are the advanced contingent techniques for estimating value evolving and are not captured in the valuation standards. The valuation standard manuals are silent about it because of the conditions for their application. The advance valuation approaches are hereunder discussed.

i. Artificial Neural Networks (ANNs)- This method is an extension of hedonic pricing methods employed because of its flexibility and in order to better handle potential non-linearity in the hedonic functions. The model is designed to replicate the human brain's learning process to use a neural network to estimate property values by training it with a set of property data (transaction prices or rent levels associated with building characteristic) from the same market (Lorenz, 2006). According to Pagourtzi et al. (2003), the method has three components: the input data layer; the hidden layer (s) (black box); and the output layer (the estimated property values). They further clarified that the hidden layer (s) contains two processes which are the weighted summation function and the transformation functions. Both the two functions relate the values from the input data (property attributes such as age of house, lot size, total area etc.) to the output measures (the sale price). The weighted summation function used in a feed forward/back propagation neural network model is given as:

$$Y_j = \sum_j X_i W_{ij} \qquad\qquad\qquad \textbf{... Eqn. 2.1}$$

Given X_i is the input values and W_{ij} is the weights assigned to the input value for each of the j hidden layer nodes. A transformation function provides the summation value(s) of the hidden layer(s) to the output variable value(s). The method is bedevilled with lack of transparency as there is no clear functional relationship between input and output (Lorenz, 2006).

ii. Hedonic Pricing Method- This model provides a framework for determining house prices based on the identified units that make up the house attributes whose features do not have observable market prices. The model works on the assumption that different attributes of the property have unique characteristics which contribute in their overall relationship to the price of the property identified in the model (Cassel & Mendelsohn, 1985). The method employs multiple regression analysis on large transaction sets with regards to all attributes determining the price of the product. The hedonic estimation is used traditionally in housing studies to infer about non-observable values of different attributes like airport noise, commuter access, and neighbourhood amenities (Janssen, Soederberg and Zhou, 2001). Kauko (2003) remarked that the model aims at measuring the value market participants place on these different quantitative and qualitative characteristics.

iii. Spatial Analysis Method- This method involves a more intensive spatial analysis of property prices to establish a fixed neighbourhood or composed sub-market in terms of developing terrain of surface models using spatial interpolation. The spatial interpolation techniques use Geographic Information System (GIS) to establish discrete reference points for sub-areas from a function that will best represent the whole surface is determined which is subsequently used to predict values at other points or sub-areas (Pagourtzi, et al., 2003). The GIS handle raster and vector data according to Lorenz (2006) are made of two types of data bases which are: the spatial database meant for to describe the location, the shape of

geographic features, and their spatial relationship to other features; and the attribute database which contains data on the characteristics or quality of the spatial features (i.e. descriptive information). The GIS helps the valuers in proximate analysis- for instance, how many houses are within 1km of dangerous waste site; and also in overly analysis- for example, how many people live within 1km of hazardous waste site and which of them live in areas with the greatest risk of exposure? This method can be employ to identify location attributes and neighbourhood factor that may not be explicitly explained within the hedonic and other price models (Pagourtzi, et al., 2003).

iv. Fuzzy Logic- Fuzzy logic was introduced Zadeh in 1965 which permits the notion of nuisance based on fuzzy set theory. The model deals with the imprecision of processing data by allowing partial set membership rather than crisp set membership and non-membership (Lorenz, 2006). Fuzzy logic permits notion of nuisance instead of assuming that something is either true or false or that an object either belongs to a set or not. The model operates with linguistic or fuzzy variables that are programmed to a series of rules that explains the outcome from the response of an input condition. These rules are based on a programmed language of "if … then … and" (Bagnoli & Smith, 1998). For instance if the output set two rules in the form of: 'if distance to public service amenities is much then value is low; and if distance to public service amenities is less then value is high'. This Kauko and d' Amato (2004) described the fuzzy logic as computing with words. The method provides a way to arrive at definite conclusion based on vague, noisy or missing input information (Kaehler, 1998). The model is suitable for property valuation for its advantages of being more realistic approach through the use of linguistic variables rather than numbers; also for hierarchical ranking of the objects (e.g. building, lots) and not an inclusion list (Pagourtzi, et al., 2003).

v. Autoregressive Integrated Moving Average (ARIMA)- ARIMA models are time series model used for economic forecasting on the strength of direct modelling of the lagged

relationship between a data series and its past. Autoregressive (AR) can be combined with Moving Average (MA) to form a general and useful class of time series models called Autoregressive Moving Average (ARMA) model which can only be used when the data are stationary (Chin & Fan, 2005). However, when Autoregressive Moving Average (ARMA) are extended to non-stationary series by differencing of the data series which are often referred to as autoregressive integrated moving average (ARIMA) models (Pagourtzi et al., 2003; Chin & Fan, 2005). The model gives a better understanding of how property prices change with respect to the national economic climate.

vi. Real Option Method- This method is more or less an extension of residual method of valuation used for either vacant land or existing structures standing for demolition and redevelopment potential. The method is rooted in mathematical application of financial operations pricing theory to property investment (Lorenz, 2006). The difference in the application of real options method and residual method lies in the former assuming that land is a call option on its consideration of asset and should reflect a premium for the options to select an optional time and scale of development while the later (conventional residual) method assumes that value of land is the difference between market value of the completed project and the gross development costs (Sing & Patel, 2001). The real option method is employed when an investor is more concerned with entrepreneurial flexibility and considers property as a product of miscellaneous decisions that are required out of a range of options (Lucious, 2001; Sing &patel, 2001; Cauley& Pavlov, 2002; Leung &Hui, 2001). The limitation of this method lis in the difference between financial and real options which requires high mathematical initiatives which applying in real practice is a complex exercise.

vii. Rough Set Method- This method offers a logical multi-criteria method to the valuation and price modelling arena which is based on rough set theory and derives Boolean rules from actual market data and not from expert knowledge (Kauko& d' Amato, 2004). This method

has been used in data mining, bankruptcy risk evaluation, system theory etc. while its trace in real property valuation was first in the work of d' Amato (2002). The method estimate explicitly property prices from the knowledge of the data and from their organisation without any interpretative model as opposed to fuzzy logic or hedonic pricing methods (d' Amato, 2002). Property valuation comes into play in the process of defining deterministic rules between the property features and their prices (Lorenz, 2006). This method can overcome two major limitations which include: avoiding interviewing of and relying on experts premised on using actual market data; and using fuzzy class boundaries avoids a too 'straightjacket model structure (Kauko & d' Amato, 2004). Lopez (2006) remarked also that the method can be superior to artificial neural networks since it is surely more transparent and more qualitative. More so, it can be applied to explain property market cycles besides mass appraisal applications. However, just like the earlier discussed advanced approaches, the method is on an infant stage of being experimental, it has not yet been applied by practitioners on a wider practice.

2.8.5 Relationship between Price, Cost, and Value

The distinction between price, cost, and value are important to the operation of markets because of the specific functional relationship each describes.

Price is a concept that relates to the exchange of a commodity, good, or service. Price is the amount that has been asked, offered and paid for the item. Once the exchange has been transacted, the price becomes an historic fact. The price paid represents the intersection of supply and demand.

Cost is a production-related concept, distinct from exchange, which is defined as the amount of money required to create or produce a commodity, good, or service. Once the good is completed or the service is rendered, its cost becomes an historic fact.

Value is the price most likely to be concluded by the buyers and sellers of a good or service available for purchase. Value establishes the hypothetical, or notional, price that buyers and sellers are most likely to conclude for the good or service. Thus, value is not a fact, but an estimate of the most likely price that will be paid for a good or service available for purchase at a given time Brekke & Howarth, 2002).

2.9 Related Studies on Valuation Standards in Europe, US, Australia and Asia

The outcome of the Mallinson report of 1994 led to a proposal to RICS which influenced significantly how many valuations and appraisals are undertaken. The report suggested areas that require improvement and research. The report also highlighted issues related to the process of valuation, the way in which valuations were to be reported, and the methodology to be used. The report contains 34 recommendations intended to help valuers in providing the clients with the appropriate information for any particular requirement in line with the best practice (French, 1996). In response to the development stemming from Mallinson report, French (1996) investigated investment valuation in London in an attempt to provide solution to recommendation 25 of the Mallinson report which required RICS to take the lead in the use of Discounted Cash Flow (DCF) technique and develop new methodologies and information bases with the object of reducing valuers' dependence on current all-risk yield methods and that guidance notes should be produced for the new techniques which should be developed and presented to common professional standards. The author employed the survey research approach in the study and administered 100 questionnaires in all- 23 to practitioners in London 35 to smaller firms, 9 to property companies, 5 to accountancy firms, and to 8 institutions 53 questionnaires were reportedly completed and returned. The study revealed a consensus opinion that when undertaking calculation of worth, the DCF method should be used as the cardinal method but combined with the use of traditional techniques alongside. Conversely, when pricing property; the traditional method was considered to be the

appropriate method. With regard to the actual method adopted, the findings showed that most valuers prefer the use of traditional methods for freeholds and favoured the use of all-risk yield/equivalent yield approach using layered income flows. Those using DCF prefer the short-cut approach with reversion to a sale price after the first change of income. The questionnaire in the study was not detailed enough to compare approaches adopted on similar case studies, but provided an indication that more firms now in UK are utilising DCF techniques than previously thought. The author recommended that RICS should provide guidance notes to aid valuers in their work and perhaps suggest a standardised format (not approach) for explicit method to ensure consistency of approach across the profession.

Mackmin (1999) examined the use of valuation standards among different countries in Europe. He looked at the development of national, regional and international standards in Europe. The author identified cross-country variations in market valuation practice as a result of differences in law, culture and custom. He reported that these differences in valuation practice cannot all be addressed by international and regional standards; but can be adequately addressed by national valuation standards. However, the author acknowledged the need for uniformity of valuation standards at regional and international levels where possible. The study was limited to Europe and nothing is mentioned about Africa.

Mcparland, McGreal and Adair (2000) criticized the use of national valuation standards and advocated for the development and use of regional standards so as to foster political and economic unification in the European Union. The authors pushed for uniform acceptable valuation standards across European Union countries. They maintained that as business and investment is increasingly regional rather than national within the European Union, valuers should work towards the uniformity of valuation practice. The paper identified the need to understand national pricing methods, and ensure greater transparency of investment valuation

methodologies. The paper advocated for the use of TEGOVA in Europe and was silent about Africans as a region.

In the US, Ellis (2000) attempted to apply the US Uniform Standards of Professional Appraisal Practice (USPAP) and the Australian code for mineral valuation (VALMIN code) in the US. The author pointed out that VALMIN requires modification before it can be applied to complement USPAP in the US. Some of the requirements under VALMIN could not be provided for in the US business environment and their operation could violate some legal provision in the US regarding real property appraisal. The author advocated for harmonization of international standards on mineral valuation across countries and regions in the wake of globalization of business across international boundaries.

The International Valuation Standard Council in 2000 came up with a committee to look into some of the difficulties encounter by valuers in emerging markets in Asia regarding use of International Valuation Standards. The committee was made up of valuers from central and Eastern Europe and some Asian markets considered to be emerging property markets. These regions were represented by countries such as Thailand, Romania, China and Malaysia. The IVSC remarked that it was possible to identify some attributes such as poor or inadequate legal framework, lack of published information or difficult access to information in respect of market transactions that characterized emerging markets of Central and Eastern Europe as well as Asia which impede valuation best practice. IVSC also noted that inadequate land use planning laws would restrict valuers from carrying out highest and best use analyses, while market volatility would hamper proper dissemination of market information. Further, it noted lack of trained professional could give room to proliferation of unreliable professional services.

The IVSC in 2001 came up with a white paper as an outcome of the position paper of the earlier committee set up in 2000. With a view to providing valuation standards that serves the

need of emerging and evolving markets. The white paper having taken into consideration legal, institutional and economic characteristics of emerging markets, reported that these markets should adhere to all fundamental principles and tenets of best practices required by the International Valuation Standards 2003. However, where this is not feasible they advised that valuers should do 'the next best thing'. The paper advised banks and other financial institutions to note the characteristics of these emerging markets and encourage efficient functioning of the property markets in these countries. The IVSC considered only emerging markets of Central Europe and Asia. Nothing was mentioned about emerging markets of Africa and Nigeria in particular.

Milgrim (2001) examined problems of harmonizing valuation standards at international level. The author used Japan as a case study and identified differences in property markets, laws, valuation, practices and concepts, terminology and methodology as the major constraints to harmonization of standards globally. The author remarked that although the step taken by IVSC to develop international standards of practice is a positive step in the right direction but is onerous.

In the same vein, Kolbre and Kask (2001) in Estonia assessed the necessary steps required towards harmonization of valuation practice and valuation standards in their country and that of Europe as a region. The authors noted that harmonization of standard of practice would also involve establishing minimum educational requirements with a common certificate for potential would be valuers in Europe. They suggested certain precursory steps in Estonia toward achieving harmonization in Europe. These include, promoting and conforming to European and international valuation standards active involvement in the harmonization of the education systems in Europe that provide for establishing high qualification for valuers; co-operation with international valuers associations from different countries, formalizing

process of certifying professional valuers approved by TEGOVA; and ensuring high quality of real estate valuation in Estonia.

In a follow up to his earlier paper, Ellis (2001) examined the prospect of U.S. and Canadian mineral valuation in comparison to Australia's VALMIN Code. He reported that there is significant effort internationally to rationalize standards and establish qualification for valuation professionals. This internal process in the US and Canada is going on by periodic revision of Uniform Standards of Professional Appraisal Practice. However, the author noted that mineral valuation standards in the U.S. are not functional as securities Exchange Commission in the US prohibits reporting of quantitative estimates and values for non-reserve minerals. He remarked that U.S is among the slowest countries in implement valuation standards, and such reluctance with other barriers such as US State level licensure barriers have potentials to impede U.S. appraisal profession. The author clamored for amendments in the Australian VALMIN code to avoid conflicts with the international valuation standard. He also suggested that mineral valuation standards developers in Australia, U.S. and Canada should collaborate in updating VALMIN so as to be adopted for global use.

In Thailand which is an emerging property market, Trairatvorakul (2001) noted the absence of a valuation regulatory authority despite two functional professional associations. He reported that the two associations have their separate sets of valuation standards. The author supported convergence of these standards and made a case for the enforcement of the standards in Thailand. He concluded that without enforcement, the standards are virtually insignificant. However, this study failed to consider Nigeria's position or that of emerging markets in Africa.

Prompted by the worrisome development that UK valuers are not perceived as professionals in the field of business valuations compared to their counterparts in the US and Europe,

Wyatt (2001) undertook a study in Britain, UK to examine the nature of valuation service valuers offer to business occupiers. The study was aimed at investigating whether valuers and valuations have a role in the provision of more strategic property advice to their business clients. The research administered over 250 questionnaires to business owners to elicit data on the role of property and the use of valuations in strategic business management. The results revealed that, despite valuers becoming increasingly involved in determining corporate efficiency and the use of valuations for this purpose, business owners do not recognise valuers in a strategic role. Instead, many firms view valuers as providing a single valuation service - mostly the estimation of market value for purchase/sale decisions and corporate disclosure. The study suggested that valuers do have a role to play in the provision of more strategic advice but the valuers need to understand the client's wider business needs and how property plays a part in the client's business. The author recommended that the valuation standards in the UK (the Red Book) should provide commentaries that will aid valuers' understanding of the client's business and also the profession must convince clients that it can provide more with growing sophistication. The relevance of the study to this work is limited by the fact that it failed to show the respondents' rate of return and focused only on business valuations.

In a similar position paper, Ellis (2002) commended the effort of international valuation standards council in initiating positive steps towards developing standards for the extractive industries in the IVS. The author noted that the South African Institute of Mining Metallurgy (SAIMM) had initiated process toward developing its own valuation guidelines for extractive industries. He cautioned that SAIMM should not embark on the project, rather it should adopt the forthcoming IVS which would capture standards for extractive industries. This he argued that a standard for the extractive industries developed by IVSC has global acceptance and

recognition. Ellis work in this regard was limited to extractive industry and focused on US with only reference to Australia's VALMIN and South Africa's mineral valuation standards. Panerleano (2002) in a study of emerging markets in Asia reported that some countries do not have valuers' professional bodies and as such, there is absence of use of international standards. He noted that in Japan, valuers rely on cost approach even where there is evidence of recent sales for comparison and available information for income approach in market based transactions. However, they advanced reasons for the adoption of cost approach on the ground that there is lack of market data. More so, most of the appraisers have architectural and engineering background and are therefore biases to use cost for basis of valuations. The author argued that emerging markets in Asia should resort to using professional appraisers to avoid consequences that may come by short changing professional appraisers. He cited the findings of Heikenstein (1998) in Sweden pointing how property market crash was avoided by demanding for the requisite valuation skills in practice and compliance with strict best practice rules. Pomerleano also cited in contrast to Sweden position studies by Eschweiler (1999) to buttress how lack of expert appraisal skills and credible valuation in countries like Japan and Thailand led to mortgage loan crisis all premised by absence of standards of practice.

A study in Portugal by Reis, Downie and Fisher (2002) examined the level of conformity to valuation standards among valuers. They examined broad categories of issues touching valuation practice in Portugal. They started by considering the decision of European Union Council when they met in Lisbon in March 2000 which resulted in setting a deadline of 2005 for implementation of the Commission's financial services. The decision prompted EU to demand that all companies whose securities are traded publicly should prepare their accounts in accordance with the International Accounting Standards from 2005. They observed that International Accounting Standards for traded companies cannot provide full transparency

and consistency unless there are accompanying standards for valuation. The authors lamented how valuation practice and its level of standardisation at the time varied significantly among the European countries as identified by McParland (2001). Secondly, they examined the operation of valuation standards at international, regional and national levels. The authors established the formation of IVS by IVSC at international level with over 50 member organisations world over. At the regional level, they cited the European Group of Valuers Association (TEGOVA) which is committed to the publication of valuation standards for application across Europe. They asserted that the valuation standard by TEGOVA for the European countries has not achieved its intended purpose significantly. They supported their argument citing McParland (2001) which investigated the influence of TEGOVA's valuation standards in France, Germany, The Netherlands, and Sweden and found no significant impact on the harmonisation of valuation standards in Europe. They stated that at national level, valuation standards exist in form of rules and guidance notes in some cases, as inclusions in legislation in other cases while others existed as advisory directives only. Thirdly, Reis et al. (2002) reported that valuation in Portugal has been carried out initially by military personnel from the Land Registry Institute and afterward by engineers and lawyers almost exclusively for tax and legislative purposes. This was the situation until the early 1980s when economic expansion resulted in a property boom which attracted foreign investors to real estate as a result of fringe benefits of Portuguese membership of the EU. This prompted the need for valuers to advise investors which is as a result of continuous training in the form of a two day course on valuation for several years organised by the group of valuers. Now property valuation is included in the curriculum of a degree programme in property management and another in engineering. The authors remarked that with the establishment of the Portuguese Association of Engineer Valuers (Associacao Portuguesa de Avaliadores de Enginharia, APAE) improvement in valuation standards was expected. At a conference in October 2000,

APAE reaffirmed its commitment to start promoting the use of TEGOVA's valuation standards by its members. In a new and recent development, the authors reported the establishment of Portuguese Association of Property Consultants (Associacao Portuguesa de Consultores Imobiliarios- ACIP) which also aims at implementing the use of IVSs in Portugal. The study employed survey research approach and administered a good number of questionnaires over a period of time from the conference of Portuguese Association of Engineer Valuers (APAE), to valuers attending courses at different levels who could not attend the conference. Overall 300 questionnaires were distributed and 131 were found usable for the analysis. The study justified the sample size from the obtained population on the ground that there was no register to establish the total population of valuers in Portugal. The result showed among other things that only 5 valuers among the respondents use any of the valuation standards; market value and depreciated replacement cost (DRC) are the common bases used by Portuguese valuers; and the DRC is the commonly used approach even for business premises. Also, Portuguese clients do not ask for any valuation manuals while foreign clients are specific on the manual to be used. The authors in addition, reported that recent interviews with valuation clients indicated that the low demand for international valuation standards is attributed to the fact that valuation clients usually instruct international property consultants rather than Portuguese valuers when they need such a valuation. The study's finding also revealed that the foreign clients are specific about the method to be used in any assignment than the Portuguese clients and prefer the use of cost method without any identified reason. The result showed that Portuguese clients request for additional information regarding methods and concepts of value more often than the foreign clients and this was attributed to lack of communication between valuers and clients and probably lack of good knowledge of the valuation standards. The respondents believe that the clients thought valuations were generally reliable and relevant. Finally, the study lamented how valuation is

regarded as a secondary activity in Portugal and that the vast majority of valuers have engineering as their educational major while very few have any formal qualifications in valuation. It recommended among other things, the adoption of international standards for valuation; development of professional body of valuers with rigorous standards of training and conduct; moving away from cost based towards market based methods; and the creation of reliable database of property rents and prices. The authors did not look into enforcement of valuation standards by the professional association in Portugal.

In a related study, McParland, Adair and McGreal (2002) examined the harmonisation of valuation standards in a comparative approach among four European countries. The study aimed at investigating the harmonisation of European investment valuation standards with specific focus on national valuation standards within France, Germany, The Netherlands, and Sweden. This was with a view to assessing the prospects for uniformly accepted European investment valuation standards. The methodology the authors used to chart the course of the study is from a behavioural perspective and involved testing of issues stemming from the current literature on harmonisation of valuation standards combined with survey results. They adopted mixed research approach for the empirical analysis with structured questionnaire for quantitative data combined with qualitative questions that captured the essence of the on-going harmonisation debate. A total of 110 valuers were interviewed on the subject matter: 32 in Sweden, 28 in The Netherlands, 31 in Germany and 19 in France. The sample frame was obtained from a range of sources including the European Society of Chartered Surveyors, the committee of TEGOVA and FIABCI (Federal Internationale des Professions Immobilieries). A snowballing sampling method was used for prominent academics with an interest in valuation in each surveyed country to supply lists of key investment valuers active in their national property market. The findings revealed that a wide variety of valuation standards are prevalent in Europe including those endorsed by the European Mortgage

Federation together with national standards. Majority of the valuers in Germany, France, and The Netherlands refer to the RICS or their national standards while majority of Swedish valuers (78.1%) refer solely to their national standards with little importance being placed upon the RICS guidelines. The authors reported that despite the continuous advocacy for the harmonisation of standards there is limited empirical research depicting the dominance of the prevailing national standards in Europe and the perception, acceptance, and possible implications of the application of TEGOVA standards. The findings of the study also identified that the cost approach is rarely used for the valuation of investment properties in France, Sweden and the Netherlands. On the contrary, the German valuation legislation requires valuers to undertake investment valuations using cost approach. Their findings contributed to the present study in a number of ways: firstly, it identified the dearth of research that shows the level of conformity with valuation standards among valuers. Secondly, it consolidates the argument for conformity to valuation standards in a cross-sectional study of four countries and highlighted the relevance of the choice of valuation approach to reflect appropriate bases. Thirdly, a cross national comparative analysis of valuation standards should contribute to greater understanding of the issue and problem facing the harmonisation of standards globally. Finally, the study identified adherence to valuation standards as an integral aspect of valuation process nationally and internationally. It therefore reiterated that the primary role of valuation standards is to provide clients and valuers with an understanding of the concepts and bases of value. It is of the utmost importance that valuation standards evolve in accordance with the dynamics of changes in the market place so as to fulfil their role within the valuation process. The study failed to reflect level of enforcement in the four European countries examined.

Similarly, Lorenz (2002) examined the differences in valuation standards and practice in Germany and the United Kingdom. The author discovered major differences in the way the

German and the UK valuation professions harmonize the use of national valuation standards with international standards. He revealed that UK valuers are more proactive and use their national standards (Red Book) in consonance with international valuation standards. However, in Germany, two categories of valuers exist- those found to be using international standards and attained to global best practices; and those who keep to their traditional valuation methodologies, as stipulated by their law. Majority of the valuers in Germany are sticking to their traditional methodologies because they are very suspicious of any new approaches. The study did not consider enforcement of valuation standards in the two countries and mentioned nothing about Nigeria.

French (2003) in a practice briefing presented a historical account of the development of the RICS Valuation Standards from inception to 2003. He reported that RICS has provided guidance and mandatory advice to valuers providing valuation services in the UK for over 25 years as at 2003. He commented on the fifth (then latest) edition of the appraisal and valuation manual, he maintained that the fifth edition aimed at reflecting the international status of the RICS and distinguishing between standards which were relevant to members worldwide, and those that were specific to practice in the UK. The author commended the fifth edition for incorporating many changes suggested by the Mallison Report (1994) and the Carsberg Report (2002) to help improve the independence of the valuer from the client. In the briefing, French reported that RICS had published several editions of Appraisal and Valuation Manuals particularly in 1976, 1981, 1990, 1995, and 2003. However, this study observed thereafter that RICS had published more editions of the valuation standards before the latest edition in 2010. Nevertheless, in his examination of the then latest edition he pointed out that the RICS valuation standards (Red Book) of 2003 basically recognised only four bases of valuation which are: market value, depreciated replacement cost, market rent, and value of plant and machinery to the business. This study also identified four bases in the

2010 edition of the RICS Red Book but modified them as: market value; market rent; investment value; and fair value (RICS, 2010). The author alluded to the fact that International Valuation Standards introduced by the IVSC are no longer seen as an alternative to the Red Book, although RICS fully supports and subscribes to the IVSC and the IVSC standards. He acknowledged that the principal bases, applications and the definitions are from the International Valuation Standards. The briefing concluded by maintaining that the RICS' Red Book is concerned with maintenance not restoring of public confidence in valuation process. The briefing is relevant to this study in the sense that it depicts the continuous evolution and refinement of the RICS' valuation standards in keeping pace with changing economic environment over the years. It also reveals the need for developing national standards that are relevant to peculiar national practice.

Eriksson (2005) examined valuers' perception of and preference for valuation standards in four European countries. He investigated factors inhibiting the use of regional (TEGOVA) standards. The author found that only few valuers use regional (TEGOVA) valuation standards. Most valuers preferred using their national valuation standards. The use of regional standards was limited due to lack of awareness of TEGOVA standards as well as conservative reliance on national standards.

In a separate study, Bothwell and Merrill (2005) examined property market maturity and use of international valuation standards in Bulgaria and Romania. They reported that in the last two decades, valuation practice and valuers' qualifications in the two countries had been standardized and improved, which translated into higher degree of competence among valuation practitioners in the emerging markets. They however noted that government has not empowered the valuers' associations in the two countries to set uniform acceptable standards of practice as a result of which there is lack of uniformity in reporting and wide range in value estimates on similar property.

Kauko (2005) examined the transparency and adequacy of valuation for compensation in his country. He lamented that the process was not fair and the compensation not adequate. He suggested the incorporation of valuation for compensation in the international valuation standards. He remarked that the international valuation standard can provide technical explanation to the compensation process and bases for compensation especially when the compensation is to be based on market value. However, the paper does not include any empirical evidence to show what is obtainable; neither does it reflect the views of stakeholders on the compensation issue.

In a study of client perception of the quality of valuation reports in Australia, Newell (2005) remarked that issues of professional valuation standards and quality of valuation reports had been in the centre of discussion at both national and international levels. He was motivated by RICS in UK and other industries' reports addressing issues regarding the quality of valuation practice and the valuation process. He discussed the role of the Mallison report (1994) in ensuring greater credibility, reliability and clarity in commercial property valuations. He also discussed the Waters report (2000) which assessed valuers' compliance with the RICS valuation reporting standards and Carsberg Report (2002) which sought to ensure public confidence in the valuation process. The Author provided justification for his study on the ground that professional valuation practice standards in the US and UK have been studied citing Colwell and Trefzger (1992); Shales (1993); Wilson (1996) for studies in US; and Crosby, Laver and Murdock (1998) for the studies in UK. He referred to assertions by Colwell and Trefzger (1992); and Tosh and Royburn (1999) that the Financial Institution Reform, Recovery and Enforcement Act in the US had implications for improving appraisal standards which was further facilitated by the Institute in 1999. Newell (2005) reported that the Australian Property Institute (API) in Australia has been active in developing valuation practice standards and valuation risk management procedures. The local valuation standards

have been complimented by TEGoVA's regional standards. The author acknowledged the existence of studies probing issues related to quality of valuation practice but pointed out that none investigated the response of clients on the quality of valuation being offered by valuers. The study administered 109 questionnaires to property organisations who are users of valuations. 83 out of these were found usable for the study representing 76% response rate. The result showed that 94% of users of valuation reports indicated that the reports were adequate for their purposes. It was revealed further that 84% of users of valuation reports recommended monitoring conformity of valuers to valuation standards by an industry based body. The study showed that standardised valuation guidelines were seen as important, but valuation standards were not seen as correcting prevalent shortcomings in valuation reports. The findings also revealed various categories of weaknesses in valuation reports which include failure to understand complexities and market position of particular tasks (77%); inadequate market analysis (71%); limitations on assumptions (39%); and excessive reliance on historic aspects of market performance (37%) - which was not seen as a significant weakness. The study showed a significant improvement in valuation practice compared to previous studies and recommended the adoption of market based approaches in the valuation of commercial properties and strict adherence to valuation standards.

Hordijk and van de Ridder (2005) in a related study investigated valuation model uniformity and consistency in real estate indices in The Netherlands. The authors presented a background to the study which showed the ROZ/IPD Netherlands Property Index to be an initiative of the Dutch Real Estate Council (ROZ) in collaboration with the Investment Property Databank in London. The ROZ/IPD index measures the performance of direct real estate investment in The Netherland owned by 28 participating funds. It comprises both internal and external valuation data on 6, 400 individual properties which were together worth €38.8 billion at the end of 2002. The main thrust of their study was to examine whether

valuer for the ROZ/IPD index comply with the valuation regulations and to find out if there is consistency and uniformity between the valuation models and how much variation and uniformity is there in the assumptions of some input variables for the period 1994-2002 between the internal and external valuers and among external valuers. The study used both qualitative and quantitative data. The qualitative data was obtained from interviews with every index participant from whom most participants gave valuation reports of at least every external valuer. A total of about 150 valuation reports were retrieved and checked for uniformity and consistency. The data for the quantitative analysis was retrieved from the ROZ/IPD database for the years 1994-2002. The result from the qualitative analysis indicated that most valuers comply with most of the ROZ valuation regulations. However, there appeared to be deviations in the application of net yield and discount rate; risk free rate; minimum number of transactions used as reference and inflation rate applied. Most valuers have difficulties in finding sufficient market evidence for comparable valuations as against ROZ requirement of at least three investment transactions as well as three rental transactions. The result also revealed variations in the duration applied for the DCF model which range between 10, 15, 20 and even 25 years. Another variation was noticed in the application of inflation scenarios which even in the same valuer's firm the valuers use different inflation rates. The authors cautioned that this may lead to greater variation in value figures for instance where a valuer uses 2 per cent as inflation rate instead of 3.5 per cent it will result into a value difference of 10 per cent in the dummy DCF technique. The qualitative results also showed absence of uniformity in the assumptions of external valuers. The quantitative result revealed that internal valuers were somewhat more careful in their assumptions while assumptions of the external valuers are rather large especially for residential properties. It was recommended that principals should check report to ensure consistency with the ROZ regulations. Other recommendations are that every valuer should be notified of any change or

development in the valuation regulation and there should be penalties for valuers who fail to adhere to the regulations.

Gilbertson and Preston (2005) in a practice briefing captioned "A Vision for Valuation" at the Cambridge University reviewed extensively issues in the trends and developments affecting the nature of and the need for valuation services around the world in the short to medium term. The paper aimed at stimulating debate to ensure the provision of the valuation services that the modern economy requires. The authors adopted a review approach and examined broad issues ranging from relevance of valuation, who provides valuation services, dynamics of the market place, to improvements proposed for the valuation profession. Valuation was perceived to be a major proportion of financial decisions in mature economies and failure to ensure assets are properly valued may result into financial loss for a wide range of stakeholders-for instance, banks in secured lending transactions, shareholders in listed companies, house-buyers, and whole economies that depend on stable banking system. They highlighted RICS' response to the property crash of the 1970s in the UK by publishing valuation standards to guide valuers' conduct and the US government's response to the savings and loans debacle of the late 1980s insisting on Uniform Appraisal Standards and certification of appraisers in each State. They lamented that the lessons learnt in the UK and US were not applied elsewhere seeing how poor standards and inadequately trained valuers contributed to the 1994 'Schneider Affair' in Germany, when Jurgen Schneider's business collapsed leaving him owing DM5 billion to 40 banks. That was the country's biggest property crash in fifty years. Likewise, the 1997 Bangkok Bank of Commerce collapsed in Thailand, and the 2002 Asian collapse were attributed to the weight of property loans which expressed wide variations in valuation approaches. The authors asserted that certified valuers in almost all the developed economies of Europe, US, and Canada are the service providers of valuation. The authors observed that few commercial firms in UK offer valuation services

alone which by implication shows that majority of the firms are into general practice. They remarked that there is strong public interest in the integrity of the valuation process as users of valuation services expect valuers to meet fundamental standards and exhibit independence, objectivity and integrity. They hold that consistent and transparent standards in valuation are not only the responsibility of valuation professionals, but also of governments and other stakeholders. They examined the dynamics of the market place and how valuers and valuation need to refine professional practice to meet with the growing sophistication in the market and by their clientele. They looked widely into the fast changing economic environment in secured lending prompted by Basel II; the use of Automated Valuation Model (AVM); financial reporting dynamics; new market dynamics, taxation dynamics; and profitability dynamics. They posited that all these dynamics in the market place largely depend on valuation services And therefore, enjoined valuers to be forward thinking in assessing the future market for their training and skills in order to be relevant in providing the services that the market requires. They posed a challenge for valuers to be more pro-active in accessing and using technological advancements and specialisation. They also recommended valuers' education and continuous training while advocating that professional bodies should rise to their responsibilities of initiating research and quality control. They also enjoined governments to promulgate enabling laws to facilitate better professional practices.

Thornes (2007) examining clients' perception of the usefulness of valuation standards, found that most clients hold the belief that the existence of the standards is a good pointer that they are being served with the highest assurance of best practice. He noted that clients do not have a good grasp of how a valuation conforms to a standard and how those conform to standard different from the ones that do not conform to standards. The author observed that some clients query why their asset valuer should work to a standard (professional rule) when the asset they hold is unique to them. He remarked that what the clients want is a standard

approach that is clear to them. He concluded by noting that clients requirements are fast changing and cautioned valuers to respond to this changing economic and business environment by embracing continuous reference to the International Valuation Standards or risk losing relevance in the face of global competition. The study did not look into clients' perception of enforcement of those standards.

Mills (2007) raised concern over the use of imprecise methodology and terminology in the valuation profession world over and how the valuation standards are silent about such issues. The author maintained that this problem is largely due to the profession giving much attention to practice rather than theory. He noted that the responsibility of standardizing methodology and terminology lies with both professional practitioners and the academia but much of the task is on the academia to lead the way. He observed that although the international valuation standards address the issues but they do not do so adequately. The author developed and proposed a generally accepted valuation methodology framework to complement valuation standards to aid students', practitioners' and clients' understanding of basic valuation theory and principles. Mills paper failed to capture the views of stakeholders on acceptable valuation methodology and terminology.

After about 8 years of IVSC's white paper in 2001, Trifonov (2009) in Belarus came up with a position paper to express disapproval of IVSC's white paper on the premise that the white paper only described the difficulties encounter in valuation in emerging markets without providing solutions to overcome those difficulties. In a bid to provide a practical way out, Trifonov suggested that valuations should be carried out by the most practicable approaches available. In this case, he suggested the three conventional approaches – cost, income and comparative approaches to value. The author advanced argument that since there are unrealistic data inputs for the three approaches, the combined use of the three approaches in any given task would solve the problem of inadequate data. He propounded methods for

reconciling the three different capital values that would be obtained where the three approaches were used separately. These are weighted averages, multi-criteria (matrix) method, export method, base of common approach method, and self − reconciliation (bootstrap) method. It is however stating the obvious to say Trifonov's multiple approach solution is naïve, crude and irrational which can be misleading.

In the same vein, Vella (2009) came up with a position paper regarding the IVSC's white paper arguing that valuations carried out by valuers in emerging markets in accordance with the tenets of best practices would woo investors' confidence for greater transparency despite the concessions granted. He maintained that basis of valuation should be the same for both developed and emerging economies despite the difficulties of reliable data inputs for valuation in emerging property markets. The author also observed that access to International Valuation Standards is limited in most developing countries and suggested more supply of the copies of the valuation standards in such places.

In a related study, Chiquier and Lea (2009) examined difficulties faced by emerging countries which impede the use of valuation standards. They reported that most emerging economies are faced with inadequate data on house prices and rents thereby affecting the quality of their valuation irrespective of the methodology or approach adopted. They remarked that professionals in most emerging market are unwilling to share information for smooth operation of the market. Among the difficulties they identified was lack of properly trained valuers. Most of them were engineers trained in cost approach to value. Other difficulties identified include inadequate data bases in close resemblance to the US Multiple Listing Service such that even when valuers are trained in market valuation, they are unable to use comparable methodology and automated valuation models in practice. Further difficulties arise from fictitious transaction cost records due to tax aversion by valuers' clients; absence of professional conventions where valuers professional fees are not proportional to the

quantum of services rendered; and absence of professional regulatory bodies. The suggested

enforcement of minimum practice standards in training; adherence to international valuation

standards; and appropriate sanctions in the event of breach of these standards. The study was

not empirical and did not capture stakeholders' perception.

Deaconu and Buiga (2010) undertook a study to analyse the degree of convergence between

the Accounting and Valuation Standards on 'fair value'. Their study aimed at measuring the

fair value regulation convergence and presents its determinants factors and effects. They

acknowledged that the European regulatory body, TEGOVA and Royal Institution of

Chartered Surveyors, RICS have shown reasonable progress in the field of assets and

business valuation. However, they considered the International Valuation Standards

Council's Valuation Standards to be appropriate for their study based on the contention that

international valuation practice is significantly influenced by the International Valuation

Standards. The study reaffirmed the materialisation of International Accounting Standards

Board (IASB) and Financial Accounting Standards Board (FASB) objective regarding fair

value accounting convergence and underlined certain dissimilarities concerning the guidance

quality and the application of fair value. The authors, in comparison with some theses in the

literature on the quality of fair value measurement, reported that certain measurement

solutions (especially the focus on exit value the preference for the seller's preference) cannot

cover all the situations that imply fair value in accounting and discriminate against the users

of accounts in favour of the financial statement providers. With respect to the relationship

between accounting standards and valuation standards, the study revealed only a small degree

of convergence as determined, namely in the case of IASB fair value exposed draft. The

authors identified the main cause of this dissimilarity to be the insufficient adaptation of

International Valuation Standards to the financial reporting requirements for measurement

details and for fair value disclosure. They found that the collaboration between IASB and

IVSC as international bodies, initiated by the IVSC and designed to influence in both ways the revision of future standards, was at an acceptable level. The study identified room for improvement in the regulation of the financial reporting valuation practice which can lead to a true usefulness of the accounting information in any economic circumstance. The study recommended that IASB should give the valuation profession more pre-eminence, and on the other hand both organisations should develop a common document on technical guidance which would approach even the atypical cases of financial statements elements, market and economies. The study failed to examine how valuers apply market value and fair value in practical sense with regards to the provisions of valuation standards in practice.

Hordijk, Nelisse and Koerhuis-Gritter (2011) undertook a study of comparing valuation practices across borders of eight European countries. The study was motivated by increasing concern that investors invest more and more across international boundaries, while the valuation practices in the different countries are not similar. There is also need for the investors to understand the differences in valuation that exist between the countries. Therefore the paper aimed to investigate the valuation practices in eight different countries in Europe- France, Germany, Italy, The Netherlands, Portugal, Russia, Spain, and the UK. A survey questionnaire was sent to each country involved but the paper failed to show how many were sent and how many were retrieved for the study. It was found that in the different countries market value was not always the basis and that a wide variation of surface measurement in the cost approach was noticed. Regular lease periods and the responsibility for operating cost vary from country to country. Also the sources of market evidence and their reliability differ from country to country. The study also revealed that market values can be compared across countries; while valuation methodologies are country-specific. The authors acknowledged that the study was on-going and the results discussed were obtained at an early stage of the study while data were being retrieved.

In a related study, Schnaidt and Sebastian (2012) examined German valuation methods and legal framework. The study evolved as a continuing discussion about whether German valuation methods are inaccurate and inferior to the British standard. The enduring quests for a European and internationally standardised valuation method and value definitions intensified the discussion. From the foregoing, the German valuation system is said to lead to valuations which do not reflect actual market conditions and excessive smoothing. However, German valuers usually disagree and claim that their valuation approach, with its sustainable rental value, fulfils not only its purpose but is more transparent and thus superior to the approach usually adopted by UK valuers. The paper discussed the recent adjustments in the German valuation methods. The study empirically examined the German valuation methods and highlighted its pre-dominant differences from the British valuation standards. The study revealed a striking difference between the German and the British capitalisation approach which lies in the separation of the land value from the capital value of the building. In addition, the British valuation method assumes that the net income will be received in perpetuity which is not the case for the German method which is not enough to explain for the any large difference in valuations. The authors argued that the legal framework for property valuation in Germany has a long tradition and incorporates the usual valuation methods. They also maintained that Germany has a perfect database where all transactions are recorded. They contended that if German regulations are used correctly the valuations would yield results comparable to British valuation approaches. The authors did not deny the existence of several empirical phenomena that create practical gaps for questioning but argued that whatever the observed valuation puzzles might be, it is most probably not the legal framework.

2.10 Valuation Accuracy and Valuation Standards

Valuation precludes hundred per cent accuracy. As such, inaccuracy sets in at any point in the valuation process. Although, hundred per cent accuracy should be the aim it should neither be expected nor necessarily sought to be fully achieved (Millington, 1985). Millington in the study carried out in the UK argued that it is "foolish" to expect absolute accuracy (zero percent margin of error). The imperfect nature of the property market, lack of record of property sales transactions, characteristics of property as an asset class and secrecy of dealings in the market place all contributes to inaccuracy. Millington remarked that the various instances for rounding up of numbers or figures during the valuation process are some of the major reasons absolute valuation accuracy cannot be achieved. Millington's arguments did not prevent the establishment of an appropriate margin of error acceptable to all stakeholders- valuers, courts, users of valuation, professional institutions and the likes.

Discussions on margin of error in the academia find their origin in the early works of Hager and Lord (1985) in the UK which adopted a wide range of ±5% either side of the true value. Baum and Crosby (1988) considered a margin of error of up to ±15%. Matysiak and Wang (1995) found that the probability of achieving a selling price within ±10% of the valuation estimate was only 30%, and 55% within ±15%, while 70% within ±20% of the valuation estimate. Hutchison, Macgregor and Nanthakumaran (1995) surveyed five national valuers and five local valuers for each of 14 centres in UK, seeking valuations at no fee. The study found differences in the variance of valuation between national and local valuation firms to be 8.86%. Their findings revealed that over 8% of all the valuations produced a variation from the mean of less than 20%. Crosby, Lavers and Murdoch (1998) examined 30 UK court cases between 1977 and 1998 and found that 75% of the decisions fall within 10%-15% bracket and none is beyond 20%. Bretten and Wyatts (2002) in a study of stakeholders on the acceptable margin of error in the UK reported that 40% of the respondents favoured ±10%,

36% of the investors considered ±5% as permissible, while 25% of the valuers considered ±15% as acceptable margin.

In Australia, Parker (1988) in a similar study adopted ±5% to ±10% as the acceptable margin of error, with a mode of 5% and arithmetic mean of 6.04%. The first study on valuation accuracy and variance in the US was done by Cole, Guilkey and Miles (1986). They found out that the appraisal value was on average over 75% different from the sale price. A range of ±18 to ±20% was found.

Research investigating valuation practice in most of the developing countries is scanty and just beginning (Adegoke, Olaleye&Oloyede, 2011). Babawale (2007), noted that cases of professional negligence involving valuers in Nigeria are scanty and the few ones known as at today, none has gone beyond the disciplinary committee of Nigerian Institution of Estate Surveyors and Valuers (NIEVS). What makes the concept of "margin of error" an underlying principle in establishing professional negligence in UK, Australia and US is the enormous number of court cases. There are no such known records of court adjudication in Nigeria involving property valuation (Babawale, 2007, Ifediora, 2010). The low level of market sophistication and investors' awareness probably permits the practice of estate surveying and valuation to enjoy the atmosphere of "next to best" thing in practice. With the increasing awareness of the services of estate surveyors and valuers coupled with the distress in the financial institutions it is just a matter of time that valuers in Nigeria like their counterparts in the developed countries, will find themselves in the firing line being held accountable to their clients for every aspect of their professional services. In Nigeria today, attempts have been made by academics to probe issues related to valuation accuracy/inaccuracy; valuers' competence; valuation methodology issues; and quality of valuation reporting as measured against standards. See Igboko (1992), Ogunba (1997), Ogunba and Ajayi (1998) Aluko,2000; Aluko (2004), Ajibola (2006), Gambo (2010), Babawale (2012) to mention but a few.

As with the case in the U.K and Australia, so is the position in Nigeria; there is no consensus on acceptable margin of error as the debate is still ongoing among the academia. Ogunba (1997) undertook the pioneering study on valuation accuracy and variance in Nigeria using Lagos metropolis as the study area and established ±5% as the permissible margin of error. This was reiterated in a subsequent study by Ogunba and Ajayi (1998) in Lagos metropolis. A further study by Ogunba (2004) expanded the scope of his earlier study to cover six states in the South-Western region of Nigeria and established a margin of error of ±10%. A more recent study by Ogunba and Iroham (2010) tried to establish the margin of error acceptable to the accredited banks in Nigeria and to capture the opinion of the valuers. Their study demonstrated that the acceptable margin of error as suggested by valuers falls in the region of 11.1% while the client (banks) accepted 13.16%. Another more recent study by Adegoke, Olaleye and Oloyede (2011) adopted a different position to what Ogunba and Iroham (2010) suggested and recommended to the Nigerian Institution of Estate Surveyors and Valuers to adopt 5% so as to checkmate negligence in valuation. Adegoke et al. (2011) captured the perception of a broader category of lending institutions who are valuers' clients on their permissible margin of valuation error. They reported that majority of the financial institutions did not agree with the literature establishing 10% as the acceptable margin of error. They found that majority of the financial institutions (53.33%) considered 5% as the limit within which a competent valuation should fall. However, Adegoke et al. (2011) did not take into cognizance that the reported 10% margin of error in the literature depends on the nature and complexity of the valuation assignment or as deemed fit by the court based on the expert witness. The studies show that valuation as at present is not a good proxy for sale and mortgage transactions in Lagos. All these studies particularly Igboko (1992); Ogunba (1997), Ogunba and Ajayi (1998); Babawale (2008); Ajibola (2006) and Gambo (2010) identified the absence of a regulatory framework as a major contributor to valuation inaccuracy/variance

and recommended that compliance with valuation standard and enforcement by regulatory bodies will improve the quality of valuation practice. At the moment, there is no universal consensus as to what acceptable level of inaccuracy should be; and no single valuation standard manual at international, regional or national level has provided professional guidance on acceptable margin of valuation error.

2.11 The Impact of International Accounting Standards and Banking Reforms on Valuation Standards and Practice

Contemporary valuation practice is being shaped by a combination of strong forces within and outside the profession. Investors' requirements for cross-border investment are perceived as a cardinal driving force in pushing for the harmonization of valuation standards in Europe (McParland et al; 2000; 2002). They also asserted that cross-border investment not only boosts the harmonization of standards, but also acts as a propelling factor for common taxation and legal systems, which international investors are particularly sensitive to. Mcplarlard et al (2002) held the belief that international Accounting Standards Board (IASB) is one of the facilitating factors in the harmonization process.

In a related study, Mansfield and Lorenz (2004) looked at the impact of International accounting standards on valuation practice in the UK and Germany. They related how continued globalization of investment has led to refinements and reviews of various regulatory systems leading to the development of internally applicable standards and codes of practice. Real estate constitutes significant assets of many business outfits which are fundamental elements of the financial detail included in their annual report. Mansfield and Lorenz observed that one of the major effects of the changes in the International Accounting Standards (IAS) is that it has compelled valuation standard setters to re-evaluate their existing standards and make appropriate amendments to align with the requirements of the new

business environment. The increase in international investment in real estate has re-established the need for valuation to be reliable, consistent and transparent across borders. The authors cautioned by citing Downie (1998) on the need to appreciate the differences in international valuation practice particularly when undertaking asset valuation, because users of valuation need to understand that valuation emanating from a different country other than theirs, have unsuspected significance and must be able to interpret the advice they receive. They further asserted that IVS are the only valuation standards that fully harmonize with the requirements of IAS and give guidance on their application. They finally made a submission that German valuers should embrace IVS if they are not to be marginalized by International investors who are exclusively predisposed to applying the international bases and methodology. The authors did not look at valuation practice in Africa, or Nigeria with regards to harmonization of practice with the requirements of International Accounting Standards.

Earlier on, Mackmin and Emry (2000) examined the RICS' definition of worth and other related terms in use in Europe. They reported that the International Valuation Standards Council's definition of 'market value' has gained general universal acceptance, while there is a shroud of darkness surrounding the meaning of worth and the application of Discounted Cash Flow (DCF) in capturing such worth in some countries. The authors finally called for a universal harmonization of the different definitions under the umbrella of International Valuation Standards. However, the authors failed to look into how these concepts are used in emerging markets of Africa and Nigeria in particular.

Accounting standards setting has taken a new dimension in the direction of regulating the banking sector (Basel Committee), investment in general, Corporate Governance, International Public Sector Accounting Standards (IPSAS), insurance and the likes. The Accounting standards body also pays attention to valuation because of its importance in the efficient functioning of both property and financial markets.

The various financial crises that took place in the UK in the early 1970s, 1990s, in the US in the 1980s; and recently in the 1990s; the Mexican crisis, the Asian financial crisis, the Enron, WorldCom and other crises in 2007/2008 and the global financial meltdown necessitated possible solutions in the form of the Sarbanes Oxley Act of 2002, and concerted effort towards refinement of standardization of professional practices, two of which centered on real estate valuation standards and the international Accounting Standards (IAS). The accounting standard is supported in the application by the valuation standards. The effort made by IASB in collaboration with IVSC has given the accounting world a direction in financial reporting toward a mark-to-mark concept known as fair value which is meant to replace the traditional historic cost convention as a major concept in financial reporting (Fernandez, 2006). The International Financial Reporting Standards (IFRS) add on to the International Financial Accounting Standards (IAS) to form the new framework for financial reporting adopted in all European countries for financial reporting for all companies listed on a European Union stock exchange with effect from January 2005 which is adopted by over 70 other countries in the world. Only countries like USA, Canada and Japan have not adopted IFRC's standards but use the US Generally Accepted Accounting Principles (GAAP)

In an attempt to examine the relationship between IVS, fair value and the Basel Accord as it affects valuation standards in Malaysia, Fernandez (2006) started by defining fair value as "the amount for which an asset could be exchanged or liability settled between knowledgeable, willing parties in an arm's length transaction". From the definition of fair value, he noted that it suggests a mark-to-market concept but the readings of various IFRS and exposure drafts as well as available literature suggest that fair value is strictly not a mark-to-market concept as it includes non-market elements. He observed that although the IVSC considers fair value and market value as similar, they are not synonymous. To the valuer, where fair value of fixed asset is required under IFRS, the valuer reports market value.

Fernandez quoted International Accounting Standard Board's pronouncement in the Exposure Draft proposed amendments to IAS 39 Financial instrument how fair value should be arrived at thus:

"The best evidence of fair value is published price quotations (stock market?) in an active market.

If the market for a financial instrument is not active (and real estate has been said to be such a market) an entity establishes fair value by using a valuation technique (next best thing?).

The objective of using a valuation technique is to establish what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Valuation techniques include using recent arm's length market transactions between knowledgeable willing parties if available, reference to the current fair value of another instrument that is substantially the same, discounted cash flow analysis (usually a deterministic model) and option pricing models (always stochastic).

If there is a valuation technique commonly used by market participants to price the instrument and that technique has been demonstrated to provide reliable estimates of prices obtained in actual market transactions, the entity uses that technique (gives too much of a free hand to the in-house accountant valuer).

The chosen valuation technique makes maximum use of market inputs and relies as little as possible on entity-specific inputs (convergence in thinking between IASB and IVSC). It (a) incorporates all factors that market participants would consider in setting

a price and (b) is consistent with accepted economic methodologies for pricing financial instruments.

Periodically, an entity calibrates the valuation technique and tests it for validity using prices from any observable current market transactions in the same instrument (i.e without modification or repackaging) or based on any available observable market data".

The Financial Accounting Standard Board came up with a "three level hierarchy for determining fair value that gives consideration to market inputs thus:

Level 1 – observable market prices of identical or similar asset or liability with reliable adjustment consistent with market expectations for value and time differences.

Level 2 – Failing an observable market price, an accepted model or technique for estimating the market price and where all significant inputs reflect observable market prices.

Level 3 – Failing Levels 1 & 2, the current cost (replacement cost and failing its reliable measurement, the reproduction cost) provided this can reliably estimated and reasonably expected to be recoverable or represent the amount owed.

Level 4 – Models or techniques that depend significantly on entity specific expectations. To the extent that reliable market based data are unavailable, the measurement model or technique should use reliably estimable entity specific data that are not demonstrably inconsistent with observable market expectations.

The author remarked that valuers ought to take parameters for periodic incorporation into their models as need be.

In considering Basel II, Fernandez (2006) explained that it is a revised framework for banking supervision that replaced Basel I which came into effect in 2006; although in many counties it was implemented slowly.

Basel I, Basel II, and now Basel III are all known as Basel Accord. Basel I was in effect from 1989 and required the solvency ratio (total capital divided by the credit risk-adjusted asset) to be 8% higher. Under Basel II, two methods were recommended for determining credit requirement. The first is the Standard Approach where lending that is fully secured by mortgages on residential property will be risk weighted at 35% and subject to strict prudential criteria, such as the existence of substantial margin of additional security over the amount of the land based on strict valuation rules and supervisors such as Central Bank in Nigeria's cases, should increase the standard risk weight where they judge that the criteria are not met. The second approach for determining credit requirement is the Internal-Ratings Based (IRB) approach where credit risk-adjusted capital requirements are determined through internal credit risk models. Basel III provides an international framework for liquidity risk measurement. It also provides standards and monitoring to strengthen global capital and liquidity rules with the overall goal of promoting a more resilient banking sector (Basel committee, 2011). Basel committee on Banking Supervision is a committee of banking supervisory authorities that is highly influential and accepted by most Central Banks. The committee meets at the Bank of International Settlement (BIS) in Basel, Switzerland.

The Basel committee is proactive by subjecting banks to a capital charge for potential mark-to-market losses (i.e Credit Valuation Adjustment-CVA-risk) associated with deterioration in the credit worthiness of the counterparty. While Basel II standard covers the risk of a counterparty default, it does not address such Credit Valuation Adjustment (CVA) risk, which during the financial crisis was a greater source of losses than those arising from

outright defaults. This gap the Basel III fills. The committee is also strengthening standards for collateral management and initial margining. (Basel committee, 2011)

The adoption of these financial reporting standards and some of the reforms in the banking sector by any country affects their practice requirement which in turn influences valuation practice. Countries that are attuned to the requirements of financial reporting standards and banking reforms compelled valuers to also align their practice to their requirements and adopt the use of international valuation standards as it is in consonance with the provisions of International Accounting Standards.

Recent development in Nigeria show that users of valuation, particularly banks cast doubts on valuations carried out by valuers, and these valuations are not a good proxy for sales and mortgage transactions (Aluko, 2000; Adegoke et al 2011; Ayedun et al 2011) This situation probably compelled some banks to come up with their valuation templates and enlist valuers who will be consultants for them.

It is in view of the foregoing that Adjekophori, Okpaleke, Omorogieva and Emeghe (2014) investigated the implication of valuers' enlistment and fees standardization by banks on real estate profession in Nigeria. They reported that banks are now in the habit of enlisting (selecting) valuation firms for credit based (lending) valuation jobs. The banks have their set of divergent and unilateral basis for selecting valuers and also dictate fees payable to the retained valuers. The authors lamented that banks adopted criteria that are not properly aligned to the nature, purpose, location and magnitude of the job and sector fee scale as bases for payment for professional services. Their findings revealed that the enlistment policies are not broad based and has excluded a wide range of qualified practitioners. Further implications of that practice as reported by the study was that it creates 'black market' (un official) fee structure, tight cost -fees ratio, creeping loss of interest by valuers in credit based (lending)

valuations, low quality reports, and dwindled capacity of firms to engage and retain experienced valuers. The authors also reported reasons advanced by the banks for engaging in this two-pronged practice basically as a cost saving strategy; to address issues of connivance, compromise and corrupting influences; to promote retail/consumer banking; and unwieldy number/proliferation of valuation firms. Despite the daunting challenges, the study recommended that valuers should uphold professional ethics by sustaining quality and professional standards. Also, that the mutual relationship between banking and valuation sectors required a proactive regulatory intervention by stakeholders so as to avoid compromising the strategic risk management function of valuation.

This development led some banks to come up with valuation templates which valuers must strictly adhere to in reporting to the banks for lending purposes. This perhaps is a reflection that the banks are not satisfied with the level of valuers' thoroughness in valuation reporting. The templates represent banks minimum (in this case maximum) reporting standard. A sample of Service Level Agreement and bank valuation template is presented hereunder.

SERVICE LEVEL AGREEEMENT

Dated this……………………….day of …………………….2014

BETWEEN

XXXX BANK PLC

AND

XXX & CO (FIRM'S NAME)

THIS AGREEMENT is made the ……day of ……..2014. between XXXBANK PLC, a banking Company licensed in Nigeria, having its registered Office is at Address- Tinubu Street, Lagos Island, Lagos State, Nigeria (hereinafter referred to as **"BANK NAME"** which expression shall wherever the context so admits includes its successors-in-title and assigns) of the one part **AND VALUER (Firm's Name)** trading under the name and style of **XXX & CO.** a firm of Estate Surveyors & Valuers duly registered under the laws of the Federal Republic of **Nigeria having its offices at Address of Firm** (hereinafter called "**The Agent**" which expression shall where the context so admits include its successors-in-title and assigns) of the other part.

Both **XXX BANK PLC** and **XXX & CO (FIRM'S NAME)** shall be referred to jointly as the "Parties" and individually as the "Party".

1.   **WHEREAS**

(a) The Agent engages in the business of estate surveying and valuation of landed properties and also possesses the skill and expertise in real estate matters superior to that of the average person …………………………….

(b) XXX BANK is desirous of obtaining prompt and professional valuation services from the Agent to assist in its making lending decisions based in part on property valuations.

(c) XXX BANK has engaged the Agent to survey and value the properties of customers and potential customers of the bank (each engagement individually referred to as an Assignment) as may be directed from time to time by XXX BANK. (these Assignments are herein referred to as "the Services").

2.   **NOW IT IS HEREBY AGREED** as follows:

The Agent shall be paid its professional fees for each Assignment within 48 (Forty Eight) hours of submission of the final report. The Agent agrees to provide and shall be responsible for the following:

a. Survey and value the properties as shall be assigned to it by XXX BANK within the agreed timeline.

b. Prepare a detailed and professional valuation report stating in clear terms the approach(es) as well as reason for applying same in arriving at the Open Market Value (OMV), Forced Sale value (FSV), and other parameters as the case may be. The report shall be in the format as that of Appendix 1 attached to this Agreement.

c. Address all valuation reports to the bank in duplicates.

d. Ensure adequate internal control process to guarantee the integrity of all submitted valuation opinions and reports.

3. **IT IS AGREED THAT XXBANK SHALL BE RESPONSIBLE FOR THE FOLLOWING:**

a. Ensure appointment for each Assignment is by a formal appointment letter issued by a Relationship Manager from XXXBANK.

b. Ensure the Agent is granted reasonable access to the designated property for purpose of providing the Services

c. Pay the Agent's fees in the terms as agreed and exclusively stated in the appointment letter.

4. **AGENT'S UNDERTAKING**

The Agent undertakes to do the following:

a. engage qualified workforce for each Assignment.

b. indemnify XXX BANK against any damage caused to XXX BANK due to the negligence and/or incompetence of the Agent, its agents and employees.

c. not to financially induce any XXX BANK staff in a bid to obtain Assignments. The Agent further undertakes to report any XXX BANK staff reasonably adjudged by it to be involved in unethical or unprofessional practices to XXX BANK's whistle blowing authorities by sending an email to Email@.com.

d. to perform its professional responsibilities in the best interest of XXX BANK alone.

e. To disclose all known material facts about the condition of the seller's property to the bank, and not to misrepresent the property's condition

f. To ensure that valuation reports meet high standards of documentation, thoroughness and reasoning and comply with industry standards.

g. Whenever possible, two or more approaches to value must be applied in the valuation report. However, all conventional valuation approaches should be considered and if any approach (es) is (are) not used the valuer must provide reasonable explanations for exclusion.

h. Submit annual licensing/accreditation by NIESV (National Institution of Estate Surveyors & Valuers) and ESVARBON (Estate Surveyor and Valuers Registration Board of Nigeria).

5. DURATION

The Agreement shall be valid for 1 (one) year commencing from the date of execution. The terms and conditions shall be reviewed at the expiration of the Agreement by Parties.

6. PAYMENT TERMS

XXX BANK shall pay the Agent the sum as shall have been communicated to the Agent via the Appointment Letter instructing on each Assignment.

7. NOTICE

Any Notice will be written in English and will be either delivered in person, or sent to the other Party by (a) postal mail, (b) facsimile (electronically confirmed and followed up immediately by postal mail), or (c) electronic mail (followed up immediately by postal mail). Change of contact data must be communicated in writing.

8.   MODIFICATION OF AGREEMENT

This Agreement may be supplemented, amended, or modified only by the mutual agreement of the Parties. No supplement, amendments, or modification of this Agreement shall be binding unless it is in writing and signed by the Parties.

9.   ENTIRE AGREEMENT

This Agreement sets forth the entire agreement and understandings between the Parties as to the subject matter hereof and supersedes and cancels all prior agreements, negotiations, commitments, writings and discussions between the Parties as to the subject matter. Neither Party shall be bound by any conditions or representations in respect of the subject matter of this Agreement except as may be expressly provided in this Agreement or duly set forth in writing in or after the date of this Agreement and executed by authorised representatives of the Parties.

10. SEVERABILITY

The provisions of this Agreement are severable, and if any one or more provisions may be determined to be illegal or otherwise unenforceable, in whole or in part, the remaining provisions and any partially enforceable provisions to the extent enforceable shall nevertheless be binding and enforceable.

11.   WAIVER

Any waiver of a default under this Agreement must be made in writing and shall not be a waiver of any other default concerning the same or any other provision of this

Agreement. No delay or omission in the exercise of any right or remedy shall impair such right or remedy or be constructed as a waiver. A consent to or approval of any act shall not be deemed to waive or render unnecessary consent to or approval of any other or subsequent act.

12. REPRESENTATIONS AND WARRANTY

The Agent hereby represents and warrants that:

(i)   it is a company, duly incorporated or organised under the laws of the Federal Republic of Nigeria and is authorised to carry on surveying and valuation business under the laws of Nigeria.

(ii)   this Agreement has been duly authorised, executed and delivered on its behalf and constitutes the legal, valid and binding obligation on the Agent;

(iii)   The Services shall be executed and performed in a workmanlike manner and in accordance with industry standards.

(iv)   It shall execute each Assignment with qualified personnel.

(v)   It possesses all the licenses, permits and authorizations required to provide the Services and will indemnify XXX BANK in case of any claim due to the Agent not possessing valid licenses, permits   and/or authorizations to execute the Services.

(vi)   the execution, delivery and performance of this Agreement by the Agent in the Federal Republic of Nigeria do not and will not violate any applicable law or regulation and do not require the consent of any governmental or other regulatory body except for such consents and approvals which have been obtained.

(vii)   the instruction from XXX BANK shall in no way be considered as an offer to sell or further deal in the property sought to be evaluated. Parties agree that all

further transactions would be the subject of fresh negotiations and agreements upon terms to be mutually agreed to by Parties.

13. INDEMNITY

The Agent hereby agrees to keep XXX BANK and any other person acting on its behalf fully indemnified against any loss, action or damages which may arise out of its execution of the Services and shall pay XXX BANK on demand all payments, losses, costs and expenses suffered or incurred by the City Securities Registrar Limited in consequence thereof or arising therefrom.

14. FORCE MAJEURE

Each Party shall not be liable for any failure to perform its obligations in connection with any action in this Agreement, if such failure results from any Act of God, riot, war, civil unrest, flood, earthquake, but excluding failure by the Agent's financial condition or negligence.

15. ASSIGNMENT

The Agent shall not voluntarily or by operation of law assign, hypothecate, give, transfer, mortgage, sublet, license, or otherwise transfer or encumber all or part of its rights, duties, or other interests in this Agreement or the proceeds thereof (collectively referred to "Assignment"), without XXX BANK's written consent. Any attempt to make an Assignment in violation of this provision shall be a material default under this Agreement and any Assignment by the Agent in violation of this provision shall be null and void.

16. CONFIDENTIALITY

a. The Agent understands and agrees that it will have access to the confidential information of XXX BANK and its Customers. For the purposes of this

Agreement, "Confidential Information" means all information and physical and electronic data, documents that shall be provided by XXX BANK to the Agent for the Services. Such information includes all business, financial, technical, and such other information.

b. The Agent agrees that it will not disclose to any third party, duplicate or use any Confidential Information which it has access to.

c. The Agent also agrees that it will take all reasonable measures to maintain the confidentiality of all Confidential Information of CSRL in its possession or control.

d. The Agent agrees to indemnify XXX BANK against any liability, expenses or loss occasioned or incurred as a result of the Agent, its agents and employees breach of confidentiality, neglect and negligence in the handling and management of any Confidential Information.

17.   GOVERNING LAW

This Agreement shall be governed by the Laws of the Federal Republic of Nigeria.

18.   DISPUTE RESOLUTION

Any dispute relating to this Agreement or its subject matter including disputes as to validity, performance, breach, or termination should first, be settled through negotiation between Parties. Where Parties fail to settle the dispute, the matter shall then be referred to the appropriate Court of competent jurisdiction for adjudication.

19.   TERMINATION OF AGREEMENT

This agreement may be terminated by either Party, giving the other one (1) month notice in writing of its intention to terminate the contract. However, XXX BANK reserves the right to terminate the agreement with immediate notice and for any

reason whatsoever; provided all pro rata outstanding fees and payments due to the

Agent shall immediately become payable.

IN WITNESS WHEREOF the parties hereto have caused their respective common seals to

be hereunto affixed the day and year first above written

THE **COMMON SEAL** OF THE WITHIN NAMED

XXXX BANK PLC

Is hereunto affixed in the presence of:

AUTHORISED SIGNATORY   **AUTHORISED SIGNATORY**

SIGNED SEALED AND DELIVERED BY **NAME OF VALUER** FOR AND ON BEHALF OF
XXX & CO (FIRM'S NAME)

....

IN PRESENCE OF:

NAME: _____

ADDRESS: _____

OCCUPATION: _____

Table 2.1 Sample of Bank Valuation Report

1. Name of Borrower:	
2. Date of valuation:	
3. Name of Property Owner:	
4. Social Status of Property Owner:	
5. Address of Property:	
6. Title reference:	
7. Year of construction/acquisition:	
8. Type of property: (Apartment, Semi detached house, Detached house, movable assets, Other [please specify])	

9. Total floor area of building square metres	

10. Description of accommodation (number and type of rooms)
 	
    10.1.   Living rooms
 	
    10.2.   Bedrooms
 	
    10.3.   Bathrooms
 	
    10.4.   WCs
 	
    10.5.   Store rooms
 	
    10.6. BQs	

11. Comments on physical / structural condition of the property	
12. Building method (traditional/prefabricated/other)	

13. Construction details
 	
    13.1.   External walls
 	
    13.2.   Roof
 	
    13.3.   Internal walls
 	
    13.4.   Floors
 	
    13.5.   Ceilings
 	
    13.6.   Doors
 	
    13.7. Windows	

14. If property is under construction please confirm the stage of construction reached and give an indication of the work outstanding, estimated costs for completion and the time needed to complete the work.	
15. State of refurbishment (fully/partially/not refurbished)	
16. Any essential repairs needed to make the property a suitable security for mortgage purposes	
17. Equipment (good/average/simple). Please comment briefly on the condition of any fixtures to the property	
18. Is the property suitable for owner occupation (yes/no)	
19. Number and type of housing units in	

development		
20. For this property please indicate:		
	20.1.	Size of land in square meters	
	20.2.	Characteristics of site (attach site plan)	
	20.3.	Boundary fences / walls	
	20.4.	Number of parking spaces or garage units	
	20.5.	Special renovation risks (yes / no)	
	20.6.	Existing land contamination (yes / no)	
	20.7.	Services (mains gas/electricity/water; generator type and capacity; alternate water source)	
21. If an apartment, number of storeys in block and is there a lift		
22. If there is a common entrance is there a coded lock, concierge etc		
23. Brief description of access to the property		
24. Brief description of location including:		
	24.1.	Characteristics of general location	
	24.2.	Similar properties for sale	
	24.3.	Estimated demand for this type of property in this location	
	24.4.	Local infrastructure & amenities	
25. Brief description of any recent repairs / works carried out to property		
26. Is the property in an area liable to subsidence or landslip?		
27. Other one-off factors that may affect value / sale-ability (e.g. access, civil unrest, changes in market conditions)		
28. Certificate of value		
	28.1.	Re-instatement value for insurance purposes	
	28.2.	Market Value - an assessment of whether the sale price is fair for	

the current market	
28.3. Forced sale value - the recovery value of the property if disposed of through repossession or enforced sale with no consideration for speculative elements 28.4 Basis for valuation: to use at least two methods of valuation 28.5 Valuation of other interests such as easements, restrictive covenants, leasehold interests	
28. 6 Average Annual Rental Value - an assessment of what rent would be obtainable or is fair for the current market	
29. Is the property in a rural area?	
30. Frank opinion on possibility of forced sale at a future date Selling Price and Date of similar property sold in the past 12 months in the same location. If none, please state.	
31. Limits, assumptions & caveats	
32. Conclusions & Recommendations	

Name and Qualification of valuer

Signature of valuer

Official seal of valuer

Date of report

The bank template lacks basic requirements contained in the minimum reporting contents. The bank that is supposed to be forward looking in mitigating real estate risk has not included risk analysis in its templates. The template has not captured purpose of valuation, definition of the type of value to be estimated, and market analysis. The bank compels valuers to report forced sale value as reflected in the templates in section 28.3. The bank template is not

sufficient to guarantee quality valuation reporting as so many critical reporting requirements are missing.

2.12 Historical Overview of Valuation Profession and Practice in Nigeria

Nigeria was a former British colony which patterned its valuation professional practice after the British practice. The valuation profession in Nigeria came into existence in the middle of the 1950s. Cleave, an expatriate was the first Chartered Surveyor to establish a general practicing firm in Nigeria (Babawale, 2012b). According to Ogunba and Ajayi (2007) prior to the 1950s, the valuation profession was not known; however, the need of valuation for secured lending, insurance and other purposes exigent to economic development birthed the valuation profession in colonial Nigeria. The valuation profession in Nigeria is just about 50 years old compared to the more matured practice in Britain where the valuation profession was traced back to the 16th century (McNamara, 1999). The Royal Institution of Chartered Surveyors was founded in 1786 and today has over 140,000 members from over 146 countries with offices in all the continents of the world (RICS/IPD, 2011); while the professional associate members of Nigeria's real estate profession are under 5,000 (i.e. 3,358 associates and 438 fellows) as at March, 2012 (Babawale, 2012a).

The early valuers who are the foundation members of the profession in Nigeria were trained in the UK and got their professional qualification through the RICS. In 1957, a sub-professional course leading to the RICS intermediate qualification was established in the Nigerian College of Arts, Science and Technology, Enugu. About that time, there were no Nigerians academia in the field of estate management despite the early graduation of Mr John Wood Ekpenyong in 1954 as the first Estate Management graduate in Nigeria who studied in London. Later in 1963 Professor John Anene Umeh became the first academic in Estate Management in Nigeria and with the support of some UK academics – Dr. D. R. Denman and

Dr. Derek C. Nicholls) established the first Estate Management Department at the University of Nigeria, Nsuka (Ogunba & Ajayi, 2007). A second Estate Management Department was established at the Obafemi Awolowo University Ife, Ile-Ife in 1969. Later the Department of Estate Management of the University of Lagos which was in contemplation of being established since 1965 was finally established in 1982 with plurality of purposes-to fill in the manpower gap the earlier established universities could not fill; and considering Lagos as the then capital city of Nigeria (Students' Handbook, Department of Estate Management, University of Lagos, 2009). Today in Nigeria however, the academia has witnessed tremendous growth with forty eight tertiary institutions (universities and polytechnics) offering courses in Estate Management) at undergraduate and some at postgraduate levels (Babawale, 2012b). As at 2015, there are thirteen professors of Estate Management in Nigeria and with one or two more soon to join the rank in the close of the year or in the next one year.

Professional real estate practice has grown substantially in Nigeria since the end of colonial rule in 1960. The first conference of Estate Surveyors and Valuers in Nigeria which was more of a meeting of the Nigerian chapter of the RICS, was held in the city of Ibadan as a precursor to the formation of the Nigerian Institution of Estate Surveyors and Valuers (NIESV) the same year. In 1975, the then military government promulgated the Estate Surveyors and Valuers Registration Decree (No. 24) of 1975; Cap 111 LFN 1990, now E13 LFN 2007) which granted the profession official government recognition and formally established the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON). In Nigeria, the valuation profession is regulated by two complimentary bodies- the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) and the Nigerian Institution of Estate Surveyors and Valuers (NIESV). ESVARBON or the Board as popularly known is a regulatory body recognized by the Federal Government of Nigeria through the constitution charged with the responsibilities of:

- determining who are Estate Surveyors and Valuers;

- determining what standard of knowledge and skill are required of surveyors and valuers;

- securing, establishing and maintaining a register of persons entitled to practice as Estate Surveyors and Valuers and the publication from time to time of names of such persons;

- regulating and controlling the practice of Estate surveying and Valuation in all its aspects and ramifications; and

- Performing the other functions conferred on the Board by the Estate Surveyors and Valuers Registration Act (ESVARBON, 2012).

The Nigerian Institution of Estate Surveyors and Valuers is a non-profit, voluntary professional association established in 1969 to cater for the interest of the landed profession in Nigeria. The Institution (NIESV) is saddled with the responsibilities of:

- establishing a high and reputable standard of professional conduct and practice in landed profession throughout Nigeria;

- securing and improving the technical knowledge of its members and facilitating the acquisition of such knowledge by close collaboration with universities, other institutions of higher learning and other professional bodies;

- promoting the general interest of the profession while maintaining and extending its usefulness for the public good;

- initiating and considering any legislation relevant to the objectives of the institution;

- acquainting the public with the role of Estate Surveyors and Valuers in the economic development in Nigeria; and

➢ engaging in any other lawful activities that may be conducive to the promotion of any or all the objectives of the professional body for profit or non-profit purpose (NIESV, 2006).

However, there is a strong and complimentary relationship between the two bodies i.e. the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON).

2.13 Related Studies on Valuation Standards in Nigeria

A study by Ojo and Bello (2005) examined the Nigerian property market in the face of globalisation and reported that the market was slowly witnessing a significant level of institutional market players which sets it for global property investment. They highlighted series of legislation affecting the real property market which may constitute a hindrance towards budging it to global stage of participation. The study was a review of general issues in the context of globalisation with no empirical evidence. They advocated training of property professional and specialisation within the real property industry and also a clarion call for Nigerian property professionals to embrace RICS membership for more global exposure. The study also enjoined valuers to develop professional practice standards and ensure strict compliance with the regulatory bodies playing supervisory role and sanctioning erring valuers. The study lacks empirical evidence to measure the level of valuers' compliance with the valuation standards.

In another study, Babawale and Koleoso (2006) examined the implication of globalisation for valuation practice in Nigeria. In the study, they lamented the deficiencies in valuation practice in the country and the obvious challenges faced from within and outside the profession. Outside the profession, clients question Nigerian Valuers' approach and cast doubts on the reliability of their advice, and also other professionals such as engineers and

accountants are not only rummaging into exclusive areas which are the professional purview of the valuers, but are claiming to be more competent. From within the profession, it is complacency for professional bodies to initiate research and develop apt valuation standards that provides the required refinement in the face of globalisation. They surveyed 171 (41%) practicing firms in Lagos. They reported that practitioners are in better position to embrace valuation challenges of globalisation in the property market owing to their educational training prerequisite to entry qualification into the professional membership of the county's professional body. The authors contended that the size of practice is not small as previously believed prior to the study They reported that more practicing firms are increasingly growing or have grown to some extent with obvious absence of research which hitherto has been believed to be an academic exercise. The study revealed that valuers are yet to adopt contemporary valuation techniques, a practice they argued stemmed outside of national standards. They concluded that the absence of such valuation standards is impeding with the standardisation of valuation practice in the country. However, the study was limited to Lagos metropolis. The result therefore cannot be used to generalise.

Ogunba and Ajayi (2007) prompted by the slow pace of Nigerian valuers to measure up with valuation requirements in accuracy related issues, rationality and risk adjustment techniques, undertook a study to examine the response of Nigerian valuers to investors' requirements. The study aimed at investigating the changing environment in the property market and the corresponding response from Nigerian valuers. The authors presented with clarity and robustness how valuers in Europe and US responded to the refinements in the valuation of business and financial interests in a rapid and quickening pace in the aftermath of the Uk property crash and US financial debacle. They reported in particular, the six stages of the UK processes of transition towards investors-focused sophistication from 1960 to 2000 from both the academics and practitioners point of view. The authors lamented that this increased

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refinement in the UK and US was not replicated in most developing countries of the Commonwealth including Nigeria where valuation practice is patterned after Britain's. This warranted the question whether valuers in such parts of the developing world are 'thinking men or creature of habits?' The authors reviewed relevant issues germane to the advancement of valuation practice in Nigeria. The study dwelled so much on examining the Nigerian valuers' response to trends in the valuation of investment property using the income approach and the various modifications required to measure with the investors requirements in the fast changing market in the 21st century. The modifications were viewed from three points of view which are: improvement on quality of valuation by responding to accuracy requirements; growing requirements of valuation rationality; and trend towards risk analysis in valuation. They observed that Nigerian valuation practice is in the second stage of the UK's present seven-stage process of transition towards investor-focused transition and refinement in the last forty years. They suggested that the Nigerian valuation profession can improve on its accuracy by adopting a uniform method for valuing income-producing properties using the investment approach to value rather than the cost approach. They argued that it can also improve on the accuracy of the choice of value determinants of investment valuation variables if there is a valuation standards manual similar to the RICS Red Book that is regularly being updated as the occasion demands. Finally, they recommended the provision of databank for valuers to make reference to while on valuation tasks.

In another study Ogunba, Olawore and Ajayi (2007) commented on the eight characteristics requirements the IVSC (2001, 2003) enshrined that granted emerging property markets in the world permission to do 'the next best thing' i.e. use the cost approach for market valuations. The same provisions in the valuation standards require valuers operating in mature property markets use income approach in valuing income yielding properties. The position paper is a review of literature reflecting authors' opinion on the challenges of compliance with

valuation standards facing emerging property markets due to the eight criteria outlined by IVSC. The eight criteria include poor or inadequate legal framework establishing the valuation profession; lack of published information or difficulty in obtaining information regarding transaction; considerable volatility of property markets; lack of adequate trained valuers; out-dated national standards (not reviewed for over 21 years); existence of external pressure; excessive or insufficient government intervention; and absence or inadequate growing importance of intangible property. The authors presented Nigeria in Africa as an example of the maturity of African Common wealth countries with regard to the eight IVSC's indicators of emerging markets. The study based on extensive literature reviewed pointed out that many emerging markets face all the eight peculiar conditions that make the functioning of international valuation standards difficult. They reported that the countries that typify these eight indicators are usually emerging markets that exhibit post-communist conditions. Developed countries like Japan where property markets and valuation profession are underdeveloped also exhibit similar conditions. The authors contended that African Commonwealth property markets as exemplified by Nigeria in the study epitomised only two or three of the indicators. They also argued that African Common wealth countries like Nigeria with over forty years of property market operation and well-structured valuation profession should not be categorised as entirely underdeveloped property markets as is the case in most post-communist Asian countries. They concluded that such African countries as Nigeria should do 'the best thing' (full compliance with the International Valuation Standards) rather than 'the next best thing'. The study suggested that in order to effectively do that, it would be necessary to develop property databanks and ensure that International Valuation Standards are enforced. However, they asserted that responsibility of enforcement lies with the country's professional association and the regulatory body. In Nigerian, these are the Institution of Estate Surveyors and Valuers (NIESV), and the Estate Surveyors and

Valuers Registration Board of Nigeria (ESBARBON). The study, besides lacking empirical evidence to show level of application of valuation standards only made a case for the adoption of the investment method of valuation in the valuation of income producing properties without considering compliance with minimum valuation reporting standards provided by International Valuation Standards Council in all valuation tasks. This among others is the gap this study intends to fill in a much broader and painstaking study.

In a related study, Ajayi (2009) presented the relevance of IVSs as they apply in the use of the investment method of valuation at a Continuous Professional Development session organised by the Nigerian Institution of Estate Surveyors and Valuers, Lagos branch. It was a general review paper that presented the historical development of IVSC and their standards. The paper examined various provisions of the IVSs and where and how they apply to the investment method of valuation and mortgage valuation. Interestingly, the paper concluded by identifying the problems with international valuation standards and their application in Nigeria. He reported that the awareness of and use of IVSs and even the NIESV's standards and guidance notes is very low among Nigerian valuers. He asserted that many have never even seen the standards. He expressed concern that at the end of every valuation report (citing NIESV, 2006:26) the certification ought to reflect that the valuation has been carried out in accordance with either the nation (NIESV) standards, the RICS Red Book, or IVSC standards. He concluded that many Nigerian valuers do not comply with this provision because they are not aware of IVSC's or NIESV's standards. The author finally observed that no enforcement mechanism exists in the international valuation standards for their standards. He however clarified that IVSC is not a regulatory body and it has no ability to sanction any entity or valuer for breach of its provisions. He submitted that enforcement and sanctioning would have to come from individual states (national) regulatory bodies or self-regulating professional organisation. The author asserted that some Nigerian valuers are not aware of

IVSs or the NIESV Standards and Guidance Notes. However, there was no empirical study to back up the claim that Nigerian valuers are not aware of the operation of valuation standards. That is why this study is timely and needful to ascertain the level of valuers' awareness and application of valuation standards in their valuation reporting.

Gambo (2010) investigated the quality of valuation practice among valuers in Bauchi metropolis in northern Nigeria. The study was prompted by the growing concern over valuation practice in recent times. The author used quantitative data for the study. He collected 20 valuation reports-one from each of the 20 practicing valuation firms in the state. This by implication represents total enumeration of the entire sample frame. The study used the 2003 edition of the IVSs as a benchmark to examine whether valuers are complying with the standards' minimum content of the scope of work provided in the international valuation standards. The study revealed that all the reports contained identity of the client and the valuer; 20% of the valuers did not include date of the valuation instruction; 20% of the valuers mistook purpose of valuation for basis of valuation; 5% did not report basis of value. It was found that 5% failed to indicate the tenure and type of interest to be valued; 10% did not indicate date of inspection and effective date of valuation. It was also found that 15% of the valuation reports had no compliance statement but all contain professional qualification of the valuers. The author recommended that the regulatory bodies-NIESV and ESVARBON should rise to their responsibility and play their supervisory role of ensuring strict compliance with the minimum content provisions in the standards so as to gain and maintain confidence of users of valuation services. The study was limited in scope because it examined only 20 valuation reports in a metropolitan state in the northern part of the country with obvious absence of a vibrant property market and scanty presence of property professionals. As such, the findings cannot be used to ascertain the current state of valuation practice in the region not to talk of Nigeria as a whole.

In assessing the current standard of valuation practice in Nigeria, Babawale (2012a) examined the application of valuation standards among valuers in Lagos metropolis with a view to establishing the extent to which Nigerian valuation practice is responding to international standards and best practices using transparency, rationality and consistency as the main criteria. The study adopted a survey approach and administered structured questionnaires to practicing valuation firms in Lagos out of which 250 responses were received. This constitutes 60% of the total sample frame of 415 practicing firms in Lagos. The study also retrieved 70 valuation reports from valuation firms operating in Lagos. The author used IVSC's and RICS' recommended minimum content of valuation reporst as benchmark. The study revealed 5.64% of valuers do not make reference to any valuation standards while the remainder used one or a combination of the RICS Red Book or IVSC valuation standards. He remarked that NIESV valuation standard is more or less a replica of the IVSC's valuation standards. He reported that the results have not changed significantly from those of the earlier study of Babawale and Koleoso (2006) where 23% of the valuers indicated that they use the RICS' Red Book; 14.5% used the IVSC's White Book; and about 68% could not make reference to any valuation standards. In examining the valuation report against the prescribed RICS' and IVSC's minimum contents, the findings revealed 31% of the report did not indicate the purpose of the valuation; 33% failed to indicate the scope of investigation carried out; while a striking 77% did not reflect the effective date of the valuation as distinct from the date the valuation report was prepared. It was further shown that 63% failed to disclose the source of information referred to; 80% did not indicate planning approval and could not reflect highest and best use analysis. The examination revealed only 6% provided evidence of rent, capital value or yield; and none of the 70 valuation reports employed any statistical technique for the data analysed. The paper recommended amendment of the present NIESV valuation standards to reflect and

accommodate the peculiarity of the local market place with proper measures for enforcement and sanctions in the event of outright breach of the provisions of the standards. The study is relevant to the present study in the sense that it provided a good methodological approach to the study under consideration and reflected segmented practice of the Nigerian valuation profession. However, the study covered only Lagos metropolis and thus cannot be used to generalise on the position of valuation practice in the country as there are other more vibrant property markets in the country such as Abuja and Port Harcourt. Sanni and Akinyemi (2009) cautioned on generalising segmented result for a nation, region or larger cities such as Lagos because it has the effect of glossing over sectorial peculiarities that could be vital in influencing decisions. In the same vein, Ajayi (1990) also remarked that wide and detailed studies provide stronger basis for rigorous comparative analysis and more generalised conclusions. Similarly, it was also reported that the scope and depth of study needed to propel valuation practice in Nigeria to measure up with the refinements at the global stage is beyond the scope of a short paper (Ogunba&Ajayi, 2007).

Oluwatobi (2012) in Lagos, Nigeria, examined the use and implementation of valuation standards in Nigeria and found that most valuers possess the valuation standards but do not make use of them. He reported that the regulatory bodies were found to be fairly effective in some aspects of supervision, enforcement, development, and enlightenment on valuation standards. Reputed that the regulatory bodies were short of what is adequate in ensuring compliance with such standards at all times. The valuers view the standards as mere advisory. The study recommended that the regulatory bodies should adopt a policy of enforcing valuation standards to ensure greater compliance, greater standardization greater valuation accuracy. However, the study examined only practice in Lagos which is limited in scope. The study relied on an inadequate sample of 102 respondents and it did not cover enforcement. Further, compliance cannot be determined by valuers' perception but through document

content analysis as in previous study by Hordijk and van de Ridder (2005); Gambo (2010) and Babawale (2012).

Expectations from Previous Studies on Specified Variables

The following expectations are drawn from previous studies:

o Valuers would be more aware of their national valuation standards (Reis, et al., 2002; McParland et al., 2000; 2002)

o Valuers would prefer the use of national valuation standards (Lorenz, 2002; Eriksson, 2005)

o Level of awareness of valuation standards would determine level of use of and compliance with valuation standards (Eriksson, 2002)

o Clients requirements (demand) would influence use of valuation standards in practice (Milgrim, 2001; Thornes, 2007)

o Valuers knowledge of the operation of valuation standards would affect their level of use of and extent of compliance with valuation standards (Penerleano, 2002; Wyatt, 2001)

o Constant and consistent periodic modification of valuation standards would influence preference of use, extent of use and degree of compliance (French, 2003)

o There would be a positive relationship between use of valuation standards and enforcement mechanism

o There would be a positive relationship between availability of valuation standard manual and use of valuation standards in practice (Vella, 2009)

Table 2.2: Summary of Reviewed Related Literature on Valuation Standards

Author(s)/Year	Place of Study	Research Approach	Contribution/Findings	Gap Identified
French (1996)	London	Survey	Investigated investment methods valuation among valuers in response to Mallinson report. The study showed that valuers use DCF combine with traditional techniques alongside. The author recommended that RICS should provide guidance notes to aid valuers in their work.	Nothing is identified about Nigeria and did not show how valuers comply with standards in practice.
Heikenstein (1998)	Sweden	Review	Pointed out how property market crash was avoided by demanding for compliance with strict best practice rules. Cited how lack of expert appraisal skills and credible valuations in Japan and Thailand had to mortgage loan crises all as a result of absence of practice standards.	The author failed to reflect similar occurrence in Nigeria and lack empirical evidence.
Mackmin (1999)	Europe	Review/position paper	Discovered variation in valuation standards of different countries in Europe as a result of differences in law, culture and customs. That these differences can be addressed in national standards	Non-empirical and did not report how valuers use valuation standards
McParland, McGreal & Adair (2000)	Germany & the UK	Review/position paper	Criticized the use of national standards and advocated for the use development and use of regional standards so as to foster political and economic unification in the European Union	Failed to address enforcement of valuation standards in Europe
IVSC (2000)	Asia	Position paper	Identified some attributes that could impede the use of valuation standards in emerging property markets. These attributes were: poor or inadequate legal framework; lack of published property data; inadequate land use planning law; market volatility; and lack of trained professionals.	Nothing was said about emerging markets of Africa and Nigeria in particular.
Trairatvorakul (2001)	Thailand	Review	Emphasized need for enforcement of standards and found absence of valuation regulatory body despite 2 separate valuers' association	Not empirical and did not consider other emerging economies in East Europe
Milgrim (2001)	Japan	Review/position	Examined problem of harmonizing valuation	The work did not look in

			standards at international level. The problems identified were: differences in property markets, Laws, valuation practices and concepts, terminology and methodology.	to compliance with valuation standards.
Kolbre & Kask (2001)	Estonia	Review/position paper	Note absences of educational requirements for valuers in Estonia. The authors suggested some precursory steps toward achieving harmonization of valuation standards in Europe. These include: promoting and conforming to European and International valuation standards and harmonizing education system in Europe.	The authors did not examine and use enforcement of standards.
Wyatt (2001)	UK	Survey	Revealed that valuers are becoming increasingly involved in determining corporate efficiency and business owners do not recognize valuers in a strategic role. That many firms view valuers as providing just estimate of market value for purchase/sale decisions and corporate disclosure. Recommended that RICS valuation standards should provide commentaries that will aid valuers understanding of the clients' business and also the profession must convince clients that it can provide more with growing sophistication.	Nothing was mentioned about enforcement of standards and the study failed to capture valuation practice in Nigeria.
Lorenz (2002)	Germany & the UK	Cross-border Survey	Found differences in valuation standards and practice in Germany and the UK. That UK valuers are more pro-active and use their national standards (Red Book) in consonance with IVSs; while German valuers still hold on to traditional practice governed by government laws	Nigeria's position was not mentioned
McParland, Adair& McGreal (2002)	Germany,France, The Netherlands & Sweden	Interview Survey	Discovered divergent use of valuation approaches as a result of absence of property performance indices in some European countries which impede the use of regional standards	Nothing was said about Africa and did not cover enforcement of standards
Ellis (2002)	South Africa	Review/position paper	Cautioned and advised South Africa not to develop its own mineral extraction valuation standards but	Limited to extraction industry in South Africa

			adopt the IVSs	
Panerleano (2002)	Asia	Review/position paper	Some countries in Asia do not have valuers' professional association as such there is no valuation standard in use. That valuers in Japan adopt cost approach to value even where there is evidence of recent sales for comparison and information for income approach in market based transaction	Non-empirical and enforcement of valuation standards was not examined
Reis, Donnie & Fisher (2002)	Portugal	Survey	They examine valuers' use of valuation standards. The study showed among 131 valuers, only 5 use any form of valuation standards and market value and depreciated replacement cost were the common bases used by Portuguese valuers. The result showed that clients do not ask for the use of any valuation manual.	The study did not look in to enforcement of valuation standards by regulatory authorities.
Bothwell & Bothwell (2005)	Bulgaria	Review	No uniformity in the use of standards giving rise to different valuation estimates on the same property	Not empirical and limited to Bulgaria
Thornes (2005)	UK	Interview Survey	Found that Clients have no understanding how valuation conforms to standards and how it does not; and how valuation done according to standards is better than the one that is not according to standards	Considered only clients' perception and did not capture Africa and Nigeria
Eriksson (2005)	Four European Countries	Survey Approach	Examined preferences of valuers' use of valuation standards. Found that Valuers prefer national standards to regional standards (TEGoVa Blue Book) and that was attributed to lack of awareness on TEGoVA's standards as well as conservative preference for national standards	Failed to look at enforcement and Africa's position was not articulated
Kauko (2005)	Finland	Review	Examine adequacy of valuation for compensation and lamented that the process was not fair and the compensation not adequate. He suggested the incorporation of valuation for compensation in the international valuation standards. The author advanced agument that the IVS can provide technical explanation to the compensation process and bases for compensation especially when the compensation	The study lack empirical evidence and was limited to Finland.

			is to be based on market value.	
Newell (2005)	Australia	Survey	The survey showed that of the 83 property organizations, 94% of users of valuation reports indicated that the reports were not adequate for their purposes; and 84% of users of valuation report recommended monitoring conformity of valuers to valuation standards by industry based body.	The study did not capture level of enforcement by regulatory authorities and Nigeria's position was not mentioned.
Horjijk & van de Ridder (2005)	The Netherlands	Survey	The study revealed that most valuers comply with most of ROZ valuation regulations. However, valuers have difficulties in finding sufficient market evidence for comparable valuations as against ROZ requirement of at least three investment transactions as well as three rental transactions. It was recommended that principles should check report to ensure consistency with the ROZ regulations.	The survey did not examine enforcement of valuation standards by regulatory authorities and nothing was said about Nigeria.
Mills (2007)	Europe	Position paper	Reported that the responsibility of standardizing methodology and terminology lies with both professional practitioners and academia but much of the task is on the academia to lead the way. The author developed and proposed a generally accepted valuation methodology framework to complement valuation standards to aid students' practitioners' and clients' understanding of basic valuation theory and principles.	The author failed to capture the views of stakeholders in acceptable valuation methodology and terminology.
Chiquier & Lea (2009)	Asia	Review/Position Paper	Identified absence of enforcement of minimum standards in training, experience and adherence to international standards as requisite criteria to become valuer.	Not empirical and did not consider emerging countries of Africa
Vella 2009)	Commonwealth Countries	Review/Position Paper	Revisited issue of IVSC criteria for establishing emerging and developing economies in the use of valuation standards. Argued that the basis of valuation should be the same for both developed and emerging markets notwithstanding the difficulties of valuation environments in developing economies	Mentioned nothing about emerging markets of Africa

Vella (2009)		Review/Position paper	Reported difficulties of reliable data inputs for valuation in emerging property markets. Observed that access to international valuation standards is limited in most developing countries and suggested more supply of the copies of the standard manual in such places.	The study was not empirical and did not examine extend of use of valuation standards among valuers.
Ogunba & Ajayi (2007)	Nigeria	Review/Position Paper	Argued that based on the 8 established criteria of IVSC, Nigeria's property market is substantially developed and accordingly, is not an emerging country in the 8-point IVSC definition of emerging countries	Not empirical to substantiate their position and was silent about enforcement of valuation standards.
Deacon & Buiga (2010)	Europe	Review/Position paper	Examined degree of convergence between the accounting and valuation standards on fair value. They identified little convergence on the concept of fair value and noted that the main cause of dissimilarity is the insufficient adaptation of international valuation standards to the financial reporting requirements for measurement details and fair value disclosure. They recommended that IASB should give valuation profession more pre-eminence, and on the other hand both organizations should develop a common document on technical guidance.	The study was limited to examine commonalities in the definition of fair value between IASB and IVSC. Nothing was mentioned on use and enforcement of valuation standards.
Hordisk, Nelisse & Koerhuis-Gritter (2011)	Eight European Countries (France, Germany, Italy, The Netherlands, Portugal, Russia, Spain and the UK)	Survey	The study was carried out to identify differences that exist in valuation approaches and methodology in Europe. It was found that in different countries market value was not the always the basis and valuation methodologies are country-specific.	As at the time of reporting the study was on-going and nothing was said about use and enforcement of valuation standards.
Schnaidth &Sebastian (2012)	Germany	Survey	The study empirically examined the German valuation methods and highlighted the pre-dominant differences from the British valuation standards. The	The study did not examine use and enforcement of

			study revealed striking differences between the German and the British capitalization approach which is the separation of the land value and the capital value of the building. Also, that British valuation method assumes that the net income will be received in perpetuity which is not the case for the German method. The authors argued that the difference in the valuation methods cannot be traced to the legal framework which regulates German valuation practice.	valuation standards.
Gambo (2010)	Bauchi, Nigeria	Survey	Employed content analysis to examine level of valuers' compliance with valuation standards. The author used the International Valuation Standards as benchmark for examining valuation reports. The study revealed 20% of valuers interchanged purpose of valuation with basis of valuation; 5% did not report basis of valuation; 10% of the valuers failed to indicate date of inspection and effective date of valuation; while 15% of the valuers did not report compliance statement.	The study was limited in scope as only 20 valuation reports were examined and did not cover enforcement of valuation standards by the regulatory authorities.
Oluwatobi (2012)	Lagos, Nigeria	Survey	Reported that the regulatory bodies in Nigeria are fairly effective in supervision, enforcement, development and enlightenment on valuation standards. The study showed that valuers view the standards as mere advisory and recommended that the regulatory bodies adopt policy toward enforcing valuation standards for greater compliance.	The study was limited to Lagos metropolis and captured only perception of 102 valuers. In practical sense the study did not cover enforcement as there was no evidence of response from the regulatory bodies. More so, there was no evidence that compliance among valuers was measured as

				this can only be determined through concept analysis like in previous studies by Vtordisk &van de Ridder (2005).
Babawale (2012)	Lagos, Nigeria	Survey Approach	Reported that about 6% of valuers do not use any of the valuation standards manual in practice. He identified non- compliance with the provision of minimum reporting content of valuation standards in various headings of valuers' valuation report among practitioners in Lagos	Limited to Lagos and did not examine enforcement of valuation standards
Gambo (2014)	Abuja, Jos and Bauchi	Survey	It was an improvement to previous study by Gambo (2010) which was limited to Bauchi and examined only 20 valuation reports through content analysis. This study captured response of 114 Estate surveyors and valuers from 114 surveying and valuation firms across Abuja, Jos, and Bauchi covering North central and North-Eastern States in geographical coverage. The study also examined 50 valuation reports through content analysis. The result revealed that 20% of the valuers are not aware of the existence of any valuation standards; 54% do not consult any valuation standard manual in practice; 16% used IVSC's valuation standards; 10% used NIESV valuation guidance notes; 9% used RICS (Red Book/valuation standards and 1% used TEGOVA's Blue Book. The study recommended that the regulatory authorities in Nigeria should review the present NIESV valuation standards and guidance notes to reflect peculiarities of the local market.	The study did not examine enforcement of valuation standard by the regulatory authorities in Nigeria. It was limited to Northern part of the country which cannot be said to have property markets.

2.14 Chapter Summary

The chapter reviewed extant literature on the concept of standards generally and valuation standards in particular. It examined valuation standards, the importance of valuation standards in practice and the evolution of valuation standards. It examined dynamics of the regulatory framework; types of valuation standard manuals and their contents, minimum reporting content of valuation reports, and an overview of the valuation profession and practice in Nigeria. The chapter reviewed related studies on contents and use of valuation standards in Europe, US, Australia and Asia; the link between valuation accuracy and valuation standards; impact of International Accounting Standards and banking reforms on valuation standards and practice; and related studies on valuation standards in Nigeria. From the review of related available literature, it was discovered that there are scanty empirical studies on use of valuation standards in valuation practice particularly in Nigeria. Studies on enforcement of valuation standards are rare. It is therefore important to close the gap by undertaking an all-inclusive study to reflect the level of use of valuation standards among valuers and extent of its enforcement by professional regulatory authorities in Nigeria.

CHAPTER THREE

THEORETICAL AND CONCEPTUAL FRAMEWORK

3.1 Preamble

This chapter examines relevant theories, concepts and principles related to the study. It attempts to bring out related concepts and processes that links theory with the existing research problem. The chapter examines enforcement and compliance theories; and also relevant concepts, principles and theories of value in valuation. It highlights and discusses various valuation processes proposed by different authors. In line with this reasoning, the chapter presents the researcher's conceptual construct as the philosophy guiding the study and how variables to be measured are conceptualised.

3.2 Theories, Concepts and Principles of Value in Valuation

This section presents an overview of theories, concepts and principles of value as applied in valuation.

3.2.1 Theories of Value in Valuation

One of the most challenging tasks for many professionals involved with the property valuation (appraisal) discipline including academics and practitioners, clients and the court, is developing a correct understanding of value definition and its concepts. Value definition and estimate is the target of every valuer on valuation assignment. Different definitions of value can lead to different value estimates. Moreover, value definition determines what approach to value should be adopted and as such, different definitions of value require different methods of valuation. Over the years courts, academics and practitioners have had different perspectives on how to define real estate values. Determining the exact meaning of value has proved to be a considerably difficult task to economists, valuers, and philosophers from time

immemorial to date. Baum and Crosby (1995) quoted Plato (427-347 B. C.), saying the concept of value is the most difficult question of all sciences. This argument is of cardinal importance to the valuation profession as it forms the nucleus of their training to estimate value. However, there is emerging concern that property valuations are carried out without sound understanding of value theory provided (Lorenz, 2006). For instance, Canonne and Macdonald (2003) investigated in detail the extent to which over 100 major North American textbooks on property valuation, including a wide number of property valuation manuals, treaties and anthologies incorporated theory of economic value and its history. They came to lamenting conclusion that "the theory of value … is systematically neglected". This development is premised by the circumstance that economists in the last century have turned away from in-depth study of value to concentrate on economic analysis of prices. As a result it is reported that academic writers have been bothered by lack of clarity and precision in traditional value definition in recent times and by disparity between traditional definitions and basic economic and finance theories of how prices are determined in markets (Albritton, 1980, 1982; Whipple, 1996). Therefore, it is not surprising that the basic idea of value is out of context with the concept and finds little or no foundation in the literature, with blatant errors in the theory of value and history of value thought.

Contemporary valuation practice is gradually being shaped by strong forces within and outside the profession. Among the external forces are the adoption of new international banking rules known as the Basle II, the introduction of International Financial reporting Standards within the European Union, a general paradigm shift in accounting conventions from depreciated historical cost to market value reporting of assets as well as the global acceptance of International Valuation Standards which has close association with the unfolding events in the accounting world. More so, the globalisation of property investment across international boundaries requires that valuers establish Generally Acceptable

Valuation Principles (GAVP) consistent with principles, concepts and bases of value that are of universal acceptance to international clients. Among the international forces that influences valuation practice is the increasing awareness in both the academia and practice of the exigencies to improve the transparency of valuation processes and services so as to gain and maintain the confidence of users of valuation services. In the light of the foregoing, the clear understanding of the theory, concepts and principles of value is paramount and imperative.

Smart (1931) quoted Mill's statement made in 1848, that there was nothing in the laws of value which remained for him or for any writer to clear up and many scholars smiled at the claim with Jevons declaring that " neither writers nor readers could avoid the confusion so long as they use the word 'value". This threw Mill's unsubstantiated assertion in the mid-way of the tunnel in the exposition of value thought with much at the beginning and the end of the tunnel.

According to Cannone and Macdonald (2003), economic value thought has its origin in the works of Xenophon (427-355 B. C.); Plato (427-347 B.C.), and Aristotle (384-324 B.C.). Xenophon discovered that to people who do not understand how a good is useful to them the best option is to sell if they know how to sell it instead of keeping it. He contended that wealth or money is not valuable to one who does not know how to use it. If someone uses his money to buy a dress that is not useful to him at any point, how is the money useful to him? In this regard, Xenophon addressed a fundamental issue of economic thought i.e. the distinction between objective value and subjective value and between value in use and value in exchange.

The fundamental difference between value in use and value in exchange was first examined by Aristotle in his book "Politics". For everything which we possess, there are two uses: both

belong to the thing as much, but not in the same manner, for one is the proper, and the other the improper or secondary use of it. For instance, a shoe is useful for wear, and is used for exchange; both are uses of the shoe" (Aristotle, Politics, Book I). By implication, Aristotle meant the value of a good lies in its relevance in satisfying life's need. The use value of a good therefore depends on the goods ability to satisfy one's wants. This means use value of a good can vary greatly among different people. Values as observed have two distinct meanings and sometimes express the utility of some particular object, and sometimes the power of purchasing other goods which the possession of that objects conveys. The former is referred to as value in use, while the latter is referred to as value in exchange. It follows that those things with greatest value in use most often than not have little value in exchange; likewise those things with greatest value in exchange often times have little value in use (Smart, 1931). Aristotle noted that exchange of good arises "from what is natural from the circumstance that some have too little, others too much". Exchange value from Aristotle's view point is derived from use value as communicated through market demand. Where use value begins to diminish at some starting point (i.e. the point where one has enough) and exchange value and demand are influenced by the uncontrollable conditions of rarity and scarcity. Having identified these elements in value thought earlier on, Younkins (2005) argued that Aristotle earlier identified the role of diminishing marginal utility in price formation and recognised that the value of a good or commodity is certainly determined by what additional or diminishing units did to the total value of the group. Aristotle therefore identified major elements of the value theory put forward by the representative of the popularly Austrian school of thought, prominently is Carl Menger (1840-1921).

Adam Smith (1723-1790), the first to complete a comprehensive theory of political economy, saw labour as the sole source and measure of value. To Smith, labour … is the real measure of the exchangeable value of all commodities. The real price of everything is what costs an

individual to acquire it … what is bought with money or with goods is purchase by labour, as much as what we acquire by the toil of our own body. All goods contain the value of a certain quantity of labour which we exchange for what is expected at the time to contain the value of an equal quantity. "Labour alone, never varying its value is alone the ultimate and real standard by which the value of all commodities can at all time and places be estimated and compared, money is their nominal price only" (Smith, 1776). This theory believes that of a good's production is contained in its labour of production (Carter, 2001) which determines its economic value. This theory helps in valuation to explain that some values are intrinsic in the property and can be determined externally through the considerations, valuations, and expectations of economically acting subjects- purchaser and seller. The understanding of intrinsic value led the classical economists into a puzzle in their quest to answer why diamond is more valuable than water. Smith (1776) held the view that "

> the things which have the greatest value in use have frequently little or no value in exchange; conversely, those which have the greatest value in exchange have frequently little or no value in use. Nothing is more useful than water: but it will purchase scarce anything; scarce anything can be had in exchange for it".

von Mises (1949) asserted that the idea that things with higher utility can be valued less than things with far smaller utility and the inability to solve this puzzle made classical economists to abandon a theory of value and price that is based on the concept of utility and use value; instead they try to explain the phenomena of value by other theories. The paradox was later solved by Carl Menger, William Jerons, and Leon Walras (1834-1910). They developed theory of economic value about the same time but independently from each other based on the concepts of marginal utility. However, Menger's work was unique from others based on its greater adherence to reality, the theoretical precisions, and concern with the valuations of the individual actor (Bakan, 2004; Stolyarov II, 2006)

Menger (1871) in his book '*Principles of Economics*' (Grundsatze), refuted the labour theory of value. He contended that amount of labour or cost of production cannot be the determinant of value of a good. "In general, no one in practical life asks for the history of the origin of a good in estimating its value, but considers solely the services that the good will render him and which he would have to forgo if he did not have it at his command" (Menger, 1871). He acknowledged that comparing the value of a good with costs of its production reveals the relevance of past production to economic value.

> "The necessary consequence of human knowledge that the maintenance of life, of well-being or of even some insignificant part of them, dependent upon control of a good or a quantity of good … The value of goods arises from their relationship to our needs, and is not inherent in the goods themselves. With changes in this relationship, value arises and disappears" (Menger, 1871:120)

Menger resolved the water-diamond paradox by explaining that people's valuations and choices that result in the exchange ratios of the market do not decide between all the diamonds and all the water. People do not express rational judgement concerning the 'absolute' value of water or diamonds simply because they are usually not in a circumstance to choose between all the water and all the diamonds. Instead, choice is made at a particular point in time and under definite conditions between strict open choice of a limited quantity of water and limited quantity of diamond for a particular immediate use. Therefore, an individual's decision on the desirability of a quantity of water and quantity of diamond is entirely contextual and focused on the margin rather than on complex totalities. Von Mises (1949) observed that this decision does not in any way depend on the decision the individual would make if it were in the position to decide between all the diamonds and all the water. This explains why definite quantities of water have no value to an individual while definite quantities of diamonds have higher value. This condition holds true for ideal circumstance of life when water is available in abundant quantities and diamonds in very small quantities.

"In the desert, however, where the life of a traveller is often dependent on a drink of water, it can by all means be imagined that more important satisfactions depend, for an individual on a pound of water than on a pound of diamond. In such circumstance, the value of a pound of water would consequently be greater for the individual concerned, than the value of a pound of diamond." (Menger, 1871: 141).

Although Menger did not use the term marginal utility or law of diminishing marginal utility, he satisfactorily explained how individual need or want will be less intense until eventually after having consumed more, a state is reached at which the satisfaction of a specific need or want is unimportant. It is obvious a stage occurs at which every unit having external appearance of satisfaction of this need not only has no further importance to the consumer but is rather a burden and a pain" (Menger, 1871:125). Thus, is clear that the law of marginal utility does not refer to objective use value or value in exchange but only to subjective use value. von Mises (1949) remarked that it does not deal primarily with value of things, but with the value of services a man expects to get from them. Following Menger, use value and exchange value are two concepts dependent on the general concept of value and coordinate in their relations to each other. "Use value … is the importance that goods acquire for us because they directly assume as the satisfaction of needs that would not be provided for if we did not have the goods at our command. Exchange value is the importance that goods acquire for us because their possession assumes the same result indirectly". This follows that when goods have exchange value and use value at the same time to the individual possessing them, the forms of value are of different status. A property may have one value in use and a different value in exchange. Value in use is a subjective concept which holds that value is within the object/good itself. For instance, in a cement factory, a kiln built in the premises is useful and valuable item as far as the building is used for cement production. In the event where the cement production ceases operation, the kiln will probably not add value to the

property unless it can be used for almost the same purpose in all respect. Value in exchange is an objective concept which holds that value is in the mind of man. For instance, a good or commodity is valuable if it can satisfy existing need. Gossen (1854) puts it that a good has exchange value only when the demand for it exceeds supply; and that the exchange ratio of goods is equal to the ratio of marginal utilities of the traders. However, the yardstick of determining this exchange ratio is a difficult task. This Menger (1871) and von Mises (1949) expatiated why the measurement of value is a vain effort. For Menger, the entire theory that presents money as the measure of exchange value of goods 'disintegrates into nothingness, since the basis of the theory is a fiction, an error'. Likewise to von Mises, "everything that can be measured is that of two things one is valued higher. Value here means preferring 'a' to 'b': "preferring always means to love or to desire 'a' more than 'b'. Just as there is no standard and measure of beauty, of friendship and sympathy, and of aesthetic and enjoyment, so there is no measure of the value of commodities". More so, the measurement of exchange ratios is further complicated with the understanding that preference for the same goods can vary from individual to individual.

> "There is no reason why a good may not have value to one economising individual but no value to another individual under different circumstances. The measure of value is entirely subjective in nature, and for this reason a good can have great value to one economising individual, little value to another, and no value to a third, depending on the difference in their requirements and available amount … Hence not only the nature but also the measure of value is subjective" (Menger, 1871:146)

Although the valuer is primarily concerned with exchange value which is the value recognised by the market place where property ownership exchange takes place, and money used as the yardstick by which comparative values of property is measured; it should be borne in mind the critical arguments of Menger and von Mises which provided an important insight for the practice of property valuation with regards to the limitations of any attempt to

assign 'objective exchange values' or market values to property assets. Property valuation involves a comparison of observed money prices which can be exchanged between property and money, therefore, valuers should bear in mind that prices are social phenomena determined by market-interplay among participants' preference of a to b. This flow of theory and arguments underscore the importance of defining value concepts, principles and bases enshrined in valuation standards manual to aid the subjective judgement of valuers in their opinion of value so as to ensure consistency, transparency and achieve high standards in valuation practice.

Thus far, the subjective nature of value and its measure has been discussed. However, there are factors that determine economic value of a property. These are:

- Utility- ability to satisfy human needs and wants

- Scarcity- inadequate supply or relative to supply

- Desire- the purchaser's wish or craving to have command over a property

- Effective purchasing power- ability to participate in a market by an individual or group

Similarly, according to Appraisal Institute (2001); Gaddy and Hart (2003), property value is influenced by the interplay of four basic factors. These are:

- Physical factors- this includes climate, topography, man-made and environmental externalities;

- Economic factors- interaction of market forces of demand and supply;

- Political and governmental factors- this includes government direct intervention on rent control, fiscal policy, credit, local zoning and building codes etc.; and

- Social factors- this refers to population changes, attitude toward marriage and family size, level of education, life style etc.

3.2.2 Concepts of Value in Valuation

There are many concepts of value in property valuation that can serve as a basis of value in valuation. Different concepts of value lead to different definition of value depending on the circumstance and historical background of each country in developing its property valuation theory. For instance, Leslie (1997) reported that American Society of Appraisers identified the following value concepts.

Table 3.1 Various Concepts of Value

Identified Value	Identified Value
Appraised value	Market value **
Assessed value	Normal market value
Auction value *	Normal value
Depreciated value	Nuisance value
Earning sale value	Objective value
Exchange value	Physical value
Fair value ***	Rate making value
Forced sale value *	Reasonable value
Gut value	Real value
Hammer value	Sale value
Implied value	Salvage value
Imputed value	Scrap value
Intrinsic value	Sentimental value
Investment value	Sound value
Just value	Stock and bond value
Justified value	Subjective value
True value	

* The same as liquidation value
** Sometimes considered as fair market value
***Sometimes defined differently from fair market value

Source: Leslie (1997)

Most relevant to real property valuation among the various concepts of value are investment, fair value, value in use, rateable value, insurance value, salvage value and most important market value.

3.2.3 Principles of Value in Valuation

The principles of value are variously discussed by different authors at different times. Kinnard (1987) attempted discussing few principles of value; Larson (2003) identified and discussed eight principles of value; and Betts and Ely (2005) presented and discussed eleven; while Philippines Valuation standards (2010) discussed thirteen principles of value. It is imperative to note that 'Highest and Best Use is discussed in the international valuation standards (2003) as a concept of value while others view it as principles of value. The focus here is not to discuss what is or is not a value principle. An attempt is made here to generally present principles of value that appear common in valuation theory as discussed by Kinnard (1987); Larson (2003); Betts and Ely (2005); and Philippines Valuation Standards (2010). These principles are hereunder discussed.

3.2.3.1 Principle of Anticipation

Market value is the present worth of all the anticipated future benefits to be derived from the property. The benefits may be in the form of an income stream or amenities. Anticipated future benefits are those benefits anticipated by the market. The expectations of buyers and sellers about future market conditions and future property benefits directly influence this estimate of worth. The estimation of the remaining economic life in "Cost Analysis" is based upon anticipation of the future. Entire market areas can feel the impact of anticipations of potential market participants. For example, a proposed construction of a highway may lead to anticipated increased property value in vicinity which may cause speculative purchase. At the same time, prices of properties which will remain in the vicinity of proposed interchanges are

often bid up speculatively in anticipation of new use patterns and increased demand. A home has value proportionate to the anticipated enjoyment of the home. For example, most high quality residential properties in exclusive areas sell at a premium price that reflects the buyer's desire to enjoy whatever future social or physical benefits that property may produce. That enjoyment may include, among other things, a quiet, natural setting in an area of large estates, or the social satisfaction of an exclusive address or proximity to desirable schools. The appearance and the condition of the surrounding homes can have a dramatic effect, either positive or negative, on the value of a particular home. Income capitalization involves the conversion of anticipated future income or benefits to present worth figure. The valuer is continually forecasting or anticipating income flows in applying income capitalization. The method uses the discounted cash flow (DCF) model to determine the present value of an investment. One underlying assumption of this approach is the principle of opportunity cost of capital, i.e. that money is of more value to its holder today than in the future. The principle of anticipation is fundamental to this approach. It states that value can be created today by expected future profits. Although slightly complicated, this method is an essential element to the valuation of any property; it is almost always employed by financial and investment professionals when valuing assets analysis. Discounting of future income, which is the mathematical and financial foundation of capitalization is based on *anticipation*. The "Income Method" is also termed the fundamental or intrinsic method of property valuation. In this method, the present worth of a property is estimated on the grounds of projected future net income and resale value.

3.2.3.2 Principle of Balance

The equilibrium reached in a free market when complementary uses of neighbouring property permit maximum value for individual properties and the neighbourhood. The principle of balance has dual significance. When applied to an individual property, the principle states

that maximum market value is reached when the four agents of production- labour, entrepreneur or coordination or management, capital, and land - attain a state of equilibrium. In the case of individual properties, the principle works in conjunction with principles of contribution, increasing and decreasing returns, and surplus productivity. When applied to a neighbourhood, the principle of balance indicates that maximum market value is reached when the complementary uses of land attain equilibrium. For example, a single-family residential neighbourhood requires commercial facilities such as grocery stores, gasoline stations, drugstores, and so forth. It also needs residential support facilities such as churches, schools, recreational facilities, and the like. When these complementary uses are in balance, the individual properties (and the neighbourhood) achieve maximum market value. When the principle of balance is applied to a neighbourhood, it works with conjunction with the principle of competition.

3.2.3.3 Principle of Change

The continuing effects of economic, social, and governmental forces on the property and its environment result in continuous change in market value which must be anticipated. This principle states that market value is never constant, because economic, social, and government forces are at work to change the property and its environment. In addition, property itself is constantly changing. For example, the quality of the soil can be changed by the forces of nature, while improvements change by aging. Because change is continuous, the estimate of market value is valid only on the day it is made. This is why a value estimate is always expressed as of a specified effective date. The dynamics of the market are such that the market forces of demand and supply are constantly changing. Cities, neighbourhoods, and developments experience change, whether it be growth or decay. Nothing really stands still. Economists note that cities and nations alike experience four distinct stages of change,

including development, stability, decline, and renaissance. This is also applicable to valuation, that value are not static, it changes when events occur that increase or decrease the product's desirability. In addition, the value of the same product, service or thing is not the same to everybody. Different people have different needs and wants at different times. Value is based on need and the ability of the product to satisfy that need. Real estate is no different from other commodities. Every property has value, and that value goes up or down over time. Property derives value from its capacity to be used. For value to increase, there must be a demand that exceeds current or projected supply, and the property must be capable of satisfying that need either at the present time or in the future. The stage of the city or nation or development for which the subject property lies will have an effect on the value of the property. The value of a property changes, depending on the state of the property-the extent to which obsolescence set in and the demand prevailing on the nature of the interest in the property as at the time of value estimate. Changing user tastes, standards, and requirements are constantly being encountered in valuation of income-producing real estate. The same is true of changing technology, changing money-market conditions, and changing location patterns. Change as a concept is no different in income-property appraisal. What is different is the critical importance of indicated and anticipated change as an influence on remaining economic life, required capital recapture periods, functional obsolescence, net incomes, and cash flows-all of which work directly to determine value. This concept works complementarily with the concept of *anticipation*.

3.2.3.4 Principle of Competition

The tendency of a highly profitable use to be duplicated by others until an excess supply of similar goods and services reduces profitability, and thus value. The principle states that when substantial profits are being made, competition is created. This leads to the maxim that

profits tends to breed competition and that excess profits breeds ruinous competition. A neighbourhood can support only a certain number of department stores, filling/service stations, and shopping centres. An excess of any one type of facility will tend to decrease the value of most, if not all, other such facilities. It has long been recognised that competition can lead to lower prices, enhanced product variety, great innovation and downward pressure on costs. Indeed, prime properties which are often to as market-drivers tend to be clients' preference because of their locational advantage and high yield nature. However, it is also possible for a particular class of property investment to impede the competitive process to open competitive returns. Excessive profits result in ruinous competition. A recent example occurred in 1990 in the UK when many homeowners attempted to cash in on the tremendous *perceived* profits they could make if they had sold their home. A record number of owners put their homes on the market for sale. The supply of available homes for sale in this area increased 20 fold and prices fell for several years. When there is strong demand for real estate, profits rise and competition stirs. With this increased competition and profit comes more home building and development. Unfortunately when excessive profits are available, a surplus of competition can create an oversupply of housing, and collapse the market. Something lately the United States has experienced with the so-called "housing bubble". When a valuer is to factor the principle of competition in his value estimate, he puts into consideration if the property in question is in high demand or it has competitive alternative which may likely affect the anticipated future use or stream of income.

3.2.3.5 Principle of Conformity

This connotes creation of maximum market value through a reasonable degree of similarity of property use, appearance, and owner demographics. This principle states that maximum market value is reached when a reasonable degree of economic and social homogeneity is expected in the foreseeable future. When the principle is applied to improvements, reasonable

homogeneity implies reasonable similarity, not monotonous uniformity. When it is applied to the residents, it means similarity in age, income, background, education, attitudes, and so on. Conformity works in conjunction with the principles of progression and regression. A *reasonable* degree of conformity results in maximum value. A home located in an area of homes of similar size, style and quality will positively affect its value. Often homes of varying architectural styles are located in one neighbourhood, especially in an area of exclusive individually designed homes. However, there is usually conformity in either the economic or sociological sense in that the homes are of similar price and size or are owned and occupied by people in similar economic and social positions. Many housing markets thrive on conformity. If the properties of a given market are all similar in type, size, style, age, quality, etc, the maximum value is a result. If for example, a non-conforming home, such as 6-bedroom home is situated in a 3-bedroom community, the true value will not be realized.

Value is enhanced when the property being valued is in conformity with the standards of acceptability applicable in the market in which it is competing, Residential properties are enhanced in value when they tend to conform to one another in a given neighbourhood or market area. In the case of income properties, however, physical conformity is not as significant as is conformity to the tastes, standards, and requirements of potential users. Moreover, anticipated income flows must conform to the standards of potential investors or purchasers with respect to stability, risk, and amount. It is, therefore, most important for the valuer to know and understand the occupancy standards of potential users and the investment standards of potential purchasers when income-producing properties are being appraised.

3.2.3.6 Principle of Consistent Use

The requirement to value all aspects of a property: land, improvements, and personal property on the basis of a single class of usage at any given point in time. This principle states that the

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property must be valued with a single use for the entire property. It is improper to value a property of one use for the land and another use for the improvements. This is not to say that consecutive uses for the entire property would violate the principle of consistent use. The principle of consistent use is especially applicable to a property in transition from one use to another. While the improvements on a parcel ready for a higher use may theoretically have a long physical life, their economic life may have already terminated. In this case the improvement may have a negative value namely the cost of demolition. In theory, the concept of consistent use makes perfect sense, and when applied correctly, it supports the appraiser's analysis and opinion of value. The premise of consistent use is simple: the land and its improvements must be valued on the same basis. However, it is not a concept to be used independently of other valuation principles. Consistent use is defined as: "…the concept that land cannot be valued on the basis of one use while the improvements are valued on the basis of another (Eaton, 1995)." Underlying the concept of consistent use is the principle of highest and best use: "The highest and best use of land (or Most Profitable Use) as vacant and the highest and best use of the property as improved are connected but distinctly different concepts (Appraisal Institute, 2001)." In practice, it is all too common for an appraiser to value the subject's land on the basis of one type of use, while valuing the improvement based on a different use. The resulting analyses and opinions of value are misleading, at best, and may be invalid as well. It is essential for the appraiser to understand the principle of consistent use and ensure that it is appropriately applied. Thus, one of the first tasks in employing the principle of consistent use is for the appraiser to determine the highest and best use of the land. This is based on what is physically possible, legally permissible, financially feasible and maximally productive. It is that use or type of use that will result in the greatest market value for the land. In contrast, a highest and best use analysis of an improved property will consider the existing or proposed improvements in light of the highest

and best land use. The highest and best use as improved will help determine if the existing improvements should be continued for that use, modified or demolished. Once the highest and best use of the land is established, the land is valued on that basis. Value, as improved, is compared to the initial land value as vacant (highest and best use). The principle does not allow the appraiser to ignore the original highest and best use conclusion, nor does it allow the appraiser to value improvements on a basis that is different from the established highest and best use. If the subject property is in an area that is transitioning from one type of use to another, the improvements may be considered an interim use or, possibly, obsolete. When the appraiser selects comparable sales that force a consistent use over the highest and best use, the resulting opinion of value is misleading. If this method were being used in litigation, the appraiser's error in consistent use application would surely create credibility issues. For income properties, the valuer must be much more specific and precise in his estimation of highest and best use (or even most probable) use. The variety of potential uses is much greater, and seemingly minor differences can have substantial effects on value. It is not enough to categorize Highest and Best Use as "Commercial" or even "Retail." The specific category must be identified and justified. Therefore, considerably more time and effort most go into Highest and Best Use analysis, and much more basic economic and financial analysis must support the conclusion.

3.2.3.7 Principle of Contribution

The incremental amount of value contributed to the total value of a property by any given component is considered here as opposed to the actual cost of the component as a whole. This principle states that the value of an agent of production (or a property component) depends upon its contribution to the whole. Alternatively, its value is measured by how much a component would reduce the value of the whole. This means of net contribution is termed

marginal productivity in economic analysis. This is another way of saying that cost does not necessarily equate value. For example if ten thousand naira is spent on labour which is a cost N, worth of labour contributed to the value of the property would be less than N, or more than N. This principle is the basis for the adjustment process of the comparative sales approach to values and the direct sales comparison method of land valuation for determining whether physical deterioration and functional obsolescence are curable of incurable and for justifying remodelling and moderation. Contribution is the conceptual foundation for the estimation of the present worth of improvements in cost analysis (the so-called Cost Approach). In estimating the amount of diminished utility experienced by improvements in cost analysis, the valuer is measuring how much the presence or absence of a particular characteristic either adds to or detracts from the value of the entire property. Similarly, the measurement of differences between the subject property and comparable sales (substitute) properties, to make adjustments in "Direct Sales Comparison Analysis", is based on the Principles of contribution. The most important applications of the idea of contribution or marginal productivity to income property valuations occur in income capitalization approach to value estimate. The residual technique of traditional income capitalization are predicated on the valuer's ability to identify the contribution of each physical component of the property (site and improvements) to the net income it is forecast to produce. Similarly, leased-fee and leasehold analysis values each legal component in terms of its respective income productivity or contribution. Mortgage equity analysis permits the valuer to estimate the present worth of the investor's equity by capitalizing its contribution to the investment. Indeed, the heart of capitalization analysis is to measure and value the present worth of the contribution, in money-income terms, of the investment or any of its major components. The principle of contribution works in conjunction with the principles of balance increasing and decreasing turns and surplus productivity.

3.2.3.8 Principle of Demand and Supply

This principle states that market value is determined by the interaction of the forces of supply and demand. A sudden increase in the population of an area would increase demand. The amount of a commodity, good or service that would be purchased at various prices during a specific period depends on the amount of a commodity, good or service that would be offered for sale at various prices during the period. Value increases as more and more people compete for the available housing. Population growth, ability to pay and the relative scarcity of housing all affect the value of a home. When demand is greater than supply, the price of homes and rent go up, and the inverse is true as well. When demand is strong, homebuilders should react by increasing development to meet the demand, and keep prices at bay. However, if the reaction to demand is too strong, overproduction can occur, leaving a surplus of property and weak demand, followed by lower house values. When supply and demand are at perfect equilibrium, the cost of production (along with the profit) should be reflected in market value. Market value is the result of the bids and offers of typical buyers and the reaction of typical sellers, of rights in the type of property being valued. The market is defined in terms of the competition among buyers with similar characteristics, objective and market perception as investors. This competition among buyers represents the demand side. The supply side of the market is represented by competing properties that are similar and substitutable in the minds of competing buyer-investors. To understand the workings of demand and supply in a particular valuation problem, the valuer must analyse and evaluate their components

Demand stems from a combination of population, consumer's personal standards or tastes, and incomes. Due to population mobility, changes in employment and incomes, fluctuations in the availability and price of credit, and changing tastes and standards of use, demand for

urban real estate can and does vary widely and rapidly. Coupled with the relative inelasticity of supply, this reinforces the potential for significant fluctuations in value over short periods of time. It also emphasises further the importance of carefully identifying the market conditions in terms of which value estimate is made, by specifying the effective date of the valuation. On the supply side, the supply of real estate commodities is not responsive to the demand as it changes slowly in most real estate markets. Both new construction and conversion are time consuming; there are physical and legal deterrents to speed. This means that under changing conditions of market demand, values can vary substantially. This analysis should focus on those particular components that are pertinent to the impact of market forces on the value of the particular property being appraised. For income property valuation, demand analysis helps indicate the type, character, and objectives of the probable purchaser(s). Supply analysis indicates the amount, location, and character of the competition of the property being valued, as well as the levels of prices and rentals most likely to occur.

3.2.3.9 Principles of Progression and Regression

Related to conformity, the principle of regression tells us that high-valued properties tend to suffer when found in close proximity with lower-valued amenities. While the principle of progression assumes that lower-valued homes will see increased value if found amongst higher-valued properties. That's why you always hear people saying, "buy the cheapest property on the block", as the weight of those around it will make it more valuable. Progression indicates that the value of lesser object is enhanced by association with better objects of the same type. For example a ₦12, 000 house among ₦25, 000 homes could probably bring a higher price in the market. The principle of regression states that when there are dissimilar properties within the same general classification and in the same area, the better property will be adversely affected. Thus, when a ₦50 million house is located in an

area where the typical home is in the ₦25 million categories the market value of the former will tend to fall. The ₦50 million house in this example, is an over improvement for the neighbourhood. The principle of progression and regression works in conjunction with the principle of conformity.

3.2.3.10 Principle of Substitution

The market value of a property is affected by the cost of obtaining an equally desirable and valuable property as a substitute. A prudent purchaser-investor would pay no more for a particular property than the cost of acquiring an equally desirable substitute property on the open market. Therefore, value tends to be set by the probable acquisition costs (price) of such substitute properties that appear capable of providing the same utility to the owner as the property being valued. For example, when setting a market price for a piece of property, the cost of acquiring or constructing a similar property must be considered. If the asking price of a home is ₦5, 000, 000, but similar homes in the neighbourhood sell for ₦4, 500, 000, chances are the home will not sell for the full asking price. The same is true if the cost of constructing a new home (along with lot cost) is less than the asking price of ₦5000, 000. The application of this principle involves use of the economic concept of opportunity cost- the value or utility of a property is measured by the benefits of ownership foregone or given up by not selecting an alternative or competing property. For effective appraisal of income producing properties, it is necessary for the valuer to identify the market alternatives that are realistically available to the most probable type of purchaser of the property in question. This indicates what he would be giving up to buy the subject property. It is assumed that the decision maker will act rationally and logically in selecting from among the alternative courses of action available to him. Three alternatives means of acquiring a substitute property are potentially available to the purchaser-investor. First, he can buy an existing property with

the same perceived utility as the one being valued. This course of action provides the basis for *Direct Sales Comparison Approach*. Second, he can produce or have produced a property with the same utility as the subject. This alternative is the basis for *Cost Approach,* including the measure of diminished utility of any improvements. Finally, the purchaser-investor can acquire an investment that provides a forecast future income stream of the same amount, duration, stability, quality, and risk as that forecast for the subject property. This is the basis for Income capitalization analysis. This principle serves as the basis of the three approaches to value: comparative sales, cost, and income.

3.2.3.11 Principle of Surplus Productivity

This determines the net real property income after the costs of labour, capital, and management have been paid. This principle states that the net income remaining after the cost of the agents of production- labour, entrepreneur or coordination, and capital has been paid is considered surplus productivity. The surplus productivity is the income earned by the land. The agents in production must be satisfied in the following order: labour (wages), coordination (entrepreneur), capital [improvements] and land. As a result, land value tends to be set by the cost of labour, coordination, and capital. The principle of surplus productivity works in conjunction with the principles of balance, contribution and increasing decreasing returns. This principle is the basis for residual method of valuation. The method works on the premise that the price which a purchaser can pay for such property is the surplus after he has met out of the proceeds from the sale or value of the finished development his costs of construction, his costs, of purchase and sale, the costs of finance, and an allowance for profits required to carry out the project.

3.2.3.12 Principle of Variable Proportions (Principle of Increasing and Decreasing Returns)

When the quantity of one productive service is increased in equal increments, while the quantities of other productive services remain fixed, the resulting increment of product will decrease after a certain point. The principle states that when successive increment of one agent of production are added to fixed amounts of the other agents future net benefits (income) will increase up to a certain point (point of decreasing returns) after which successive increments will decrease future net benefits. This point of maximum productivity, and therefore of maximum value, is achieved when all factors of production are in balance with one another. This principle applies to a development program for a parcel of land; it applies to maximizing the amenities of a neighbourhood as well. This point of maximum productivity of 'balance' is known in economics as the point of diminishing returns. Beyond this point, successive increments of the variable factors of production result in a less than proportionate increase in productivity, and hence value. For an instance, adding a swimming pool, outdoor brick barbecue and patio, screened lanai and even new carpeting and drapes may not yield a worthwhile return when a home is sold. Attitudes, desires and tastes differ so greatly that a seller generally does best by leaving as many personal touches as possible for the buyer to install to suit themselves. The principle of increasing and decreasing returns works in conjunction with the principles of balance contribution and surplus productivity.

The valuation standards are collection of concepts and principles of best practice to aid valuers in the conduct of their professional assignment. A good grasp of these principles will enable valuers have a clear understanding of various bases of values to be adopted whether market or non market. It will assist valuers in identifying the connection between each purpose of value estimate required and what approach to value is most appropriate in any

given circumstance. The essence of valuation standards is not to tell valuer how to do this job but to provide guide on what to do with requisite expertise. Some valuation standards briefly outlined and discussed these principles so as to aid valuers' understanding in connecting the relationship that exists between these principles, concepts and methods of value estimate. This therefore will lead us to examine various methods or approaches to value in the valuation standards as well as other contemporary approaches to value.

3.3 Related Theories

There are no much theories that correctly explain the philosophy of this study. However, the few theories that apply to this study are ethical theory, social cognitive theory of self-regulation, enforcement theory and compliance theory.

3.3.1 Ethical Theory

Ethical theory deals with the study of conduct in relation to moral rightness or wrongness. Steiner (2001) asserted that the essence of ethical study is to explain human conduct. He further defined conduct as a special kind of human action i.e. action that is voluntary and so involved choice and decision. Voluntary action can be equated with responsible action because such actions are decided upon and so could have been change or corrected. According to Steiner, the study of ethics is commonly categorised into three branches: descriptive, normative, and meta-ethics.

Descriptive ethics is concerned with the way things are. It describes the ethical beliefs of people and their conduct relative to those beliefs. Normative ethics is the study of what constitutes conduct that is morally right or wrong. It treats of how persons ought to conduct themselves not how they do. It is so-called normative because it involves norms or standards or criteria for judging the moral rightness or wrongness of conduct. Normative relativism

states that all moral points of view are relative (Fontrodona, Guillen and Rodriguez-Sedano, 2007). The morals of one person are not necessarily equal to the morals of another person. Normative ethics can be divided into two parts (Steiner, 2001): general normative ethics and applied normative ethics. In general normative ethics, a set of principles that prescribe right moral conduct is generated and justified as valid. General normative ethics is also called ethical theory. Applied normative ethics is a study of how ethical principles should guide conduct in specific contexts. Meta-ethics is a study of the meaning of terms used in ethical theory and the forms of arguments used to justify ethical principles.

Fontrodona, Guillen and Rodriguez (2007) asserted that ethics has three dimensions which are moral norms, good, and virtues. Moral norms, good and virtues are interrelated and rooted in human nature (MacIntyre, 1993). The three elements-good, norms and virtue are interconnected and they need each other to be properly understood. Exposition on the three concepts is outside the focus of this study. However, the theory is relevant to this study because it gives us an insight on the development of professional standards stemming from normative ethics which provides ground for setting criteria (standards) and judging particular professional conduct whether right or wrong. This theory tells us that individuals have tendencies to do what is right or wrong and if they have principles that guide their conduct in doing what is right they will certainly do. As such they require certain guiding principles to guide them. It therefore follows that professional standards are required to guide professionals in the conduct of their professional conducts. There is no related work to explain how this theory was applied. However, it is adopted in this study to explain how valuers if allowed thay have tendencies to do what is ethically right or wrong, but once they have standards (norms, or criteria) for judging their conduct they will do the right thing. It implies also that the professional regulatory authorities need to provide those criteria (standards) that help guide and judge valuers' professional conduct.

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3.3.2 Social Cognitive Theory of Self-Regulation

This theory was advance by Bandura (1991). He advocated that in social cognitive theory of human behaviour is extensively motivated and regulated by the ongoing exercise of self-influence. The major self-regulative mechanism operates through three principal sub-functions. These include self-monitoring of one's behaviour in relation to personal standards and environmental circumstances; and effective self-reaction. Self-regulation also encompasses the self efficacy mechanism, which plays a central role in the exercise of personal agency by its strong impact on thought, affect, motivation, and action. The same self-regulative system is involved in moral conduct although compared to the achievement domain, in the moral domain the evaluative standards are more stable, the judgment factors more varied and complex, and the effective self-reactions more intense. In the interaction perspective of social cognitive theory, social factors affect the operation of the self-regulative system. It follows that people cannot influence their own motivation and actions very well if they do not pay much attention to their own performances, the conditions under which they occur, and the immediate and distal affects they produce. Therefore, success in self-regulation partly depends on the fidelity, consistency, and temporal proximity of self-monitoring. This theory is relevant to this study in that it explains the importance of self regulation by internal regulatory body through effective and consistent monitoring.

3.3.3 Enforcement Theory

The enforcement theory is traced to the early works of classical philosophers such as Thomas Hobbes (1588 – 1678). Cesare Beccaria (1738 – 1794), Montesquieu (1748) and Jeremy Bethan (1748 – 1832). The proponent of this theory holds that the state has four policy choices to enforce law. The first is the sanctioning rule. This rule is strict and it is evoked whenever a party is found to have caused harm or expected harm. Under this rule, a person

who has been found to have caused harm is sanctioned only if he failed to obey some standard of behaviour or to meet a regulatory requirement. The second choice concerns forms of sanction which could be monetary and non – monetary (or both). The non-monetary sanctions focus on imprisonment. The third choice involves the magnitude of the sanction. The fourth choice is about the probability of detecting offenders and imposing sanctions. This probability depends on the state resources devoted to finding violators. The crux of enforcement lies in sanction. This implies that without sanctions, enforcement would not be effective. In this context, the threat of sanction plays a role of deterring individuals from committing wrongful acts.

Hobbes described men as neither good nor bad. They weigh their actions and judge by logic of consequences. It is enforcement and deterrence that influence firms' or individuals' calculations of benefits and costs. Proponents of enforcement theory believe that people choose to obey or violate the law after calculating the gains and consequences of their actions. If the consequences through sanctions are grievous, they avoid violations but if it is something they can accommodate they violate at the slightest opportunity to do so.

Hobbes argued that the punishment for crime must be greater than the benefit for committing crime. According to Jacoby (1994), enforcement through deterrence is the reason individuals are punished for violating the social contract, and it serves to maintain the agreement between the state and the people in a workable social contract. In Beccaria's view, swift and certain punishment are the best means of preventing and controlling crime (Beccaria, 1963). In his view, punishment must be certain and swift so as to deter others

Bethan (1948) believed that doing what is good and acceptable is what promotes "the greatest happiness of the greatest number" and that the state is to "promote the happiness of the society by punishing and rewarding". The proponents of enforcement theory such as

Beccaria believe that if individuals know that their undesirable acts will be punished, they will refrain from offending in the future.

3.3.4 Compliance Theory

Compliance theory explains why individuals, states and firms comply with or do not comply with international or domestic laws. It was propounded by Thomas Hobbes (1588 – 1678); Cesare Beccaria (1738 – 1794); Jeremy Bethan (1748 – 1832) and later advocated by Etzioni (1975)

This theory is useful for viewing and understanding human behaviour in relation to adherence to instituted laws and the reasons behind their behaviour. It suggests different approaches that state and non-state actors can use to influence states and firms to comply with laws incidental to national development.

Etzioni (1975) developed an innovative approach to the structure of organizations called compliance theory. He classified organizations based on the type of power they employ to direct the behavior of their members and the type of involvement of the people concerned. Etzioni identifies three types of organizational power namely: Coercive, utilitarian and normative; and relates these to three types of involvement – alienative, calculative, and moral.

	Coercive	Utilitarian	Normative
Alienative	X		
Calculative		X	
Moral			X

Figure 3.1: Etzioni's compliance types
Source: Etzioni (1975)

Coercive power uses force and fear to control lower level participants. The utilitarian power uses remuneration or extrinsic rewards to control lower – level participants. Normative power controls through intrinsic rewards, such as allocation of interesting work, identification with goals, and making contribution to society. Many professional people use normative power.

Cohen (1998) categorizes enforcement at two broad levels of governance, and their relationship. These are compliance at the international and domestic levels. International compliance relates to behavior of states – how they comply with international law. Domestic compliance on the other hand, is about how individuals and firms comply with domestic laws. International laws and agreements must be agreed to by states and states must provide mechanism for enforcement and compliance through legislation within a state. In other words, international laws and treaties must be accepted by state before it can be enforced within a state.

Compliance at the national level has to do with responses not of states, but of citizens and firms to laws and established rules. At the national level, coercive enforcement measures are more pronounced than at international level. Most proponents of compliance and enforcement theories identified the absence of prescribed sanctioning authority at the international level as a critical difference between national and international law (Werksman, 1996). Werksman holds the belief that states that to lack capacity to impose sanctions this line of distinction may be meaningless in practice.

In the rational thought, Becker's opinion on compliance and enforcement provided an insight that potential offenders respond to both the probability of detection and severity of punishment if detected and convicted. Thus, deterrence may be enhanced either by raising the penalty, by increasing monitoring activities to raise the likelihood that the offender will be

caught, or by changing legal rules to increase the probability of conviction (Becker, 1968). Becker's model was extended to incorporate non-compliance and advocates that there must be a credible likelihood of detecting violations; swift, certain, and appropriate sanctions upon detection; and a perception among the regulated firms that these detection and sanction elements are present. In this view, cost of sanction should be broader than merely monetary cost which is open to range of enforcement options, including extra-legal punishments such as moral stigma and loss in reputation.

The normative thoughts on domestic (national) compliance posit that compliance occurs or does not occur mainly because of the regulated entities' capacity and commitment. The proponents of these views clamoured for a more cooperative approach to ensuring compliance with the full range of compliance strategies such as proper dissemination of information, technological assistance, and monitoring framework to enable inspectors to provide effective compliance guidance. These theories are relevant to this study because they identify what engenders compliance and how enforcement can be instituted. They also establish the relationship that exists between international and national standards and how enforcement and compliance can be measured.

There is no study on valuation standards that utilises enforcement and compliance theories. However, this study adopted the theories and applies it in variable measurement in the conceptual framework. Enforcement theory assisted measuring enforcement from the activities of the professional regulatory bodies as shown in the conceptual framework. Enforcement is carried out by the professional regulatory bodies through appropriate

sanctions. Similarly, compliance theory helps us determine compliance from the activities of the valuers. Appropriate sanctions are set so as to deter valuers from breach of the standards. Where there is breach of the standards, appropriate enforcement mechanisms are employed. In measuring compliance from the conceptual framework, the Use of Valuation Standards is the independent variable while enforcement is the dependent variables. These therefore establish the relationship between enforcement theory and compliance theory in the study.

3.4 Conceptual Framework

3.4.1 The Valuation Process

The valuation process is the process in the step-by-step the valuer is expected to follow while on valuation assignment from instruction to final value reporting. The valuation/appraisal process is a systematic, logical method of collecting, analysing, and processing data into intelligent, well-reasoned value estimate (Babawale, 2008). Notwithstanding the magnitude of the valuation task and the time frame, all the processes are expected to be followed meticulously. Previous studies have outlined and recommended different valuation processes with their variations and emphasis (see Diaz, 1990; Whipple, 1995; Lusht, 1997; AI, 2001; Diaz, 2002). The fact remains that the process of arriving at value estimate involves basically three functions- analysis, interpretation, and prediction.

The Australian Property Institute Professional Practice Manual (2000) make the following recommendations as process involved in the valuation:

- ❖ Valuation Summary
- ❖ Introduction
- ❖ Land and title
- ❖ Location

- ❖ Site description and services
- ❖ Town Planning
- ❖ Statutory valuation and charges
- ❖ Improvement
- ❖ Environmental matters
- ❖ Comments on the property
- ❖ Basis of valuation
- ❖ Tenancy details
- ❖ Valuation rational or approach
- ❖ Market review or summary
- ❖ Risk analysis
- ❖ Valuation
- ❖ Qualification and disclaimer

The valuation process recommended by the Australian Property Institute involves seventeen steps.

The IVSC (2003) developed eight steps valuation process model comprising definition of problem, scope of work, data collection and property description, data analysis, land value opinion, application of the approaches to value, reconciliation of the value indication and financial estimate, and reporting the defined value. This is regarded as the normative model as it expects that the valuer will follow the steps meticulously from valuation instruction to final value reporting. The normative valuation process is depicted in figure 3.2. However, valuation being an inexact science does not follow straight rule of '1+1=2' as it involves intuitive flair. This supposedly implies that valuers, especially experienced valuers may not necessarily follow the normative process. Diaz and Hansz (2000) concurred to this assertion and likened the normative process to a cook book or recipe approach to valuation and remarked that expert valuers like master chefs, do not seem to follow a normative, systematic process or recipe.

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│                    DEFINITION OF THE ASSIGNMENT                          │
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│  │IDENTIF │ │IDENTIFY│ │ USE OF │ │ Define │ │DATE OF │ │SCOPE OF│ │ OTHER  │ │
│  │Y REAL  │ │PROPERT │ │  THE   │ │ VALUE  │ │ VALUE  │ │THEASSIG│ │LIMITING│ │
│  │ESTATE  │ │Y RIGHTS│ │VALUATION│ │        │ │        │ │N MENT  │ │CONDITIONS│ │
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DEFINITION OF THE ASSIGNMENT

IDENTIFY REAL ESTATE | IDENTIFY PROPERTY RIGHTS | USE OF THE VALUATION | Define VALUE | DATE OF VALUE | SCOPE OF THE ASSIGNMENT | OTHER LIMITING CONDITIONS

PRELIMINARY ANALYSIS DATA SELECTION AND COLLECTION

GENERAL
(Regional, city and neighbourhood)
SOCIAL
ECONOMIC
GOVERNMENTAL
ENVIRONMENTAL

SPECIFIC
(Subject and comparable data)
COST AND DEPRECIATION
INCOME AND EXPENSE
CAPITALISATION RATE
HISTORY OF OWNERSHIP
USE OF PROPERTY

COMPETITIVE SUPPLY AND DEMAND
(The subject market)
INVENTORY OF COMPETITIVE PROPERTIES
SALES AND LISTINGS
VACANCIES AND OFFERINGS
DEMAND STUDIES
ABSORPTION RATES

HIGHEST AND BEST SELECTION AND COLLECTION
Land as though vacant
Property as improved
Specified in terms of Use, Time, and Market Participants

LAND VALUE ESTIMATE

APPLICATION OF VALUATION APPROACHES

COST APPROACH | SALES COMPARISON APPRAOCH | INCOME CAPITALISATION APPRAOCH

RECONCILIATION OF VALUE INDICATIONS AND FINAL VALUE ESTIMATE

REPORT OF DEFINED VALUE

Figure 3.2: Normative Valuation Process

Source: IVSC (2003)

The normative process is concerned with what it should be and therefore not flexible enough to incorporate 'what is, was or will be'. The normative process can be attributed to the normative economics classified by Lipsey, Langley, and Machoney (1985). They also offered the definition of positive economics as positive rules about what 'is, was or will be'; while normative economics are about what ought to be. Thus, the normative process is concerned with what ought to be while positive process is concerned with 'what is' (Keynes, 1936;

Friedman, 1953). This apparently implies that the positive process is more flexible than the normative process as it captures what is the on-going practice rather than what ought to be.

American Institute of Real Estate Appraisers developed a valuation process which involves definition of the problem, preliminary survey and appraisal, data program (general and specific data), data classification and analysis, approach to value, indicated value, correlations of value indicators, and final estimate of value. This is represented in figure 3.3.

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                    ┌─────────────────────┐
                    │   Definition of the │
                    └──────────┬──────────┘
                    ┌──────────┴──────────┐
                    │ Preliminary Survey and │
                    └──────────┬──────────┘
                    ┌──────────┴──────────┐
                    │    Data Program     │
                    └──────────┬──────────┘
        ┌──────────────────────┴──────────────────────┐
┌───────────────┐                              ┌───────────────┐
│ General Data  │                              │ Specific Data │
│   Regional    │                              │    Title      │
│     City      │                              │    Site       │
│ Neighbourhoo  │                              │ Improvement   │
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                    │ Data Classification and Analysis │
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   │ Indicated│           │ Indicated Value │   │ Indicated Value │
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        └──────────────────────┼──────────────────────┘
                    ┌──────────┴──────────────┐
                    │ Correlation of Value Indicators │
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                    │  Final Estimate of  │
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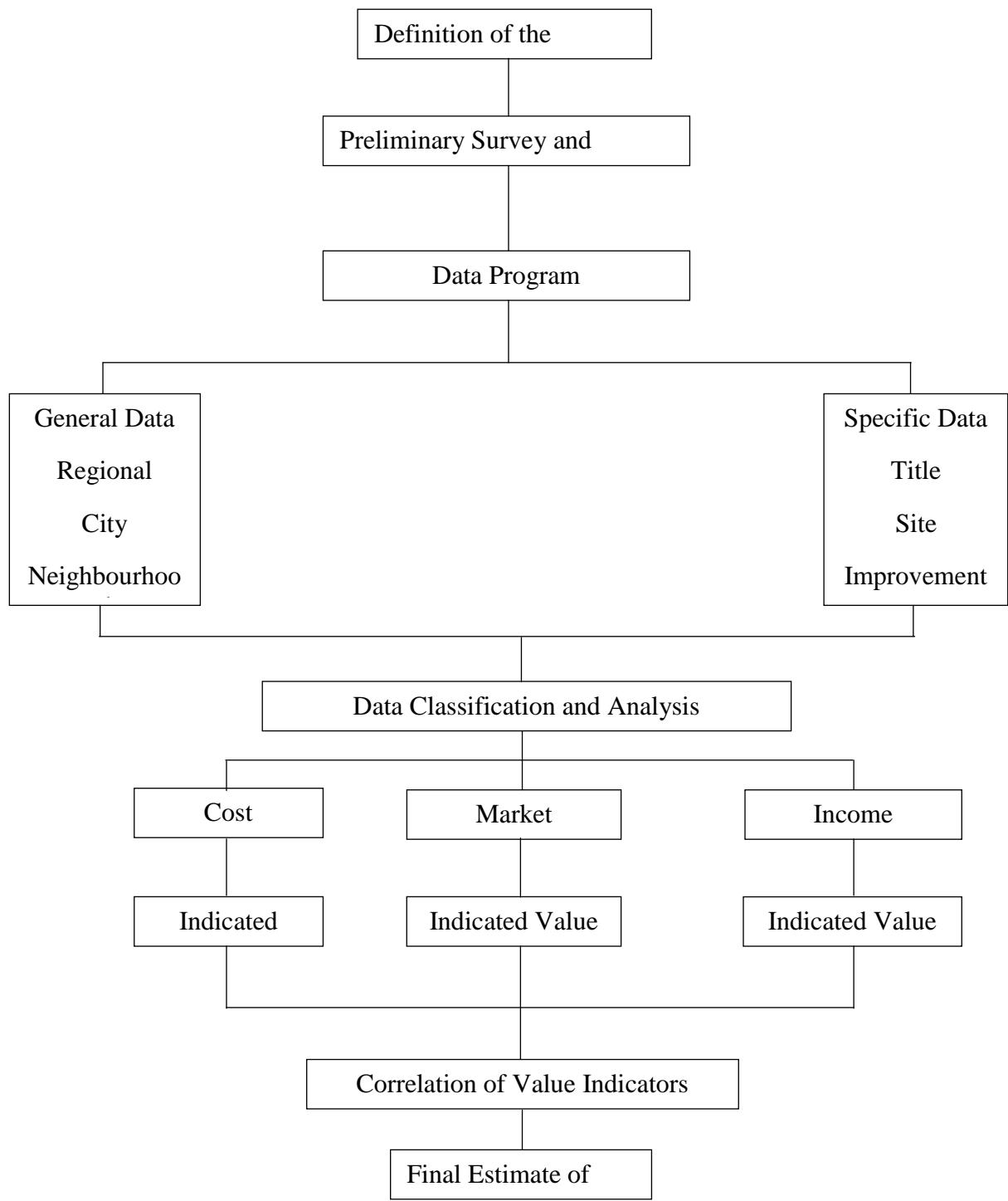
Figure 3.3 American Institute's Valuation Process

Source: Appraisal Institute (2001)

A study by Diaz (1990) revealed that US residential valuers quickly move from problem definition to specific data collection and only consider general data when the task requires general investigation. The study concluded that expert valuers will not follow normative

process. A further study by Diaz (2002) reported that the US appraisal process involves problem definition, general data collection (optional), specific data collection, comparable data gathering, valuation analysis, and reconciliation or final judgement.
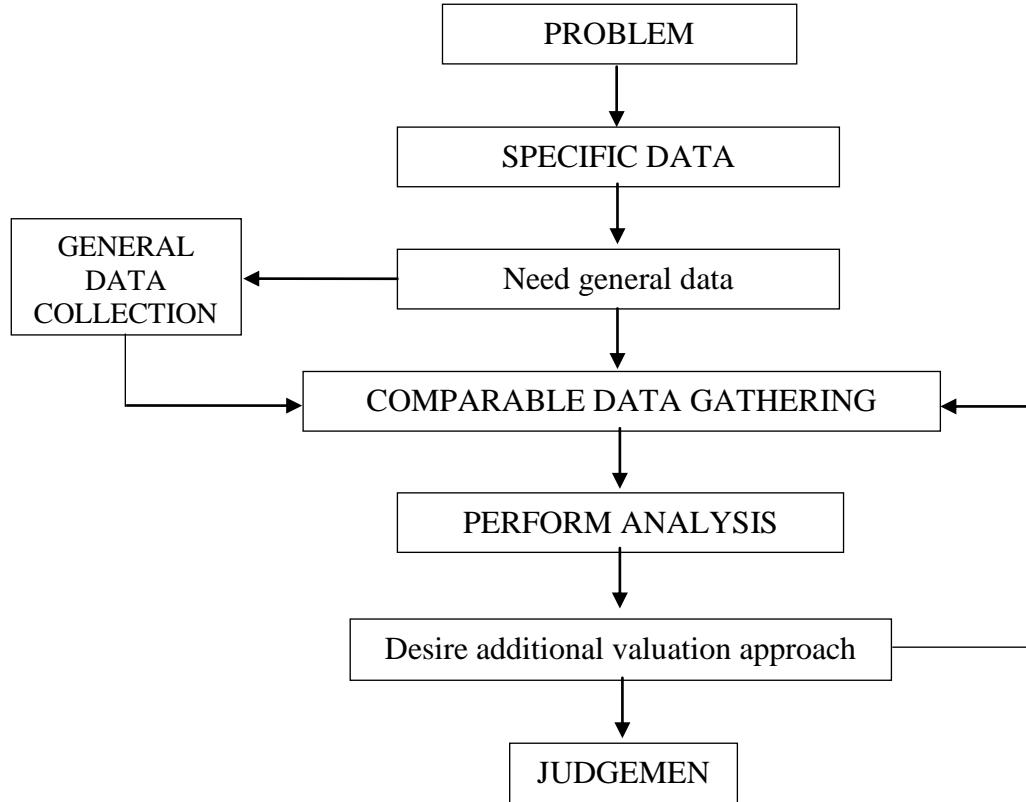
Figure 3.4 Valuation Process Employed by the United States of American Appraisers
Source: Diaz (2002)

The actual or descriptive process in figure 3.4 shows a departure from normative process as it suggests that valuers move from problem definition to specific data collection while general data collection is optional. The descriptive process also is more flexible in that it provides room for additional approach to value other than the basic three approaches established by the IVSC normative model. The descriptive process starts with specific data collection which requires information on site/improvement and refers to neighbourhood and regional information only when necessary; while the normative model requires data that are collected

from regional to neighbourhood down to site improvement. This implies that, the normative process is essentially deductive, while the descriptive is more inductive. This also reveals that the fact that valuers deviate from normative process and requires more research on valuation process that depicts valuers' behaviours on descriptive process (Diaz, 2002).

Whipple (1995) refined the valuation process proposed by the American Institute of Real Estate Appraisers believing that it suits Australian condition. Whipple's valuation process is presented in figure 3.5.
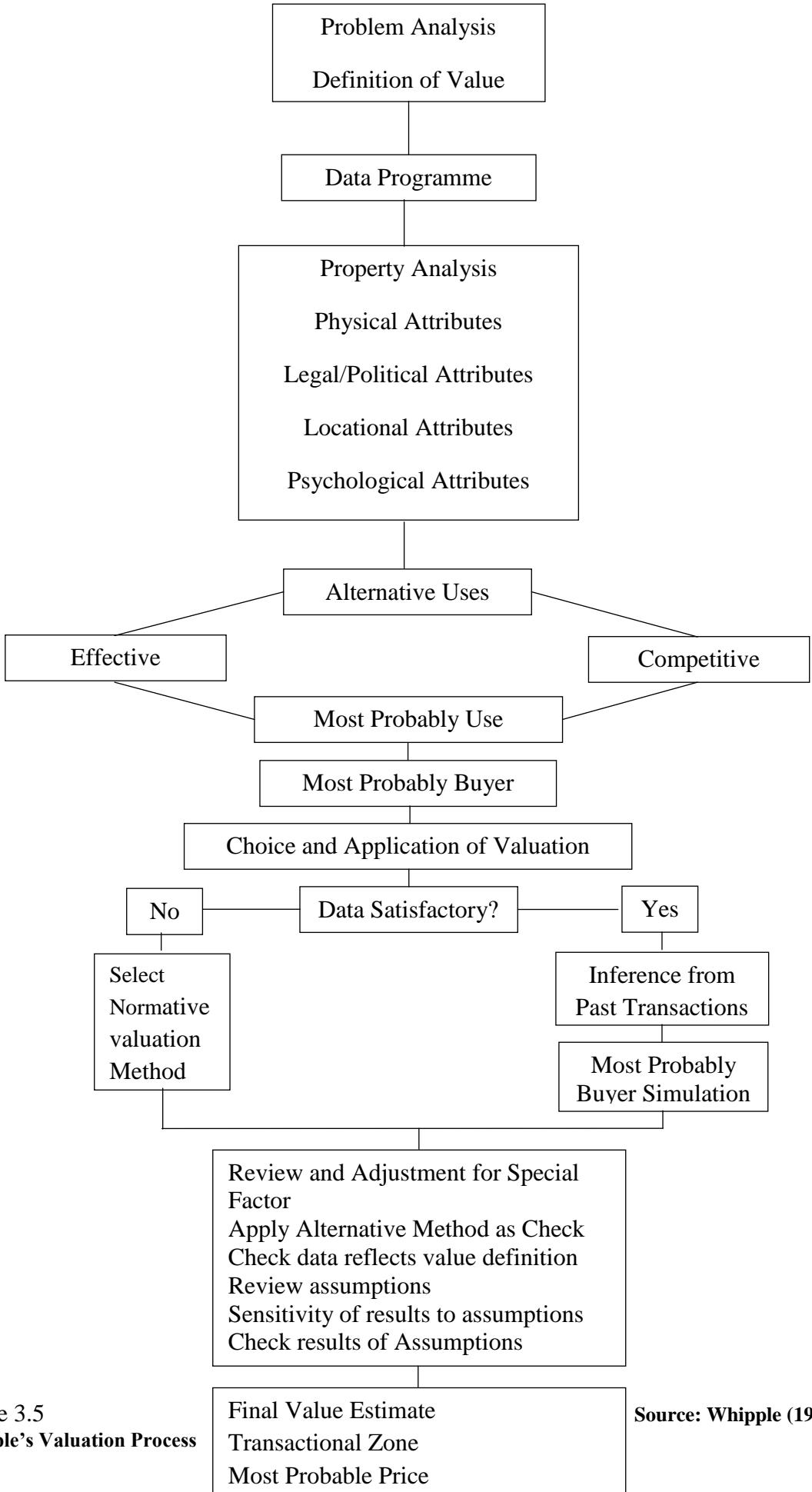
Figure 3.5
Whipple's Valuation Process

Source: Whipple (1995)

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Lusht (1997) provided a model being representative of the problem solving process as presented in figure 3.6.

DESCRIPTION OF THE PROBLEM

Identification of property to be	Definition of Value	Data of Value	Limiting Conditions

SUBJECT PROPERTY

Location	←	Expected or Highest and Best Use	→	Property Specific

APPLICATION OF RELEVANT APPRAISAL

Sale	Cost	Income

RECONCILIATION OF VALUE

Final Value

Appraisal Report
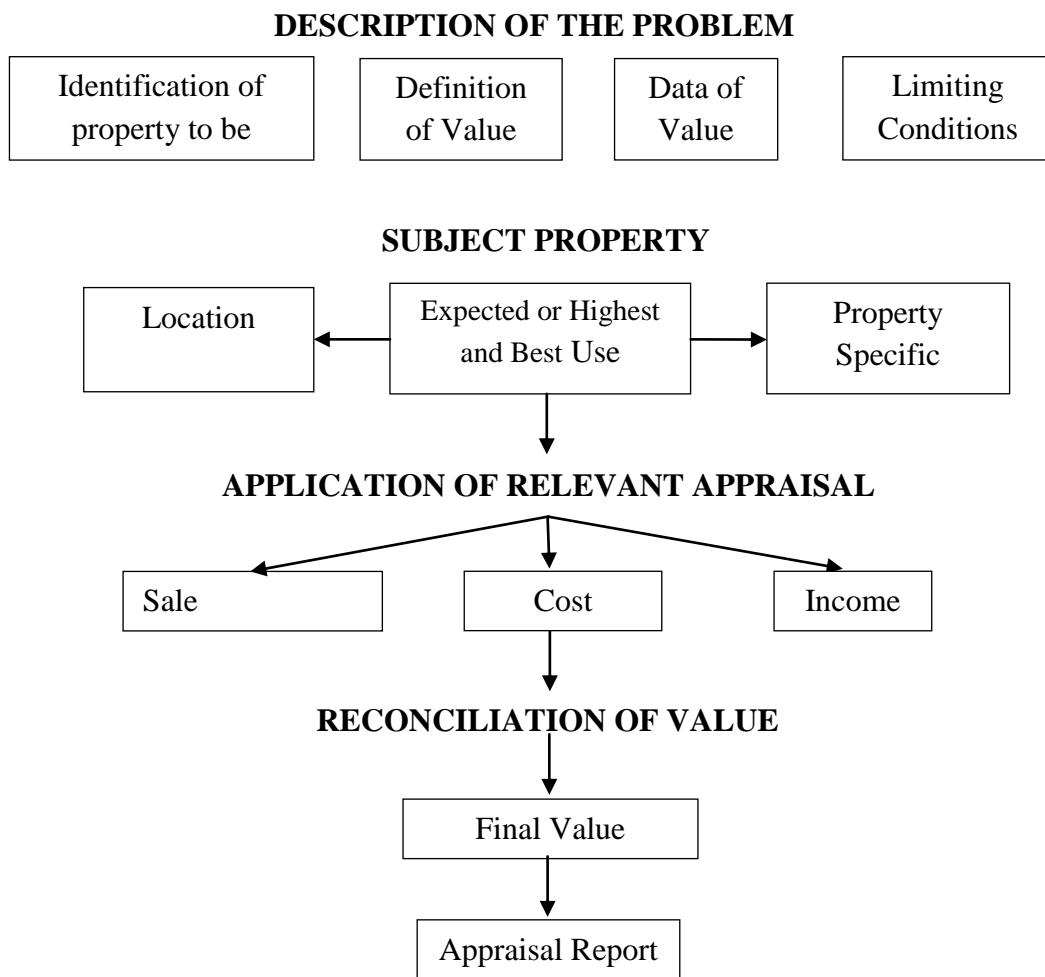
Figure 3.6 Lusht's Valuation Problem Solving Process
Source: Lusht (1997)

The valuation process is a systematic procedure and appraiser follows to provide answers to a client's questions about real property value (Appraisal Institute, 2001). It is a model that can be employed to a wide variety of questions that relate to value estimation. The valuation process commences when the valuer receives instruction to determine value of an interest and ends when the defined value is estimated and reported to meet the client objective.

The American Institute of Appraisers (2001) recently refined the appraisal process as depicted in figure 3.7.

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Definition of the Problem

Identification of client/intended Users	Intended use of appraisal	Purpose of appraisal of value(including definition of value)	Date of opinion	Identification of characteristics of property (including location and property rights to be valued)	Extraordinary assumptions	Hypothetical Conditions

Scope of Work

Data Collection and Property Description

Market Area Data	**Subject Property Data**	**Comparable Property Data**
General characteristic of regional, city, and neighbourhood	Specific characteristics of land and implementations, personal property, business assets, etc.	Sales, listings, offerings, vacancies, cost and depreciation, income and expenses, capitalisation rates, etc.

Data Analysis

Market Analysis	**Highest and Best Use Analysis**
Demand Analysis	Site as though vacant
Supply Studies	Ideal Improvement
Marketability Studies	Property as improved

Land Value Opinion

Application of the Approach to Value

Cost	Sales Comparison	Income Capitalization

Reconciliation of Value indications and Final Opinion of Value

Report of defined Value

Figure 3.7 Appraisal Process
Source: Appraisal Institute (2001)

Recent study by Diaz (2003) revealed that the UK descriptive model of the valuation process

is different from the US model in that it consists of four steps instead of six steps and is not in

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a serial order but in repetitive steps. The process comprise of problem definition, comparable data gathering, analysis, and final judgement. This is depicted in figure 3.8.

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                    ┌─────────────────────┐
          ┌────────▶│      PROBLEM        │
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          │                    │
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          │         │     Need data       │──────┐
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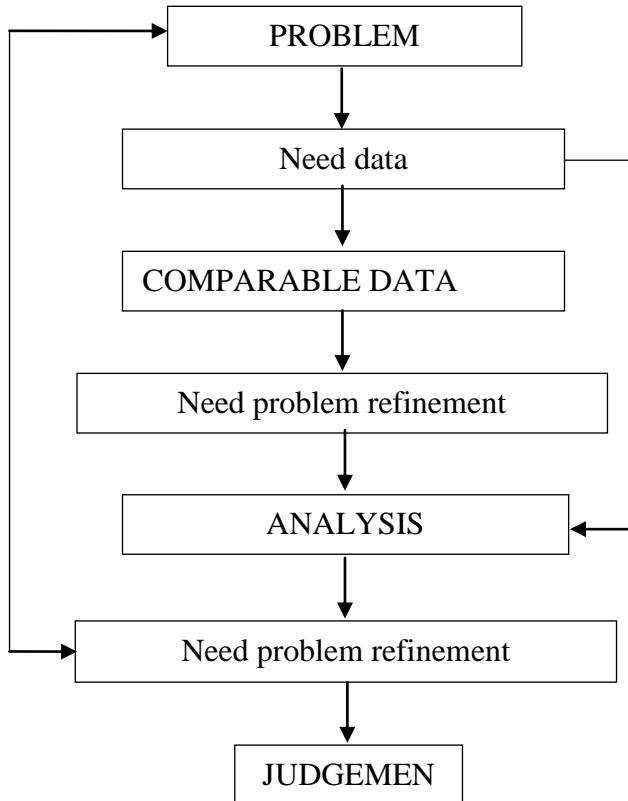
Figure3.8 Valuation Process Employed by the United Kingdom Valuers

Source: Diaz (2002)

The UK expert valuers seek preliminary problem definition and move to immediately to comparable data gathering and seek further problem definition as the need arises. The UK experts appear not to differentiate between information about the assignment, the subject property, or the general market in seeking problem definition (Diaz, 2002).

Mills (2007) proposed Valuation Methodology Framework (VMF) which incorporates valuation process, valuation concepts and principles making reference to IVSC's (2005) effort in making reference to many valuation concepts in section on Generally Valuation Concepts and Principles in 2005 edition of the International Valuation Standards. He suggested Valuation Methodological Framework (figure 3.9) captures a number of

fundamental valuation requirements. The framework incorporates sufficient information that links valuation concepts, principles and valuation process. Mills in his effort to provide a more acceptable framework that serves as a general process that incorporates valuation fundamental principles, concepts, and valuation process proposed Generally Accepted Valuation Methodology Framework (Figure 3.10) that is more encompassing and complex than the Valuation Methodology Framework. However, this Generally Acceptable Valuation Framework cannot provide guide for the use and enforcement of valuation standards.
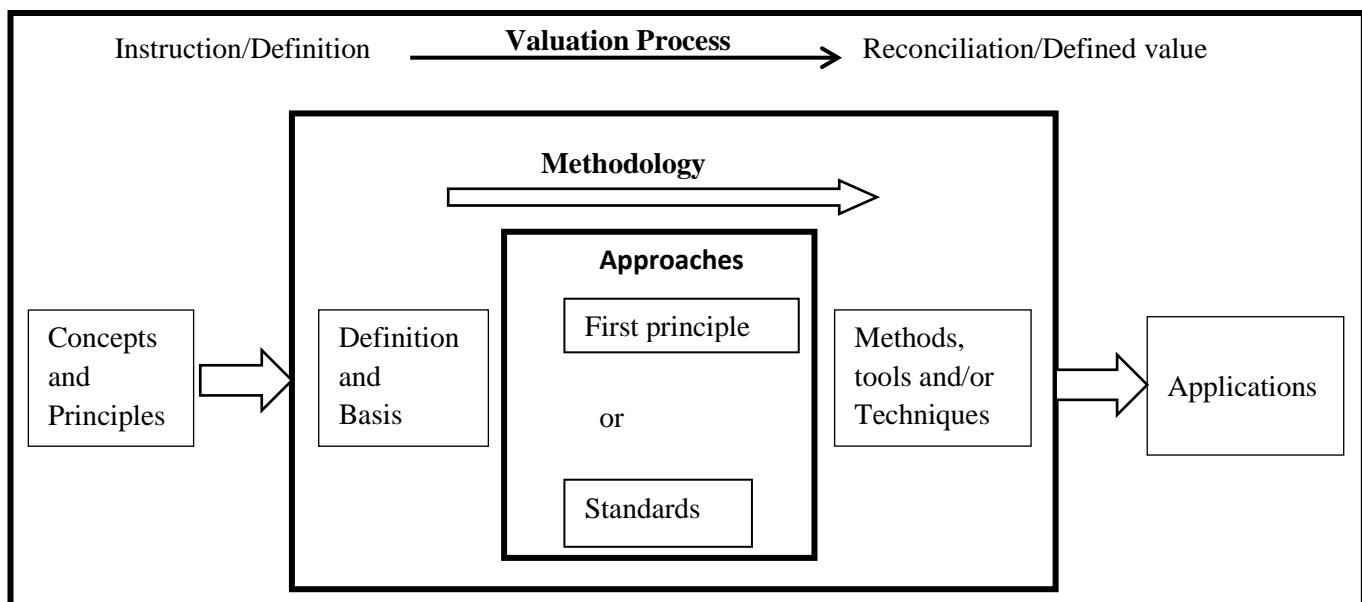
Figure 3.9 Valuation Methodology Framework (VMF)

Source: Mills (2007)

Valuation concepts	Property	Personal property	Property rights	Land	Real estate	Assets	Market	Utility
	Value	Market	Cost	Price	Depreciation	Improvements	Disequilibrium	Highest and best use
	A valuation	A valuation report	Comparable data	Elements of comparison	Units of comparison	Instruction / definition of assignment	Specialised property	Valuers and appraisers

Valuation principles	Substitution	Anticipation	Supply and demand		Progression and Regression		Increasing & decreasing returns	
	Conformity	Change	Contribution	Competition	Expectation		Proportionality	

Definition or basis of value and Whipple's (1995) abstract Approaches	Market Value		Non-Market Values – normative definitions apply – derived from normative models reflecting expected outcomes, or in accordance with rules governing market practice, or price determination processes applied in the market place	Value in use	Marriage value	Other
	Inference from past transactions' – a positive definition	Market simulation – applying 'positive' data variables to a 'normative' model – often used as a check method against 'inference from past transactions'		Investment value or worth	Liquidation / forced sale	
				Insurable value	Special value	
				Going-concern value	Water rights	
				Assessed rateable or taxable value	Indigenous rights	
				Salvage value	Appointment	
IVS Approach	Sales comparison	Income capitalisation	Cost			

Methodology – linking the definition or basis of value, derived from various valuation principles, to the approach or approaches to be applied, in the process of valuing real property in accordance with the various applications, utilizing the method or combination of methods and data types available.

Primary Methods (Case Modelling / Tool / techniques / Programs)	Direct sales comparison	Income adjusted comparisons	Overall / direct / all risks yield	Discounted cash flow (DCFa)	Land plus improvements & profit/loss	Land residual – income capitalisation less improvement cost (DFCb)	Allocation	Other
	Cost adjusted comparison	Other sales adjusted comparisons	Ellwood yield	Ground rent	Depreciated replacement cost	Land residual – subdivision cost (DCFc)	Extraction (Abstraction)	

Applications	Financial reporting	Property sale	Property purchase	Sale of water entitlement	Partnership dissolution	Investment analysis	Feasibility study	Other
	Taxation	Native	Lending	Going concern	Mining	Compensation	Insurance	

Valuation Process	Definition of Assignment	Data analysis and collection	Highest and Best Use assessment	Land Value Estimate	Definition of the assignment	Reconciliation and final vale estimate	Report / Certificate of defined value

Figure 3.10 Generally Acceptable Valuation Methodology Framework

Source: Mills (2007)

Mills bothered with the confusion in explaining some fundamental concepts, principles and terminologies attempted to develop a singular focus framework that incorporates these concepts, principles and terminologies in generally accepted valuation methodological framework (GVMF). The framework concisely presents the various classifications of terminology and how they relate to each other.

Mills came up with two stages of framework in figure 3.9 and figure 3.10. The former is valuation methodology framework (VMF) model while the later is the generally accepted methodology framework (GVMF).

Mills claimed that the valuation methodology framework satisfied a member of fundamental requirements. It incorporates sufficient information to clearly identify the major components and their relationships in the association with the established 'valuation process'.

The valuation concepts and principles covered a large range of specific terms used in the area of property valuation. Some of the identified under the concepts, such as cost features in other sections. This is because the categories in which they appear in the framework are not mutually exclusive, which in the literature appears to be confusing. The IVSC (2005) makes reference to many valuation concepts in its section on general valuation concepts and principles. The IVS discusses valuation principles but only presents 'substitution' as well as 'supply and Demand' in details. The IVS discussed 'Highest and Best use' as concept while others treated it as principles (Larson, 2003; Betts & Ely, 2005). Larson identified and discussed eight principles while Betts and Ely presented and discussed eleven. Mills (2007) did not discuss what is or is not valuation principles; but focused on their relationship in the framework (figure 3.10).

The definition or basis of valuation in the framework is categorized in to two: - 'market value' or 'Non-market value'. Market value is the commonly used definition which the IVS provided the most globally accepted definition now. The Non-market value category is meant to capture everything else that does not fall under market value definition.

Whipple (1995) came up with a more accepted basis definition or basis of valuation which is based on scientific modelling process. It compels the user to cognizant of the very basis and logic on which any methodology adopted has been constructed or upon which it relies. This

fact, therefore makes the user needs to take a deliberate decision on what methods are relevant and how and why they should be used, rather than relying on an 'off the shelf' or 'standardized style Approach' which may not be wholly correct in any particular situation. Whipple's approach relies in the distinction between 'Positive' and 'Normative' definitions of value. In Whipple's opinion, Many difficulties encountered in varying definitions of value was as a result of valuers and courts failing to differentiate between positive and normative definitions of value and methods of valuation. The difference between the two is that positive definition of value deals with market value which is based upon actual evidence found within the market place, while normative definition of value is applied in the absence of available comparable evidence in the market.

All the valuation processes examined none reflected application of valuation standards and how it can be enforced. Mills (2007) framework appears to be comprehensive enough to accommodate valuation fundamental principles and concepts; linking methodology with valuation process. However, Mills only incorporated international valuation standards in his generally accepted valuation methodology framework without considering other categories of valuation standards that exist at regional and national levels. Mills framework operated with some level of flexibilities by making allowance for other approaches to value recognized by international valuation standards such as profit method of valuation and residual method of valuation recognized in most commonwealth countries. The framework fails to incorporate enforcement of valuation standards in the application of valuation standards in the valuation process. Thus, Mills framework fails short of what is required to guide the use and enforcement of valuation standards in an emerging property markets, particularly Nigeria.

3.4.2 Research Conceptual Framework

The conceptual framework (figure 3.11) is supported by enforcement and compliance theories that international laws can only be enforced and complied within a given nation

when supported by government policy of that nation. Valuation standards at international or regional level can only be enforced through adequate provision of enforcement mechanisms by national standards through professional regulatory bodies with statutory backings established by government policy. The use of valuation standards by valuers and extent of compliance with the provision of the standards depends on the level of awareness created by the regulatory bodies among its members in an enabling environment where professionalism is guaranteed. The conceptual framework holds that standards must be accepted by members of a professional body through professional participation which determines extent of use. Enforcement of professional standards is carried out by means of available enforcement mechanisms through national standards regulated by professional regulatory body. Enforcement of standards can be achieved with effective monitoring mechanisms in place to ensure defaulters are promptly sanctioned. The extent of use of valuation standards among Nigerian valuers (dependent variable) is measured from level of awareness, comparison of practice with best practice, alternative use of valuation standards, and application of best practices. The enforcement of standards among valuers by professional regulatory body is measured from pro-activeness of regulatory body, quality of professional service delivery, and availability of effective enforcement mechanisms.

The conceptual framework depicts various categories of valuation standard manuals at international, regional and national levels. The international valuation standard serves as advisory manual to member nation which lacks powers to enforce standards and sanction any entity or individual. The regional standards also do not sanction members for non-compliance but captures regional property market peculiarities that exist therein. It is the national standard through the instrumentality of the professional regulatory authorities that enforces standards and sanctions any member for material breach. The national standard reflects local

market peculiarities and shows where local practice is inconsistent otherwise consistent with international best practices.
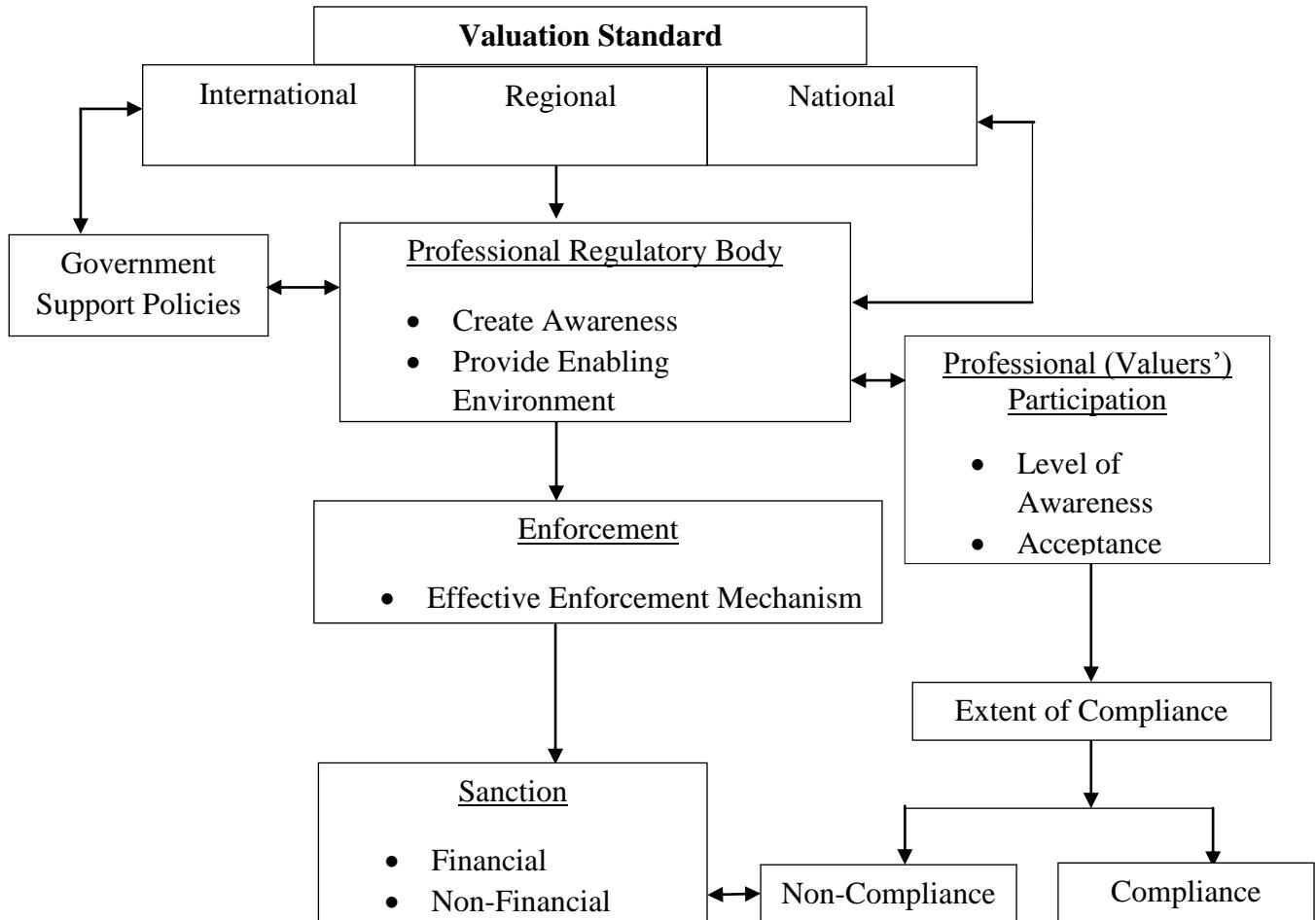
Figure3.11 Conceptual Framework

The conceptual framework also shows the relationship that exists among stakeholders associated with the use and enforcement of valuation standards. Government comes in here to provide enabling working environment for professionalism to thrive. The government does that by making relevant statutes to support professional bodies which act as government agencies. Professional regulatory bodies regulate professional practice among property professionals. The professional regulatory authorities, vested with the responsibilities of regulating the activities of professional valuers, create awareness of the existence of valuation

standards among its members and impose sanctions so as to enforce standards. They achieve that by effective monitoring of valuers' practice, developing quality control unit and incorporating effective enforcement mechanisms in the national standards. The professional valuers' extent of use of valuation standards in practice is influenced by their level of awareness of the existence and operations of valuation standards. Valuers need to generally accept the provision of the standards as practice guide manual. This thereafter determines their level of compliance with the provision of the standards. Where non-compliance is identified, then sanction in the form financial and/or non-financial sanction is applied by the regulatory authorities.

The conceptual framework shows the philosophy of the relationship between variables to be measured. Firstly, the Use of Valuation Standards (UVS) can be determined through valuers' perception and practical involvement with the various categories of valuation standard manuals in practice. Valuers' level of awareness, extent of use and degree of compliance with valuation standards can be determined through valuers' response and examination of textual practice document. Data required here is both qualitative and quantitative. Secondly, the Enforcement of Valuation Standards (EVS) can be determined through professional regulatory bodies. Data required here is largely qualitative.

3.5 Chapter Summary

This chapter examined value theory in valuation, ethical theory, social cognitive theory of self-regulation, enforcement theory and compliance theory. It also presented the various concepts and conceptual framework guiding the philosophy of the study. The conceptual framework identified variables to be measured in the study.

CHAPTER FOUR

RESEARCH METHODOLOGY

4.1 Preamble

This chapter describes in chronological order the processes employed in the study which covers restatement of working hypotheses, research design, study population, sampling technique, data requirement, treatment of research objectives and data analysis. Research methodology sets out the processes in which the research method is executed and provides the premise and guide for the investigation. The choice of procedure used in carrying out this study is presented here with relevant justification to provide insight into the outcome of the investigation of the use and enforcement of valuation standards in Nigeria.

4.2 Restatement of Research Objectives

The specific objectives of the study are to:

1.   Evaluate the level of Nigerian valuers' awareness of Valuation Standards;

2.   Ascertain the valuation standards in use by Nigerian valuers;

3.   Determine the extent of compliance with Valuation Standards by Nigerian valuers in practice;

4.   Examine enforcement measures available to the regulatory bodies in Nigeria to ensure compliance by valuers;

5.   Investigate factors influencing the use and enforcement of Valuation Standards in the study areas; and

6.   Develop a framework that serves as a guide for the use and enforcement of valuation standards in Nigeria.

4.3 Restatement of Working Hypotheses

The hypotheses postulated for this study are hereunder restated:

$H0_1$ There is no significant variation in the level of valuers' awareness of Valuation Standards

$H0_2$ There is no significant variation on the extent to which Nigerian valuers comply with Valuation Standards in practice

$H0_3$ There is no significant variation on measures available to the regulatory bodies to ensure enforcement of Valuation Standards

$H0_4$ There is no significant relationship between the use of valuation standards and factors influencing the use of Valuation Standards

$H0_5$ There is no significant relationship between enforcement of valuation standards and factors influencing the enforcement of Valuation Standards

Explained below are the steps taken to gather appropriate data to achieve the objectives of the study and facilitate proper testing of these hypotheses.

4.4 Research Design

A research design is the arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedure (Kothari, 2004). To achieve the purpose of this study, it is imperative to examine methodological approaches employed in previous related studies for a successful research design.

Wyatt (2001) in examining quality of valuation services offered by UK valuers, adopted quantitative approach by administering 250 questionnaires to business owners to elicit responses on quality of valuation services obtained from valuers. The study was limited to

perception of services offered by valuers without examining their level of compliance with reporting standards.

Reis, Downie and Fisher (2002) in Portugal employed a survey approach by administering 300 questionnaires to a group of Engineer Valuers and retrieved 130 for the study to determine the preferences of valuers in the use of valuation standards manual in practice.

McParlan, Adair and McGreal (2002) adopted both the quantitative and qualitative techniques to investigate the harmonisation of European investment valuation standards in France, Germany, The Netherlands, and Sweden. They interviewed 110 valuers in the four countries and administered questionnaires to prominent valuers in the academics in the four countries by means of snowballing technique.

Hordijk and van de Ridder (2005) investigated valuation model uniformity and consistency among internal and external valuers in The Netherlands. They used both quantitative and qualitative data for the study. A total of 150 valuation reports were retrieved from ROZ/IPD external valuers combined with interviews with every index participant.

Similarly, relevant to this study is a study by Babawale (2012a) in Nigeria. The study used both quantitative and qualitative approaches to examine the standard of valuation practice among Nigerian valuers in Lagos metropolis. A total of 250 questionnaires were administered to valuers and 70 valuation reports were retrieved from practicing valuers. Content analysis was used to examine the valuation reports on the basis of RICS' minimum reporting contents used as a benchmark for determining extent of compliance with the provision of RICS' valuation standards. However, the study did not consider enforcement of these standards.

The present study examines the response of Nigerian valuers to Valuation Standards application in practice with a view to investigating the extent to which they comply with the standards and how these standards are enforced thereby developing a framework to guide and improve the use and enforcement of valuation standards in the country. To achieve that, three

property markets in Nigeria comprising Lagos, Abuja and Port Harcourt were covered as these represent the most vibrant property markets in Nigeria (Ogunba, 2013). The research approach considered appropriate for this study is the cross-sectional survey approach which adopted both quantitative and qualitative techniques similar to the approach employed by Hordijk and van de Ridder (2005). It is a fact-finding research that explores a situation or phenomenon.

A structured questionnaire was administered to practicing Estate Surveying and Valuation firms in the study areas. The target respondents for the questionnaire survey were Estate Surveyors and Valuers holding decision-making positions in the firms. For in-depth study, effective coverage and to achieve the purpose of the study, the quantitative data were complemented with qualitative data by means of content analysis of valuers' valuation reports and interview. The International Valuation Standards minimum reporting content was used as benchmark for the content analysis after being adjusted to reflect other requirements captured by other standard manuals. Also, the officials of valuation regulatory bodies in Nigeria were interviewed. The data were collected in a space of three months (August-November, 2014).

The research was set out thus:

➤ Intensive literature review to identify appropriate methodology from previous studies

➤ Development of the survey instruments for data collection

➤ Conduct of pilot study was conducted for validation of research instrument in the absence of standardised instrument for the study

➤ Determination of an adequate sample size and use of an appropriate sampling technique

➤ Establishment of appropriate data collection and analysis procedure

➤ Data collection using validated research instrument

➢ Data analysis using frequencies, mean score index, analysis of variance (ANOVA), Pearson product moment correlation, and stepwise regression analysis. Valuers' practice document (valuation report) was analysed through content analysis.

4.5 Study Population

According to Kothari (2004), study population is the total of all individuals who have certain characteristics and are of interest to a researcher. Study population for continence is the people (not in numbers) who meet our requirements to provide information (data) for the research. The population of this study primarily consists of all Estate Surveyors and Valuers in private practice and key officers of the professional regulatory bodies- in this case the Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) and Nigerian Institution of Estate Surveyors and Valuers (NIESV). The Estate Surveyors and Valuers are the ones authorized to carry out valuations in the Federal Republic of Nigeria under the Estate Surveyors and Valuers Registration Act (otherwise known as Decree 24 of 1975) now Cap E13 LFN 2007. Estate Surveyors and Valuers in the public sector are excluded as they are proscribed by the code of ethics from carrying out valuations for private consultation. The Estate Surveyors and Valuers Registration Board of Nigeria is the government regulatory body established by Cap E13 LFN 2007 LFN charged with the responsibility of regulating and controlling the practice of Estate surveying and Valuation in all its aspects and ramifications in Nigeria. As succinctly stated in the 2014 edition of the NIESV Directory, the Nigerian Institution of Estate Surveyors and Valuers is the professional association of all Estate Surveyors and Valuers in Nigeria which is responsible for establishing a high and reputable standard of professional conduct and practice in landed profession throughout Nigeria. The Directory indicated that there are a total of 768 Estate Surveying and Valuation firms in the country, with 320 based in Lagos, 105 in Abuja and 55 in Port Harcourt. This by implication means that the number of practicing firms in the study areas (Lagos, Abuja and

Port Harcourt) represent about 63% of the total practicing firms in the country which is a good representation for generalisation.

4.6 Sources of Data

The main study data were obtained through primary data collection owing to the objective of the study which required a basic survey approach. The study relied on primary source of data to get first class information on use and enforcement of valuation standards in Nigeria since in-depth study in this area is just evolving and preliminary enquiry showed that there were little relevant secondary data covering enforcement of valuation standards in the country. Data were collected on valuers' perception of the need for adherence to standards, their level of awareness of valuation standards, use of valuation standards in practice, extent of compliance with valuation standards and factors influencing use and enforcement of valuation standards. In addition, secondary sources were consulted which include relevant published materials, retrieved valuation reports and Directory of the Nigerian Institution of Estate Surveyors and Valuers (2014) which was used to secure the list of all registered estate surveying and valuation firms with their locations in Nigeria. The NIESV Directory gives the precise sample frame for the study. Other sources of secondary data for the study were journals, books, conference proceedings and online peer reviewed articles.

4.7 Sampling Strategy

4.7.1 Sample Frame and Sample Size

The sample frame is the total number of items and size of the sample population. The sample frame of the estate surveyors and valuers was secured from the most recent updated version of the Nigerian Institution of Estate Surveyors and Valuers (NIESV) Directory (2014) which revealed that there are 768 Estate Surveying and Valuation firms in Nigeria, and that 320 are

based in Lagos, 105 in Abuja, and 55 in Port Harcourt. These altogether constitute about 63% of the country's practicing firms.

It is difficult in most research to include all members of a population to be studied due to large number or wide geographical spread or other reasons peculiar to the research. The determination of a sample size for any survey is dependent on a whole lot of issues such as required precision for the sample results, preferred method of analysis of results of the survey, and the adequacy of the sample to reflect all variables satisfactorily where more than one variable is to be measured must be specified (Nachmias & Nachmias, 2007).

The required size for the sample frame was determined using the sample size table developed by Krejcie and Morgan (1970) and recently used by Adewunmi (2014). The sample size table was derived using the following formula:

$$\text{Size} = \frac{X^2\,NP\,(1\text{-}P)}{d^2\,(N\text{-}1) + X^2\,P\,(1\text{-}P)} \qquad \textbf{…Eqn. 4.1}$$

Where:

X= 1.96 from table value of Chi-Square at *d.f* = 1 for desired confidence level of 5% (0.05)

N= Population size

P= Population proportion => 0.50 (assumed to be acceptable)

d= Degree of accuracy (expressed as a proportion) 5% => 0.05

Thus, to determine the required sample size for the Lagos study area with population size (sample frame) of 320, the formula is applied as follows:

$$\text{Sample Size} = \frac{1.96^2 \text{ x } 320 \text{ x } 0.5 \text{ (1-0.5)}}{0.05^2 \text{x (320-1)} + 1.96^2 \text{ x } 0.5 \text{(1-0.5)}}$$

$$= \frac{307.28}{1.75775}$$

Lagos ~ 175

From the sample size table, the adequate sample size required for the study is 175 for Lagos, 86 for Abuja and 48 for Port Harcourt. However, to avoid low response rate and also to have

robust data for more reliable result, total enumeration of the cluster was carried out in administering questionnaire and the questionnaire retrieved and found useable were 203 for Lagos, 87 for Abuja and 48 for Port Harcourt. This is shown in Table 4.1

Table 4.1: Sample Frame and Sample Size

Study Area	Sample Frame	Required Sample Size	Sample Size Achieved	Response Rate (%)
Lagos	320	175	203	63
Abuja	105	86	87	83
Port Harcourt	55	48	48	87
Total	**480**	**309**	**338**	**70**

In all, 471 questionnaires were administered, 373 were retrieved and 338 were found useable. The sample size adopted for the study represents 70.42% of the total population of Estate Surveying and valuation firms in the study areas; and 40.01% of the total population of Estate Surveying and Valuation firms in the country. This figure is in line with the recommendation of Nwana (1981) which recommended a minimum of 40% of the total population when the population is in few hundreds.

4.7.2 Sampling Design and Sampling Technique

Several sampling techniques are opened to study of this nature. Basically there are two types of sampling techniques which are non-probability and probability sampling techniques. The non-probabilistic is also known by different names such as deliberate sampling, purposive sampling, and judgement sampling which are prone to bias and personal element has great chance of entering (Kothari, 2004). The probability sampling is known as random sampling or chance sampling which allow every item of a population greater chance of inclusion in the sample. There are four types of probability sampling which are simple random sampling, systematic sampling, stratified sampling and cluster sampling. Simple random sampling gives every item of the total population equal chance of being included in the sample. Systematic

sampling is a probabilistic sampling that uses natural numbers from which a number can be selected from ith item on a list. Stratified sampling divide the population into sub-groups that are individually more homogeneous than the population and an item is selected from each stratum to constitute a sample. Cluster sampling involves dividing the population into clusters, selecting some of the clusters and addressing all the characteristics of the population in the selected clusters. To guard against personal element interference, the researcher resorted to using probability sampling.

The sampling technique considered appropriate for this study is the cluster sampling technique. This is because most Estate Surveying and Valuations firms are found in Central Business Districts of major urban centres in pockets of clusters. Previous studies by Ogunba (2004); Babawale (2008); and most recently, Dugeri (2011) that used practicing Estate Surveyors and Valuers as study population adopted cluster sampling technique and proved to be successful. The NIESV Directory listed Estate Surveying firms by location with their addresses. From the NIESV Directory 98% of the Estate Surveying and Valuation firms in Lagos are spatially distributed in the major Central Business Districts- Victoria Island; Ikeja; Ikoyi; Lagos Island; Yaba; Ilupeju; and Festac Town. In Abuja the Estate Surveying and Valuation firms are found in Garki District, Wuse District, and Central Business District (Central Area). Garki District is divided into Garki I and Garki II; and Garki I has Area 1, Area 2, Area 3, Area 7, Area 8, Area 10 and Area 11. Wuse District has Wuse I and Wuse II; and WuseI is divided into Wuse Zone 1, Zone 2, Zone 3, Zone 4, Zone 5, Zone and 6. In Port Harcourt, the Valuation firms are found mainly in the city along Olu-Obasanjo Road, Aba Road, D/Line Port Harcourt, and Ikwere Road. Total enumeration was used in each cluster to get the required sample size due to poor response envisaged from respondents. Purposive sampling was used for the interviewees due to their small number and the fact that they are well known in size and location.

4.8 Data Requirements

To effectively achieve the purpose of this study; two forms of data are required-primary and secondary data. The primary data for the study were obtained through a questionnaire-based survey and interview, while the secondary data were sourced from valuation reports retrieved from Estate Surveying and Valuation firms. The secondary data from valuation reports were analysed by means of content analysis based on the International Valuation Standards' minimum reporting content which was used as a benchmark after being adjusted to capture other requirements. A total number of 182 valuation reports were retrieved from Estate Surveying firms. Of the 182 valuation reports collected, 106 were from Lagos, 54 from Abuja, and 22 from Port Harcourt. The data that are required from the population of the study are both parametric and non-parametric.

4.9 Treatment of Research Questions and Objectives

For better understanding of the method to be adopted for the collection and analysis of the data for each of the study objectives to achieve the purpose of the study, it is germane to examine the characteristics of the data and the instrument for its analysis. The objectives can be restated thus:

4.9.1 Objective One: To evaluate the level of Nigerian valuers' awareness of Valuation Standards.

The data for this objective which was mainly parametric and perceptual in nature was used to evaluate valuers' familiarity with valuation standards in practice. A five point likert scale in the questionnaire was used to elicit response of degree of awareness. A categorical ranking of less than 1 was scored low in relation to extent of awareness, while ranking of above 1 was scored high. The data for this objective was analysed using frequencies, mean score index,

grand mean score. One Way Analysis of Variance was used to establish whether there are significant variations in valuers' level of awareness of valuation standards.

4.9.2 Objective Two: To ascertain the valuation standards in use by Nigerian valuers.

The data required here were parametric and perceptual. The data identified the particular valuation standards valuers use in practice from among the various valuation standards earlier identified in the literature. A particular section of the questionnaire listed the various valuation standards in a close ended question. The data was analysed using Frequencies, mean score index, grand mean score and One Way Analysis of Variance.

4.9.3 Objective Three: To determine the extent of compliance with Valuation Standards by Nigerian valuers in Practice.

The data for this objective were parametric and non-parametric obtained from valuation reports retrieved from valuation firms. The data was analysed using minimum reporting contents in the Valuation Standards as benchmark in checking items included, not included or wrongly included in the report as provided by valuation standards manual. The percentage 'Not Included' was determined by summation of 'Wrongly Included' and 'Not Included' in relation to the total items (N) examined. Frequencies, percentages were used for the content analysis. This was complemented by quantitative data analysis using frequencies, mean score index, grand mean score. Also one way analysis of variance was used to establish whether there were significant variations in the extent to which valuers comply with valuation standards. A categorical ranking of less than 1 was scored low in relation to extent of compliance, while ranking of above 1 was scored high

4.9.4 Objective Four: To examine valuation standards enforcement measures put in place by valuation regulatory bodies in Nigeria.

Data required here were perceptual in nature. Interviews were conducted with principal officers of Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON), and the Nigerian Institution of Estate Surveyors and Valuers (NIESV) using semi-structured interview schedules. The interview sought to obtain information on valuers' perception of availability of enforcement measures employed by the regulatory authorities. A categorical ranking of less than 1 was scored low in relation to extent of availability of enforcement measures, while ranking of above 1 was scored high.

4.9.5 Objective Five: To investigate factors influencing the use and enforcement of Valuation Standards in the study areas.

The data required here were parametric and non-parametric. Survey questionnaire were administered to Estate Surveyors and Valuers while selected official of the regulatory bodies-ESVARBON and NIESV were interviewed. The data for this objective were analysed using mean score index, Pearson moment correlation, and stepwise regression analysis.

4.9.6 Objective Six: To develop a framework that serves as a guide for the use and enforcement of valuation standards in Nigeria.

Data required here were non-parametric and perceptual. A frame work was developed and validated through focus group discussions with key stakeholders. Frequencies and mean score index were utilised.

Table 4.2: Summary of Research Objectives, Relevant Measures and Method of Data Analysis

Objectives	Measurement of Variables	Method of Data Analysis
i. Level of Nigerian valuers' awareness of Valuation Standards	A total of 6 variables were provided for respondents to score which reflect level of their awareness of valuation standard manual. Out of the 6 variables, 5 were foreign valuation standards while 1 is a national valuation standard manual. The rating was done on likert scale 1-5; completely unaware(1), unaware (2), merely heard of it (3), aware (4), and fully aware (5)	Frequencies, mean score index, grand mean score. One Way Analysis of Variance was used to establish whether there are significant variations in valuers' level of awareness of valuation standards.
ii. Ascertain valuation standards in use by valuers	A total of 8 variables were provided to identify what valuation standards are used by the respondents	Frequencies, mean score index, grand mean score. One Way Analysis of Variance was used to establish whether there are significant variations in the valuation standards used by valuers
iii. Extent of compliance with valuation standards by Nigerian valuers in practice	A total of 25 variables were used to measure level of compliance. These variables are established minimum reporting content used as benchmark. The variables were rated1-3; 1 implied include, 2 implied wrongly included, while 3 implied not included. Also, 6 variables were presented in quantitative survey instrument to compliment the qualitative data	Content analysis was used. It was complemented by quantitative data analysis using frequencies, mean score index, grand mean score. Also one way analysis of variance was used to establish whether there are significant variations in the extent valuers comply with valuation standards
iv. Enforcement measures available to the regulatory bodies	A total of 9 variables were provided to score availability of enforcement mechanism. A 5-point likert scale was used in scoring the enforcement mechanism.	Frequencies, mean score index, grand mean score.
v. Factors influencing the use and enforcement of valuation standards	A total of 16 variables were provided for scoring. Of the 16 variables, 12 were factors influencing use of valuation standard (UVS), while 4 were on factors influencing enforcement of valuation standards (EVS). The rating was done on a 5-point scale	Frequencies, mean score index, grand mean score, Pearson product moment correlation, and stepwise regression analysis
vi. Develop a framework that serves as a guide for the use and enforcement of valuation standards	Nominal scale was used in measuring the most preferred factors affecting use and enforcement of valuation standards. The rating was done on a 5-point scale.	Frequencies, and content analysis

4.10 Data Collection Instruments

There are many data collection instruments that can be used to accomplish the tasks in this study. According to Panneerselvam (2011) the various alternative instruments include personal observation; in-depth interviews, mail questionnaires (postal surveys), telephone conversation and self-administered questionnaires.

This study adopted mixed method involving the use of survey questionnaire, semi-structured interview, content analysis and focus group discussions to gather both quantitative and qualitative data. Specifically, data on use of and conformity with valuation standards were obtained from practicing Estate Surveyors and Valuers by means of survey questionnaire and content analysis of retrieved valuation reports.

For data on the functions and regulatory activities of the regulatory bodies- ESVARBON and NIESV, in-depth semi-structured interviews were conducted with the aid of interview schedule in a bid to record a one hundred per cent response rate from the designated target population. This approach was adopted because of the small sample size of the target population. The method ensures a wider coverage and a higher rate of response. Moreover, the mixed method has the advantage of being comprehensive and detailed. The questionnaire ensured uniformity and permitted an objective comparison of results while interviews gave respondents the opportunity to express themselves more expansively than it would have been the case with closed ended questions in a questionnaire (Jain, Yadov & Rathore, 2008; Ayedun, 2009). The use of interviews also permits detailed explanation of issues on areas where respondents are knowledgeable about the subject matter. This method is considered appropriate because it was used successfully by Ogunba (1997); Ogunba (2002); Olaleye (2005); Ayedun (2009); and most recently by Dugeri (2011) and found reliable.

4.10.1 Self-administered Questionnaire

In the course of gathering information for the study, a survey questionnaire was prepared and administered to Estate Surveyors and Valuers in private practice. Questionnaire is one of the commonly used means of obtaining primary data in any research endeavour. Zohrabi (2010) generally classified questionnaires into three types- closed-ended (structured) questionnaires, open-ended (unstructured) questionnaires and a mixed of closed-ended and open-ended questionnaires. Closed-ended questionnaires provide the researcher with quantitative or numerical data and open-ended questionnaire with qualitative or text information (Flick, 2006). Blaxter, Hughes and Tight (2006) classified questionnaires into seven basic question types: "quantity or information type, category, list or multiple choice, scale, ranking, complex grid or table, and open-ended". This study resorted to using closed-ended questionnaire type (see a copy in the appendix) containing a mix of multiple choice and ranking type of questions. Closed-ended questionnaires have the advantage of being more efficient because of their ease of analysis (Seliger & Shohamu, 1989; Fraenk & Wallen, 2003). The questionnaire has three sections. The opening section is an introductory letter which explains to the respondent the purpose of the study and assures the respondent that information provided would be treated with utmost confidence and used purely for academic purposes. The first section deals with background information which is on personal information covering name of firm, years spent in professional practice, gender etc. The third section seeks information on respondent's perception on the use and enforcement of valuation standards with close ended questions. The respondents' perception of the extent of awareness of existence of valuation standards, use of valuation standards, preference of valuation standards manual use in practice, etc. was measured by multiple choice questions, opinion rating, using Likert scale. The following principles were carefully followed in preparing the questionnaire so as to raise respondents' enthusiasm.

o The questionnaire provided confidentiality and anonymity (National EMSC Data Research Centre, NEDARC, nd)

o The content of the questions was carefully worded and arranged to suit the technical and educational language of the respondents as this targets valuers in decision-making of firms.

o The questions were framed bearing in mind the category of the targeted respondent so as to enable the respondent to clearly understand the questions and answer them aptly (Greener, 2008, Krosnick & Presser, 2010)

o KISS (Keep it Simple, Stupid) principle was followed- this avoided lengthy questions and asked précised and defined questions that require short answer (NEDARCH, nd)

o The questions were arranged in a way the respondent will go through the proceeding question with his/her enthusiasm sustained (Dawson, 2002; Greener, 2008, Zohrabi, 2013)

o Repetition of questions was avoided (Burgess, 2001; Krosnick & Presser, 2010)

o A pilot study was conducted to validate the questionnaire test of its reliability as suggested by Brace (2004); Kothari (2004); and Nachmias and Nachmias (2011)

o Although a close-ended questionnaire but it allowed for few open-ended questions to permit for respondents to give detailed answers in cases where more information is required.

Self-administered questionnaire was considered appropriate for the survey approach because of the following advantages (Robinson, 1991; Lynch, 1996, Nunan, 1999, Gillham, 2000; Brown 2001:

❖ Effective means of collecting data on large scale basis

❖ Time-saving in collecting data from many respondents

❖ Close-ended questionnaires can easily be analysed

❖ Can be sent to a large number of respondents at the same time

❖ Respondents' anonymity help in divulging information easily

4.10.2 Interviews

The interviews were audio-taped and later transcribed into narrative reports. The issues to be raised during the interview were scheduled in the interview guide from which promptings covering relevance of enforcement of valuation standards; enforcement measures put in place by the regulatory bodies (ESVARBON & NIESV); enforcement enabling laws; and effectiveness of such enforcement measures were captured. The interviews were recorded and later transcribed into narratives. The duration of the interview spanned between 15 and 75 minutes. The Timing of the interview was an important factor to keep in view while the interview lasted. The interviewees cut across key offers of ESVARBON, key officers of NIESV and key officials of Valuation Standards Group of Nigeria. The profile of the interviewees is presented in Table 4. 3. A sample of the interview guide is presented as appendix in the thesis.

Table 4.3 Profile of Interviewees

Designation
Registrar Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON)
Chair Education Committee ESVARBON
Chair Disciplinary Committee ESVARBON
Chair Professional Practice Committee ESVARBON
Former President Nigerian Institution of Estate Surveyors and Valuers (NIESV)
Vice President I NIESV
Hon. National Secretary NIESV
Assistant National Publicity Secretary NIESV
Chair MCPD Committee NIESV
NIESV Branch Chair Abuja
NIESV Branch Chair Lagos
NIESV Branch Chair Port Harcourt
NIESV Branch Secretary Abuja
NIESV Branch Secretary Lagos
NIESV Branch Secretary Port Harcourt
Representative of International Valuation Standards Council in Nigeria
Chair Valuation Standards Group of Nigeria
Secretary Valuation Standards Group of Nigeria

4.10.3 Focus Group Discussions

A focus group discussion is a small-group discussion guided by a trained leader. It is used to learn about opinions on a designated topic, and to guide future action. A focus group discussion is different from interview in the following ways:

- o The group has specific focused discussion topic;

- o The group has a trained leader or facilitator

- o The group's composition and discussions are carefully planned in which people are free to talk openly.

The focus group was necessary because;

- o A new framework was to be developed

- o Opinion of stakeholders was required to validate the framework

- o There are people who are experienced in practice and can give opinions to help the process and also balance the opinion of stakeholders

The ideal processes in a focus group discussion involve:

- ➢ Giving orientation on the issue involved

- ➢ Announcing members and categories of interest groups

- ➢ Announcing team facilitator

- ➢ Ensuring confidentiality of the process

- ➢ Recording the proceedings for future referencing

- ➢ Ensuring availability of note taking assistants

- ➢ Providing rapporteurs

The focus group discussion in this study was conducted in accordance with these procedures to ensure reliability of the results.

4.11 Data Collection Procedure

The primary data for this study was obtained primarily through a questionnaire survey and semi-structured interview.

4.11.1 Questionnaire administration

The researcher personally administered the questionnaire for all the three study areas-Lagos, Abuja and Port Harcourt without involving research assistants. This was to avoid compromising the quality of the exercise and to ensure all round consistency. A preliminary investigation revealed that some research assistants after being trained and paid for the work, they fill the questionnaire by themselves or get people outside the target audience to fill the questionnaire and return. The NIESV Directory was used to identify addresses of estate

surveying and valuation firms. Interestingly, most estate surveying and valuation firms are found in the Central Business District of a city in pockets of clusters. A total enumeration of the cluster was applied in the distribution of the survey questionnaire to avoid low response rate. The questionnaire was handed to heads of practice of the firms or head of valuation departments with dates fixed for collection of the completed questionnaire. The Nigerian Institution of Estate Surveyors and Valuers facilitated the process by sending text messages to all Estate Surveyors and Valuers to cooperate with the researcher because the study is of interest to the Institution. A follow up call was made prior to due date of collection. This was made possible because NIESV Directory listed all the firms with the telephone numbers of their heads of practice. Where the phone number in the Directory was not functional, it was requested on getting to the firm. Relocation of firms did not affect questionnaire administration because total enumeration of cluster was used. Snowballing technique helped also in identifying estate surveying and valuation firm by asking visited firms where to locate the next firm. The administration and collection of the questionnaire took three months

4.11.2 Interviews

Semi-structured interviews was used to source for information from key officials of Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON), Nigeria Institution of Estate Surveyors and Valuers (NIESV), and Valuation Standard Group of Nigeria. The interviews were conducted by the researcher with structured questions, guided by an interview schedule plan. The interviews were recorded with a voice recorder and notes were also taken to complement the voice recording. Transcribed versions of the interviews were sent for validation to the interviewees before use. This was also to allow room for amendments if there was anything they wanted to add or remove from the content. This was

done by filling the interview authentication form and sent back to the researcher's major supervisor.

Other data were obtained through secondary sources. These include retrieved valuation reports from practicing Estate Surveying and Valuation firms. Although it was difficult to get copies of valuation reports as most firms hold a plural motive toward giving out their sample valuation report- first they believe valuation report is a confidential document which contains their client information; second they believe it will expose their weakness in practice if issued out to be examined for research purpose. However, a timely intervention of Nigerian Institution of Estate Surveyors and Valuers who sent text soliciting support strictly for research purpose prevailed on some valuers and they obliged. Some banks also granted the researcher access to examine the valuation report in their collection for the content analysis.

4.12 Instruments Validation and Reliability

4.12.1 Questionnaire Survey

`Validity is the degree to which an instrument measures what it is actually designed to measure. On the other hand, reliability of an instrument (Kumar, 1996) is the extent to which an instrument gives the same result repeatedly when used under constant condition. Reliability has to do with the accuracy and precision of a measurement procedure (Kothari & Garg, 2014). It is the extent to which any measuring instrument measures what it intended to measure. The survey questionnaire was validated by three experts in the academia and two practitioners with core specialty in valuation. Of the three experts in the academia, two are the research supervisors in the rank of associate professor and senior lecturer, while the other expert a professor from Australia with special interest in application of valuation standards in practice.

Reliability according to Carmine and Zeller (1997) is concerned with the extent to which an experiment, test or any measuring procedure yields the same results on repeated trials. The

reliability of the research instrument was carried out by repeatedly administering the questionnaire on few samples of valuation firms at Ikeja, Lagos before finally a pilot study was conducted on sample of 30 estate surveying and valuation firms (out of 45) at Yaba, Lagos State which is within the study area. The reliability of an instrument can be assessed by retest method, alternative method, split-halves method and internal consistency method. The study adopted the internal consistency method in assessing reliability of the instrument because of its obvious efficacy than the other methods and it also provides only a single test administration that is unique and reliable (Carmine & Zeller, 1997). The reliability of scale and internal consistency for the research instrument was tested using Cronbach's alpha technique (Cronbach, 1951) and is expressed thus:

$$\alpha^2 = N/ (N–1) – [1 –\sum\delta^2 (Y_1) \, \delta^2_x] \qquad\qquad \textbf{…Eqn. 4.2}$$

Where: N= Number of items

$\sum\delta^2 (Y_1)$ = Sum of item Variance

δ^2_x = Variance of the total composite

The Cronchbach's Alpha for the scale of questions ranged from 0.535 (53.5%) to 0.920 (92.0%) with an overall reliability of 0.782 (78.2%). Only one of the scale used had a score of 0.535 while the others had at least a score of 0.762. The results as shown in Table 4.4 indicated that the research instrument (questionnaire) was highly reliable with each of the composite variable greater than 70% threshold value (minimum reliable level) (Field, 2009). These results are supported by the coefficient of variation (CV) values; which are respectively less than 0.50 threshold value, indicating homogeneity on how the respondents rated the items. Hence, there is an internal consistency of the answers from the respondents and therefore the data do not violate the assumption of reliability (Field, 2009).

Table 4.4: Reliability Estimates of the Instruments

Instrument	Scale Statistics					Reliability Statistics (Cronbach's Alpha)
Source	N of Items	N of Samples	Mean	SD	CV	R_p
Valuation Standards	6	338	13.51	3.629	0.27	0.762
Aspect of Valuation Standards	6	338	11.24	5.300	0.47	0.861
Reasons for not using Valuation Standards	9	338	35.04	6.034	0.17	0.859
Factors responsible for general lack of compliance with the Valuation Standards	12	338	48.53	6.979	0.14	0.870
Compliance with valuation standards in practice	11	338	49.28	4.586	0.09	0.871
Measures available to ensure enforcement of valuation standards	9	338	19.80	7.130	0.36	0.922
Non-compliance with valuation standards	9	338	36.12	5.945	0.16	0.907
Factors that affect enforcement of valuation standards	4	338	15.54	2.432	0.16	0.535
Effectiveness of Enforcement measures	9	338	16.65	4.849	0.29	0.920
Pooled	75	338	244.72	15.350	0.06	0.782

SD (Standard Deviation). CV (Coefficient of Variation).

4.12.2 Interviews

The interviews were guided by interview schedules (guides) developed for the two categories of interviewees- principal officers of Estate Surveyors and Valuers Registration Board of Nigeria and Nigerian Institution of Estate Surveyors and Valuers. The interview guide arranged issues to be examined drawn from the objectives of the study which covers valuers level of compliance with valuation standards, enforcement measures available, effectiveness

of enforcement measures, and factors influencing use and enforcement of valuation standards. The interview schedule plans (guide) were reviewed by the research supervisors for content validity, time requirement for conducting the interview, and interview appreciation of issues to be examined. The interview was complemented by the result of the survey instrument to achieve some level of triangulation in the study.

4.13 Variables Specification and Measurement

The measurement of application and enforcement of valuation standards in practice requires a critical look into valuers practice (French, 2003). The variables that require to be examined in the study are: Use of Valuation Standards (UVS), Compliance with Valuation Standards (CVS), and Enforcement of Valuation Standards (EVS). Broadly evaluating from the thrust of the study, use of valuation standards (UVS) is the independent variable while compliance with valuation standards (CVS) and enforcement of valuation Standard (EVS) are the dependent variables. However, in cases where the dependent variables are critically investigated, they feature as independent variables.

It is pertinent to examine forms and nature of factors that influence use of valuation standards and factors that influence enforcement of valuation standards and their measurement. The variables used were mostly derived from literature and practice. These variables were categorised into:

a) Use of Valuation Standards (UVS)

 This was measured by:

➢ Level of awareness of operation of valuation standards among valuers

➢ Variation in use of the categories of valuation standard manuals

➢ Extent of application (use) in practice

➢ Relevance of periodic refinements of standard to reflect market peculiarities

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Level of awareness was measured by examining degree of awareness in various categories of valuation standards- Nigerian Institution of Estate Surveyors and Valuers Valuation Standards (NIESV), Royal Institution of Chartered Surveyors' valuation standards (RICS Red Book), International Valuation Standards Council's valuation standards (IVSC White Book), The European Group of Valuers' Association valuation standards (TEGoVA Blue Book), Uniform Standards of Professional Appraisal Practice (USPAP), and Australia and New Zealand Property and Valuation Standards (PVS), all categorised into national, regional, and/or international valuation standards. Previous studies by MacParland et al. (2002, 2002); Lorenz (2002); and Erickson (2005) who examined level of awareness of valuation standards among valuers in Europe and found at different times in an independent studies that valuers prefer use of their national valuation standards, followed by regional standards and international standards in that order. This was attributed to timely periodic update of the national valuation standards to reflect market peculiarities and changing economic and business environments. Six variables were presented and measured with likert scale. Analysis of Variance (ANOVA) and Multiple Comparisons were used to test for variation in level of awareness.

The provision of different categories of valuation standards at national, regional and international levels also influence valuers preference of use of valuation standards which is also dependent on level of awareness of the operation of valuation standards obtained in practice (Reis et al., 2002). The use of valuation standards (UVS) among valuers depends on level of awareness and level of awareness vary among valuers. Just like awareness, previous studies elsewhere revealed that valuers prefer to use their national valuation standards in practice (Lorenz, 2002; Eriksson, 2005)

Periodic refinement of valuation standards is a factor that influences use of valuation standards. French (2003) identified continuous refinements of RICS' valuation standards

(Red Book) to reflect changing economic and business environment aided the valuers in the UK to embrace use of valuation standards in practice. Similarly, Milgrim (2001) reported that the concerted effort of IVSC in constant and consistent modifications of International Valuation Standards to align with the requirements of International Financial Reporting Standards in business and financial reporting ethics and also the demands of sophisticated investors has necessitated valuers to adopt International Valuation Standards. Users of valuation reports (clients) demand for valuers to apply standards in services render to them influence valuers to use valuation standards (Wyatt, 2001; Thornes, 2007).

b) Compliance with Valuation Standards (CVS)- This can be determined by examining valuers' practice in a practical setting. Compliance was determined by examining valuers' practice document, in this case valuation report, by means of content analysis. Previous studies retrieved copies of valuation reports from estate surveying and valuation firms and analysed using content analysis (Hordijk & van de Ridder, 2005; Babawale, 2012a). Studies by Hordijk and van de Ridder retrieved 150 copies of valuation reports from practicing valuers, while Babawale collected 70 copies of valuation reports. These two studies provided a good pointer to how to measure valuers' compliance with valuation standards in practice. The international valuation standard was used as a benchmark for examining the valuation reports. The benchmark adopted, scored 25 variables in a content analysis coding sheet for each valuation report under consideration. Valuers perception was also measured using different aspect of valuation standards to indicate how often valuers comply with the provision of each section using a likert scale score. A confirmatory text from the standard was provided to assist in assessing if valuers conform to that provision so as to complement their perceptions and positions from survey instrument and practice documents. Analysis of variance was used to test for variation in the extent of compliance among valuers.

c) Enforcement of Valuation Standards (EVS)- this was determined in a qualitative approach. First, a text was developed through transcribed interviews as much of the data required did not require relying much on perceptions of valuers. Various interviews with key officials of valuation regulatory authorities provided the means of measuring enforcement. Second, since there are no much empirical studies on enforcement of valuation standards that necessitated measuring valuers' perception on enforcement mechanisms available for enforcing valuation standards. A total of 9 variables were identified and measured using likert scale to reflect their various levels of application in practice. The effectiveness of these enforcement measures were also determined but later eliminated because they appeared dummy measures. It is pertinent to look at disciplinary measures in the code of conduct and compare them with specified enforcement mechanisms purposely incorporated in valuation standards for sanctioning defaulters. Analysis of Variance (ANOVA) was used to established variation in measures available for the enforcement of valuation standards.

Factors influencing use and enforcement of valuation standards were determined through interview text and complemented with valuers' perceptions. These factors broadly revolve around level of valuers' awareness, mechanisms of enforcement, and government policy (Reis et al., 2002, Lorenz, 2002; Eriksson, 2005; Hordijk and van de Ridder, 2005). The relationship between factors influencing use of valuation standards (UVS) and factors influencing enforcement of valuation standards (EVS) was determined using Pearson Moment Correlation and Stepwise Regression.

4.14 Expectations from Previous Studies on Specified Variables

- o Valuers would be more aware of their national valuation standards (Reis, et al., 2002; McParland et al., 2000; 2002)

- o Valuers would prefer the use of national valuation standards (Lorenz, 2002; Eriksson, 2005)

- Level of awareness of valuation standards would determine level of use of and compliance with valuation standards (Eriksson, 2002)

- Clients requirements (demand) would influence use of valuation standards in practice (Milgrim, 2001; Thornes, 2007)

- Valuers knowledge of the operation of valuation standards would affect their level of use of and extend of compliance with valuation standards (Penerleano, 2002; Wyatt, 2001)

- Constant and consistent periodic modification of valuation standards would influence preference of use, extent of use and degree of compliance (French, 2003)

- There would be a positive relationship between use of valuation standards and enforcement mechanism

- There would be a positive relationship between availability of valuation standard manual and use of valuation standards in practice (Vella, 2009)

4.15 Scales of Measurement

Measurement going by the most popular definition of Stevens (1951: 22) "is the assignment of number to objects or events according to rules". Critically looking at this definition, it is more convenient for the physical sciences than the social sciences which this study falls under because sometimes the phenomena under consideration are neither objects nor events but abstract to be characterised. For instance phenomena such as property aesthetics, value shift etc. are too abstract to be classified as things one can touch or see. Measurement is therefore better presented by Riley (1963:23) as a "process involving an explicit organised plan for classifying (and often quantifying) the particular sense data at hand-the indicants-in terms of the general concept in the researcher's mind." It focuses on the crucial relationship

between the empirically grounded indicator(s) (Carmine & Zeller, 1997). The most widely used scales of measurement are: nominal scale, ordinal scale, interval scale and ratio scale

4.15.1 Nominal Scale

The nominal scale is also known as categorical scale which allows for qualitative classification only and measures items belonging to different categories such as gender(male or female), race (black or white), religion (Christian, Catholic, Jewish, Muslim, other) and colour (Brown, Blue, Green). Nominal scale classifies data into discrete categories by name, e.g. male, female, Abuja, Lagos, Port Harcourt (Brace, 2004). This scale of measurement often assigns a number to each category depending on the type of data collection process used. No value is attached to the response category with an allotted number because the number is basically arbitrary. The numbers are assigned for ease of identification purpose only. For a study areas Abuja, Lagos and Port Harcourt were assigned thus: Abuja=1, Lagos=2, and Port Harcourt=3. This implies respondents are classified into one category or the other. Respondents fit into either of the category without any value attached to a particular category except for identification purpose and no overlap between them. The nominal scale was used to measure most items in section B of the questionnaire (see a copy in the appendix) such as gender, academic qualification, grade of professional membership, etc.

4.15.2 Ordinal Scale

Ordinal data are also termed as 'comparative scales'. In ordinal scale numbers are used to place objects in order but with no information regarding the differences (intervals) between points on the scale. In other words, it places events in order, but there are no clear intervals of the scale in the rule. Kothari and Garg (2014) remarked that ordinal scales have no absolute values, and the difference between one rank and another may not be equal. The scale only

tells us one person is higher or lower on the scale than another, but more precise comparisons cannot be made. The use of ordinal scale uses statement of 'greater than' or 'less than' (an equality statement is also accepted) without knowing how much greater or less. The difference between ranks 1 and 2 may be more or less than the difference between ranks 5 and 6. Kothari further explained that since numbers of this scale have only a rank meaning, then median is the appropriate measure of central tendency. Percentile or quartile measure is used for measuring dispersion; correlations are restricted to various rank order methods; while measures of statistical significance are restricted to the non-parametric methods. Information on enforcement (section C) were measured with ordinal scale which asked question such enforcement measures available rated on scale 1-5, 1= completely unavailable, 2= not available, 3= not aware, 4= available, 5= much available.

4.15.3 Interval Scale

Interval scales are measurements where the values have no true zero and the distance between each value is equidistant. The intervals are adjusted to some rule that has been established as a basis for making the units equal. This scale provides means of rating each item on a scale that has a numerical equal distance between each point, and an arbitrary, and therefore meaningless, zero point. Interval scales provide more powerful measurement than ordinal scales for its equality of interval; but have the limitation of lack of zero point, as such it does not have the capacity to measure the complete absence of a trait or characteristic (Kothari, 2004). Kothari further noted that powerful statistical measures can be used with interval scales; where mean is the appropriate measure of central tendency, while standard deviation is the most widely used measure of dispersion. Product moment correlation techniques are suitable and commonly used test for statistical significance are the 't' test and 'F' test. Valuers percept was measured by asking them aspect of valuation standards they often make

reference to on a scale ranging from 'Always', to 'Never'. The attributes of interval scales make them to be used in determining the relative strength of relationships between items (Brace, 2004).

4.15.4 Ratio Scale

Ratio scales have an absolute or true zero of measurement unlike interval scales. This type of scale represents the actual amount of variables to be measured such as weight, distance, height, etc. All statistical techniques are usable with ratio scale and all manipulations that can be carried out with real numbers can also be carried out with ratio scale values (Kothari, 2004). The strength of this scale over the ones earlier mention is that it can be use for all multiplications and divisions can be used with this scale. With this scale, geometric mean and harmonic means can be used as measures of central tendency and coefficients of variation may also be calculated. This therefore is a progress from the nominal scale (the least precise type of scale) to ratio scale (the most precise), guaranteeing that relevant information can be obtained increasingly (Kothari, 2004). This scale was applied in the study measuring number of estate surveyors in a firm, years of professional experience in practice and age of firm.

4.16 Tools of Data Analysis

There are various techniques and tools of data analysis depending on the types of data, relevance of the statistical tool and what result is required. These statistical tools are broadly classified into descriptive statistical tools and inferential statistical tools. In this study, both descriptive and inferential statistical tools were used. Due to the nature of the study, both quantitative data and qualitative data were collected and all have separate method of data analysing distinct from the other.

4.16.1 Tools Used for the Analysis of Filed Data

Data collected through survey instrument were analysed with Statistical Package for Social Science (SPSS-17) version 17. This category of data was analysed with statistical tool such as frequency counts, mean score index, Pearson product moment correlation, analysis of variance (ANOVA), stepwise regression, and post hoc analysis (multiple comparison).

4.16.1.1 Pearson Product Moment Correlation Coefficient (PPMSC)

Pearson product moment correlation is a measure of the linear correlation (dependence) between two variables 'X' and 'Y', giving a value between +1 and -1 inclusive, where 1 is total positive correlation, 0 is no correlation, and -1 is total negative correlation (Gayen, 1951). Pearson's correlation is the covariance of the two variables divided by the product of their standard deviations (Buda & Jarynowski, 2010) and is mathematically expressed as:

For a population:

$$P = \frac{E\,(X - U_x)\,(Y - U_y)}{\delta_x\,\delta_y} \qquad \text{...Eqn. 4.3}$$

Where:

E = Expectation

U_x = Means of X

U_y = Mean of Y

δ_x = Standard deviation of X

δ_y = Standard deviation of Y

For Sample

$$r_{xy} = \frac{\sum_{i=1}^{n}\,(x_i - \breve{X})\,(y_i - \breve{Y})}{\sqrt{\sum_{i=1}^{n}(x_i - \breve{X})^2}\,\sqrt{\sum_{i=1}^{n}(y_i - \breve{Y})^2}} \qquad \text{...Eqn. 4.4}$$

This was used to determine the relationship that exists between use of valuation standards (UVS) and enforcement mechanisms. It was also used to determine the relationship that exists between enforcement measures and use of valuation standards.

4.16.1.2 Analysis of Variance (ANOVA)

Analysis of Variance (ANOVA) is a statistical test used to determine if more than two population means are equal. The test uses the F-distribution (probability distribution) function and information about the variances of each population (within) and grouping of populations (between) to help decide if variability between and within each populations are significantly different (Hocking, 1976). In applying ANOVA, is required to:

- o Know the purpose of the analysis of variance; and
- o Know the difference between within-sample estimate of the variance and the between-sample estimate of the variance and how to calculate them.

The within-sample or treatment variance or variation is the average of the all the variances for each population and is an estimate of δ^2 whether the null hypothesis (H_0) is true or not. The within-sample variance is often referred to as 'unexplained variance. Mathematically given as:

$$S^2{}_w = \frac{\sum S^2{}_j}{K} \qquad \text{…Eqn. 4.5}$$

For j=1, where K is the number of samples or population

The between-sample variance or error is the average of the square variations of each population mean, from the mean or all the data (Gran Mean $\ddot{X}$) and is an estimate of δ^2 only if the null hypothesis (H_0) is true. When the null hypothesis is false, the variance is relatively large; and by comparing it with the within-sample variance it can be said statistically whether H_0 is true or not.

The between-sample variance is known as explained variation of the experiment. Mathematically expressed as:

$$S2B = \frac{\sum (x - \ddot{X})^2}{K-1} \qquad \text{…Eqn. 4.6}$$

For j=1, where K is the number of the samples or population.

Analysis of Variance is also used when there is need to study the relationship between nominal or ordinal variables, and interval variables. It was used in the study as an indication whether or not a null hypothesis that reflects the equal means value for each level of significance should be rejected.

4.16.1.3 Stepwise Regression

Stepwise regression is a model in statistics in which the choice of predictive variables is carried out by an automatic procedure (Efroymson, 1960; Draper & Smith, 1981; Hocking, 1996). Usually, this takes the form of a sequence of F-tests, but other techniques are possible, such as adjusted R-Square, or false discovery rate. The frequent practice of fitting the final selected model followed by reporting estimates and confidence intervals without adjusting them to take the model building process into account require that uncertainty is correctly reflected in the model (Chatfield, 1995; Efron & Tibshirani, 1988).

The main approaches as reported by Mark and Goldberg (2001) are:

> ➤ "Forward Selection- involves starting with no variables in the model, testing the addition of each variable using a chosen model comparison criterion, adding the variable (if any) that improves the model the most and repeating this process until the none improves the model;

> ➤ Backward Elimination- involves starting with all candidate variables, testing the deletion of each variable using a chosen model comparison criterion, deleting the variable (if any) that improves the model the most by being deleted and repeating the process until no further improvement is possible;

> ➤ Bidirectional Elimination- this is the combination of forward selection and backward elimination, testing at each step for variables to be included or excluded".

Stepwise regression analysis was applied to determine major enforcement measures that

influence use of valuation standards.

4.16.1.4 Pos Hoc Analysis (Multiple Comparisons)

Post hoc analysis refers to unplanned data analysis performed after the data is collected in order to reach further conclusion. In this sense, even a test that does not provide Type Error Rate protection, using multiple comparisons method, is considered as post-hoc analysis (Jaccard, Becker & Wood, 1984). Post hoc analysis tests enable protection from the multiple comparisons, whether the inferences made are selective or simultaneous. There are various types of post hoc tests- Fisher's Least Significant Difference (LSD), Bonferroni Procedure, Holm-Bonfeerroni method, Newman-Keuls method, Ducan's New Multiple Range (MRT), Rodger's method, Scheffe's method, Turkey's procedure, Dunnett's Correction, and Benjamini-Hochberg (BH) procedure. This study adopted Fisher's Least Significant Difference (LSD) method because of its relevance in checking after a hypothesis tested with analysis of variance is rejected. More so, a significant ANOVA test only reveals that not all the means compared in the test are equal. Fisher's LSD is basically a set of t-tests, differentiated only in the calculation of the standard deviation (Bentivegna, Curvwell, Lombardi, Mitchell & Nijkamp, 2002). In each t-test, a pooled standard deviation is computed from only the two groups being compared, while the LSD test computes the pooled standard deviation from all groups (Hayt, 1986; Klockars & Hancock, 2000)

4.16.2 Interviews

The interview which formed the qualitative data was transformed from a voice recorded exposition with the aid of voice recorder. The interview with principal officers of the professional regulatory bodies was transcribed, analysed categorically and summarised in table based on the issue raised to address specific objectives of the study. The views expressed cut across some of the issues treated by the questionnaire survey and these were

compared with results obtained from analysis of the questionnaire to achieve some form of triangulation.

4.16.3 Content Analysis

According to Krippendorff (1980) content analysis is a systematic research method for analysing textual information in a standardized way that allows evaluators to make inferences about that information. It is a means of collecting information classified in a written communication such as report, film or video and other forms of recorded information (Weber 1990). Content analysis basically classifies many words of a text in a fewer categories for ease of extracting information about the whole text. The classifying process is referred to as coding which consists of marking text either numerically or alphabetically for statistical analysis (United States General Accounting Office, USGAO, 1996). This method has an unambiguous procedure and quality control checks that make it possible for a researcher to evaluate and analyse large number of textual data. This procedure involved helped summarised retrieved valuers practice document (valuation report) to examine compliance with valuation standards and unveiled the attitudes of valuers toward best practice. The perception of valuers toward complying with the provisions of standards and grasp of fundamental valuation concepts and principle was identified using this tool of data collection and analysis. United States General Accounting Office, USGAO (1996) asserted that content analysis of hearing transcripts may be more useful than interviews with government officials because government officials might leave out important points either purposely or unconsciously so as to protect themselves. However, a text or transcripts secured for content analysis provide the complete record, thus bias can be minimised during data collection. This underscores the importance of the method used in evaluating valuation report for compliance. Apart from valuers perception obtained with survey questionnaire and interviews conducted

with valuation officials of the regulatory authorities, the document obtained from valuers revealed their true position with regards to their level of compliance with valuation standards irrespective of their positive or negative response. The following factors were considered before employing content analysis as suggested by USGAO (1991):

✓ The objective of the research to be achieved;

✓ The kind of data required;

✓ The availability of the data required; and

✓ The kind of analysis required.

The processes involved were:

➢ Defining the variables- this involved identification of the minimum required headings in each valuation report and presenting them mutually exclusively and exhaustively;

➢ Conceptualising and categorising variables (USGAO, 1996)- subjects and issues were identified and classified as preliminary requirements and/or critical requirements so as to ease answering questions;

➢ Defining the recording Unit- that is, the apportioning of the text to a category of label (Weber, 1990). This was done by identifying whether a defined variable was 'not reported', 'wrongly reported' or 'reported'; and represented as 'Not Included', 'Wrongly Included' or 'Included' correspondingly;

➢ Frequency of Category- this is a frequency count of the appearance of a category (Singleton, 1988); and

➢ Coding- recording units with short alphanumerical codes that abbreviate the categories of variable and carry other information as well (USGAO, 1996)

The benchmark developed based on the minimum reporting contents of the International Valuation Standards after adjustment to reflect requirements in other valuation standard manuals are hereunder presented:

1. Instructions/Brief

2. Identify of and status of the valuer

3. Identity of the client

4. The subject of valuation

5. The purpose of valuation

6. The scope of valuation assignment

7. Nature and source of information

8. Date and extent of investigation

9. Planning approval

10. State of repairs of the property

11. Description of physical characteristics of the property

12. Assumptions and special assumptions

13. Description of legal characteristics of the property

14. Market and industry analysis

15. Risk analysis

16. Evidence of sustainability

17. Basis of value

18. Valuation approach and reasoning

19. Effective date of valuation

20. Amount of valuation in word and figure

21. Date of the valuation report different from effective date of valuation

22. Restriction on use, distribution or publication

23. Compliance statement

24. Signature and stamp

25. Pictorial representation of the property

Determination of non-compliance was based on cut-off mark of 35% as frequency of items not included.

4.17 The Pilot Study

A pilot study was carried out to pre-test the reliability of the research instrument and approach. The researcher distributed 45 questionnaires to Estate Surveying and Valuation firms in Yaba, Lagos. Of the 45 questionnaires 30 (66%) were retrieved and found usable. The questionnaire for the study was validated by three experts in the academia and two practitioners with core specialty in valuation. Of the three experts in the academia, two are the research supervisors in the rank of associate professor and senior lecturer, while the other expert is a professor from Australia with special interest in application of valuation standards in practice. The preliminary survey revealed areas that needed improvement in the survey research instrument such as questions that appeared similar and could therefore be merged. Questions that needed to be included were also added for effective coverage of the study objectives. The initial draft of the questionnaire under the section that covers valuers' perception of enforcement of valuation standards contained questions on effectiveness of enforcement measures available to the regulatory bodies. This was later restructured to be rated on a 5-point likert scale with responses ranging from 'Very Effective' to 'Very Ineffective'.

The pilot study was necessitated by the obvious absence of a standard questionnaire on use and enforcement of valuation standards. The study showed that the scales used for the questionnaires were adequate and the questions asked captured the objectives of the study. This preliminary study also helped in identifying problems that could be encountered in the main study and how to overcome them thereby improving the quality of the main study.

The reliability of the survey instrument was assessed with Cronbach's alpha technique and the internal consistency for the reliability estimate is presented in Table 4.5. The Cronbach's Alpha statistics of the instrument was found to be a range of 0.840 (84.0%) to 0.841 (84.1%). The results indicated that the research instrument was highly reliable with internal consistency judging from the fact that 84.0% is greater than the 70% threshold value (minimum reliable level) (Cronbach, 1951).

Table 4.5: Pilot Study Reliability Estimates of the Instruments

Instrument	Scale Statistics						Reliability Statistics (Cronbach's Alpha)
Source	N of Items	N of Samples	Mean	SD	CV	R_p	
Use of Valuation Standards	45	30	106.13	20.608	0.19	0.840	
Enforcement of Valuation Standards	25	30	55.83	12.831	0.23	0.841	
Pooled	70	30	161.97	29.556	0.18	0.893	

SD (Standard Deviation). CV (Coefficient of Variation)

4.18 Method of Validation of the Framework

The framework was validated through focus group discussion with professional practitioners, representatives of users of valuation reports and key officials of the regulatory bodies. The framework was validated on the criteria of market peculiarities, timely relevance, practicability, and professional participation as suggested by Mills (2007) for generally acceptable valuation methodological framework. The aim of validating the framework was to ascertain the accuracy and extent to which the framework provides an effective guide for the use and enforcement of valuation standards incorporating the views of the stakeholders.

4.19 Chapter Summary

This chapter examined the processes involved in carrying out the study which captured research design, study population, sources of data, sampling design and technique, determination of sample size from the sample frame, data collection instruments, data requirements, validity and reliability of data collection instruments, method of data collection and method of data analysis. All the techniques adopted and the methods used in the process of the research was adequately explained and justified. For the analysis, both descriptive and inferential statistics were employed for analysing different categories of data for the study were described and justified. The components of the study population which include first, Estate Surveyors and Valuers in private practice in Abuja, Lagos and Port Harcourt; and second, principal officers of the professional regulatory authorities were also described. Data for the study was collected through self-administered questionnaire, semi-structured interviews, and focus group discussions. Data from the field survey instrument were analysed with Statistical Package for Social Sciences (SPSS version 17) based on frequency counts, means score index, analysis of variance, Pearson product moment correlation coefficient, and stepwise regression analysis. Data from text of retrieved valuation reports were analysed using content analysis to reflect extent of valuers' compliance with the provisions of valuation standards in practice. The chapter also presented the account of the pilot study and all the processes involved to enhance the main study. The validity and reliability of the research instruments were tested and properly presented.

The subsequent chapter presents the result of data analysis based on the study objectives and conceptual framework examined in the previous chapter.

CHAPTER FIVE

DATA ANALYSIS AND DISCUSSION

5.1 Preamble

This chapter presents the result of the data collected in quantitative and qualitative terms. The chapter is broadly divided into two parts. The first part presents the data obtained from survey questionnaire analyzed with descriptive and inferential statistical tools. The second part presents the data obtained from interviews analyzed categorically and presented in tabular form. The other qualitative data obtained through document text is analyzed using content analysis.

5.2 Presentation of Results

5.2.1 Characteristics of the Sampled Estate Surveying and Valuation Firms

Table 5.1 presents the distribution of Estate Surveying and Valuation Firms across the three property markets under consideration. The sample size realized for the study is slightly above the adequate sample size required. This is because total enumeration of a cluster was employed using the snowballing technique to identify estate surveying and valuation firms in each study area so as to avoid low response rate and to cater for the effect of firms that had relocated going by published addresses of firms in the NIESV Directory. A response rate of 83% was achieved in Abuja, 63% in Lagos and 87% in Port Harcourt. On the whole, Abuja constituted 26% of the achieved sample size, Lagos 60% and Port Harcourt 14%. A proportional sample would have been appropriate to check against skewing the result. However, the sample size table (Krejcie & Morgan, 1970) used in arriving at the adequate sample size required allowed for each study area to be uniquely presented in the analysis; thus checking against the effect of skewed result.

Table 5.1: Distribution of Estate Surveying and Valuation Firms across the Study Area

Study Area	Sample Frame (Total No of Firms in the Area)	Adequate Sample Size Required	Achieved Sample Size	Response Rate (%)
Abuja	105	86	87	83
Lagos	320	175	203	63
PH	55	48	48	87
Total	**480**	**309**	**338**	**70**

Table 5.2 presents the summary of the characteristics of the surveyed Estate Surveying and Valuation firms. The socio-demographic characteristics of the valuation firms covered nature of firms' ownership, age of the firms in practice, their areas of specialization, number of employees and number of registered Estate Surveyors and Valuers in the firm.

The nature of ownership of the Estate Surveying and Valuation firms shows that those classified as sole proprietorships constituted 90.8% (79) of the practice in Abuja, Lagos 86.7% (176) and Port Harcourt 87.5% (42). This shows that partnership is less than 15% of the practice firms in the country as partnerships constituted well above 85% of the practice firms. This may impede formation of mega practice firms which are products of join practice.

Table 5.2 Characteristics of the Valuation Firms

Table 5.2.1 Nature of firm's ownership

Location	Nature of Ownership	Frequency	%	Total
Abuja	Sole Proprietorship	79	90.8	
	Partnership	8	9.2	87
Lagos	Sole Proprietorship	176	86.7	
	Partnership	27	13.3	203
PH	Sole Proprietorship	42	87.5	
	Partnership	6	12.5	48

Most of the Estate Surveying and Valuation firms are within their first twenty years of practice. In Abuja, most of the valuation firms 29 (33.3%) are between 1 to 10 years while in practice 28 (32.2%) are between 11 to 20 years in practice. In Lagos, most of the valuation firms 74 (36.5%) are between 11 to 20 years while 68 (33.5%) have operated for 1 to 10 years. Port Harcourt has most of the valuation firms 32 (66.7%) operated for 1 to 10 years in practice and 10 (20.8%) of those that have operated for 11 to 20 years. Thus on the whole, Abuja has about 66% (33.3% & 32.2%) valuation firms that have operated for 1 to 20 years. Lagos has 70%, while Port Harcourt has about 88% of the local valuation firms that have operated for up to 20 years. Further, the data revealed that Lagos has older practice firms compared to Abuja and Port Harcourt. This is revealed in the number of practicing firms that have operated for more than 31 years in practice. Abuja has 5 (5.7%) of such while Lagos has 23 (11.3%) and Port Harcourt has 2 (4.2). It can therefore be inferred that valuation practice is relatively young in the country.

Table 5.2.2: Age of the Valuation Firms in Professional Practice

Location	Size	Freq	%	Mean	Total
Abuja	1-10	29	33.3		
	11-20	28	32.2		
	21-30	25	28.7		
	31 and above	5	5.7	2.07	87
Lagos	1-10	68	33.5		
	11-20	74	36.5		
	21-30	38	18.7		
	31 and above	23	11.3	2.08	203
PH	1-10	32	66.7		
	11-20	10	20.8		
	21-30	4	8.3		
	31 and above	2	4.2	1.50	48

Very few valuation firms have specialization in valuation and these were found in Abuja and Lagos, while there were no firms in Port Harcourt with such specialization. It can be seen that 5 (5.7%) of the firms in Abuja specialized in valuation while Lagos has 9 (4.4%) valuation firms that specialized in valuation. Almost all the practicing firms are into general practice as

shown in the case of 73 (83.9%) in Abuja, 171 (84.2%) in Lagos, while 45 (93.8%) in Port

Harcourt. Insignificant numbers of practicing firms are into Management, agency and

property development.

Table 5.2.3: Firm's Area of Specific Specialization

Location	Characteristics	Freq.	%	Total
Abuja	Valuation	5	5.7	
	Agency	2	2.3	
	Management	7	8.0	
	General Practice	73	83.9	87
Lagos	Valuation	9	4.4	
	Agency	3	1.5	
	Management	15	7.4	
	Property Development	4	2.0	
	Feasibility and Viability Appraisal	1	0.5	
	General Practice	171	84.2	203
PH	Agency	1	2.1	
	Management	1	2.1	
	Property Development	1	2.1	
	General Practice	45	93.8	48

The valuation firms are characterized as small in size based on the number of estate surveyors

and valuers they employ in the firm. About 80% of the firms have between 1 to 15 employed

estate surveyors in their firms; with about 70% of these firms having 1 to 5 registered Estate

Surveyors and Valuers in the firm.

Table 5.2.4: Number of Estate Surveyors in the service of the firm

Location	No of surveyors	Freq	%	Mean	Total
Abuja	1 – 5	21	24.1		
	6 – 10	14	16.1		
	11 – 15	33	37.9		
	16 – 20	13	14.9		
	21 and above	6	6.9	2.64	87
Lagos	1 – 5	92	45.3		
	6 – 10	27	13.3		
	11 - 15	38	18.7		
	16 - 20	23	11.3		
	21 and above	23	11.3	2.30	203
PH	1 - 5	10	20.8		
	6 - 10	9	18.8		
	11 - 15	21	43.8		
	16 - 20	7	14.6		
	21 and above	1	2.1	2.58	48

Table 5.2.5: Number of Registered Estate Surveyors and Valuers in the Firm

Location	Size	Freq.	%	Mean	Total
Abuja	1 – 5	60	69.0		
	6 – 10	19	21.8		
	11 – 15	2	2.3		
	16 – 20	3	3.4		
	21 and above	3	3.4	1.51	87
Lagos	1 – 5	138	68.0		
	6 – 10	33	16.3		
	11 – 15	19	9.4		
	16 – 20	6	3.0		
	21 and above	7	3.4	1.58	203
PH	1 – 5	35	72.9		
	6 – 10	12	25.0		
	11 – 15	1	2.1	1.29	48

Table 5.3 presents personal characteristics of the respondent valuers of which 83 (95.4%) in Abuja were males and 4 (4.6%) were females; in Lagos 175 (86.2%) were males and 4 (13.8%) females; while Port Harcourt has 41 (85.4%) males and 4 (13.8%) females.

Table 5.3: Personal Characteristics of the Respondent Valuers

Table 5.3.1: Gender of Respondents Valuers

Location	Gender	Freq.	%	Total
Abuja	Male	83	95.4	
	Female	4	4.6	87
Lagos	Male	175	86.2	
	Female	28	13.8	203
PH	Male	41	85.4	
	Female	7	14.6	48

Table 5.3.2: Academic Qualification of Respondent Valuer

Location	Qualification	Freq.	%	Total
Abuja	ND	2	2.3	
	HND	11	12.6	
	B.Sc	36	41.4	
	PGD	12	13.8	
	M.Sc	25	28.7	
	PhD	1	1.1	87
Lagos	ND	2	1.0	
	HND	46	22.7	
	B.Sc	61	30.0	
	PGD	8	3.9	
	M.Sc	81	39.9	
	PhD	5	2.5	203
PH	HND	6	12.5	
	B.Sc	25	52.1	
	PGD	4	8.3	
	M.Sc	13	27.1	48

36 (41.4%) of the valuers in Abuja have B.Sc. degree, 25 (28.7%) have M.Sc., and only 1 (1.1%) has a PhD degree. A large number of the valuers in Lagos have M.Sc. 81 (39.9%), 61 (30.0%) have B.Sc., 46 (22.7%) have HND and 5 (2.5%) have PhD. Just like Abuja, in Port

Harcourt 25 (52.1%) of the valuers have B.Sc., 13 (27.1%) have M.Sc., 6 (12.5%) have HND

while no valuer has a PhD qualification.

Table 5.3.3: Designation of Respondent Valuers

Location	Designation	Freq	%	Total
Abuja	Principal/Managing Partner	33	37.9	
	Partner	4	4.6	
	Associate Partner	24	27.6	
	Head of Department	18	20.7	
	Senior Surveyor	8	9.2	87
Lagos	Principal/Managing Partner	85	41.9	
	Partner	7	3.4	
	Associate Partner	59	29.1	
	Head of Department	22	10.8	
	Senior Surveyor	30	14.8	203
PH	Principal/Managing Partner	17	35.4	
	Partner	1	2.1	
	Associate Partner	14	29.2	
	Head of Department	14	29.2	
	Senior Surveyor	2	4.1	48

Among the respondents in Abuja, 33 (37.9%) were principal partners, 24 (27.6%) were

associate partners, 18 (20.7%) were head of departments and the rest either partners or senior

surveyors in the firms. In Lagos, 85 (41.9%) were principal partners, 59 (29.1%) were

associate partners, 30 (14.8%) were senior surveyors and 22 (10.8%) heads of department. In

Port Harcourt, 17 (35.4%) were principal partners, associate partners and head of departments

were 14 (29.2%) respectively. This shows that most of the respondents were principal

partners of the firms.

Majority of the respondent valuers had spent 1 to 10 years in professional practice in Abuja,

Lagos and Port Harcourt. Valuers who had 1 to 10 years of professional practice in Abuja

were 42 (48.3%), and in Lagos 104 (51.2%), while in Port Harcourt they were 34 (70.8%). In

all, over 80% of the valuers put up to 1 to 20 years into practice. This shows that they have reasonable years of professional practice experience and are in good position to respond to the questions asked.

The respondent valuers were all associate members and fellows of the professional institution. Although about 90% were associate members who are regarded as professional members of the Nigerian Institution of Estate Surveyors and Valuers (NIESV) and registered with Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON).

Table 5.3.4: Years in professional Practice of the Respondent Valuer

Location	Years	Freq.	%	Mean	Total
Abuja	1 - 10	42	48.3		
	11 – 20	31	35.6		
	21 – 30	13	14.9		
	31 and above	1	1.1	1.69	87
Lagos	1 - 10	104	51.2		
	11 - 20	81	39.9		
	21 - 30	10	4.9		
	31 and above	8	3.9	1.62	203
PH	1 - 10	34	70.8		
	11 - 20	10	20.8		
	21 - 30	4	8.3	1.38	48

Table 5.3.5: Grade of Professional Membership of the Respondent Valuer

Location	Grade	Freq	%	Total
Abuja	Associate	85	97.7	
	Fellow	2	2.3	87
Lagos	Associate	180	88.7	
	Fellow	23	11.3	203
PH	Associate	46	95.8	
	Fellow	2	4.2	48

5.2.2 Objective 1: To Evaluate the level of Nigerian valuers' awareness of Valuation Standards

This section reveals the level of awareness of operation of valuation standards among Nigerian valuers. The question on this sought to establish the extent of awareness of national standards such as NIESV standards (Nigerian), RICS Red Book (UK); regional standards such as TEGoVA (Europ), USPAP (USA & Canada), PVSA (Australia); and the International Valuation Standards (IVSC White Book). The extent of awareness was determined based on the mean score relative to 'category ranking' of 1= Completely unaware; 2= Unaware; 3= Merely heard of it; 4= Aware; and 5= Fully aware. It covered (i) level of valuers' awareness and (ii) degree of variation of awareness of various valuation standards. Frequency counts and means score were adopted for item (i) and ANOVA for item (ii). The overall result shown in Table 5.4 shows that Nigerian valuers are aware of International Valuation Standards i.e. the IVSC White Book with a mean score of 3.70 and a category ranking of 4, while those who merely heard of valuation standards of Royal Institution of Chartered Surveyors (RICS Red Book), and that of Nigerian Institution of Estate Surveyors and Valuers (NIESV) recorded a mean score of 2.64 and 3.10 respectively with corresponding category ranking of 3. The results indicate that valuers are completely unaware of other standards such as The European Group of Valuers (TEGoVA Blue Book), Uniform Standards of Professional Appraisal Practice (USA & Canada), and Property and Valuation Standards of Australia for which the mean scores are 1.49, 1.32 and 1.27 respectively.

Valuers in Abuja, Lagos and Port Harcourt are more aware of the IVSC's White Book valuation standards compared to any other valuation standard and also merely heard about NIESV and RICS (Red Book) valuation standard manuals. The Nigerian situation is different from the usual practice in most developed economies. A comparative study of four European countries undertaken by Eriksson (2005) revealed that valuers in Europe prefer using their

national valuation standards over TEGoVA's regional and this was attributed to a low level of awareness of TEGoVA's regional standards among European Valuers. Based on the grand mean score of 2.25 and categorical ranking of 2 the result shows that Nigerian valuers are unaware of the operation of valuation standards.

Table 5.4: Extent of Nigerian valuer's awareness of Valuation Standards

Location	Valuation Standards	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Abuja	IVSC	3	18	13	30	23	3.60	4	1.64	High
	RICS	3	40	25	16	3	2.72	3	1.24	High
	NIESV	10	20	16	35	6	3.08	3	1.41	High
	TEGoVA	62	21	3	1	0	1.34	1	0.61	Low
	USPAP	73	10	4	0	0	1.21	1	0.55	Low
	PVSA	74	12	1	0	0	1.16	1	0.53	Low
	Grand Mean Response						**2.19**	**2**	**1.00**	
Lagos	IVSC	9	33	32	70	59	3.67	4	1.59	High
	RICS	28	79	41	37	18	2.69	3	1.16	High
	NIESV	20	55	24	79	25	3.17	3	1.37	High
	TEGoVA	102	85	13	3	0	1.59	2	0.69	Low
	USPAP	137	54	10	0	0	1.39	1	0.60	Low
	PVSA	151	40	9	1	2	1.34	1	0.58	Low
	Grand Mean Response						**2.31**	**2**	**1.00**	
PH	IVSC	1	4	7	19	17	3.98	4	1.88	High
	RICS	11	24	6	5	2	2.23	2	1.05	High
	NIESV	6	12	14	15	1	2.85	3	1.34	High
	TEGoVA	35	12	1	0	0	1.29	1	0.61	Low
	USPAP	40	7	1	0	0	1.19	1	0.56	Low
	PVSA	40	7	1	0	0	1.19	1	0.56	Low
	Grand Mean Response						**2.12**	**2**	**1.00**	
Pooled	IVSC	13	55	52	119	99	3.70	4	1.64	High
	RICS	42	143	72	58	23	2.64	3	1.17	High
	NIESV	36	87	54	129	32	3.10	3	1.38	High
	TEGoVA	199	118	17	4	0	1.49	1	0.66	Low
	USPAP	250	71	15	2	0	1.32	1	0.59	Low
	PVSA	265	59	11	1	2	1.27	1	0.56	Low
	Grand Mean Response						**2.25**	**2**	**1.00**	

1=>Completely Unaware; **2**=>Unaware; **3**=>Merely Heard of it; **4**=>Aware; **5**=>Fully Aware

In line with objective one of the study, the stated hypothesis was formulated to determine level of awareness of various valuation standards identified. This is based on the premise that the level of valuers' awareness of the standards will affect their use of or adherence to the standards.

5.2.2.1: Hypothesis1: There is no significant variation in the level of valuers' awareness of Valuation Standards

Table 5.4.1: Descriptive Statistics of Level of Awareness

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
IVSC	338	3.70	1.165	.063	3.57	3.82	1	5
RICS	338	2.64	1.111	.060	2.52	2.76	1	5
NIESV	338	3.10	1.199	.065	2.97	3.23	1	5
TEGoVA	338	1.49	.650	.035	1.42	1.55	1	4
USPAP	338	1.32	.584	.032	1.25	1.38	1	4
PVSA	338	1.27	.594	.032	1.21	1.34	1	5
Total	2028	2.25	1.324	.029	2.19	2.31	1	5

The descriptive results indicate that there is greater awareness of IVSC standards with mean score of 3.70 than for NIESV and RICS standards which have mean scores of 3.10 and respectively. However, the respondents indicated very low awareness of TEGoVA, USPAP and PVSA standards for which the mean scores are 1.49, 1.32 and 1.27 respectively. The test for significance of variation was carried out using ANOVA with results as presented in Table 5.4.2.

Table 5.4.2: Analysis of Variance (ANOVA) for significance of variation in the Level of valuers' Awareness of valuation standards

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	1819.195	5	363.839	424.134	.000
Within Groups	1734.550	2022	.858		
Total	3553.746	2027			

The ANOVA test on level of awareness indicates that there is significant variation at F-value of 424.134, since p-value is $0.000 < 0.05$, significance level; implying that the null hypothesis

that there is no significant variation in the valuers' level of awareness of various types of valuation standards is rejected. This implies that there is significant variation in the level of Nigerian valuers' awareness of Valuation Standards. In addition, the level of awareness is greater for the IVSC, NIESV and RICS Standards in that order, than for all the other standards as shown in the post-hoc analysis in Table 5.4.3.

Table 5.4.3: Post-Hoc Analysis (Multiple Comparisons) Using Least Significance Difference (LSD)

(I) Valuation Standards	(J) Valuation Standards	Mean Difference (I-(J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
IVSC	RICS	1.062*	.071	.000	.92	1.20
	NIESV	.598*	.071	.000	.46	.74
	TEGoVA	2.213*	.071	.000	2.07	2.35
	USPAP	2.382*	.071	.000	2.24	2.52
	PVSA	2.426*	.071	.000	2.29	2.57
RICS	NIESV	-.464*	.071	.000	-.60	-.32
	TEGoVA	1.151*	.071	.000	1.01	1.29
	USPAP	1.320*	.071	.000	1.18	1.46
	PVSA	1.364*	.071	.000	1.22	1.50
NIESV	TEGoVA	1.615*	.071	.000	1.48	1.76
	USPAP	1.784*	.071	.000	1.64	1.92
	PVSA	1.828*	.071	.000	1.69	1.97
TEGoVA	USPAP	.169*	.071	.018	.03	.31
	PVSA	.213*	.071	.003	.07	.35
USPAP PVSA		.044	.071	.533	-.10	.18

*. The mean difference is significant at the 0.05 level. Dependent Variable: Level of Awareness

It can be deduced from the mean differences shown in the post-hoc analysis that there is significant difference between IVSC and all other valuation standards. Similarly, significant variations are found in the mean difference when each of RICS, NIESV or TEGoVA is compared with other valuation standards except IVSC. There is no significant difference between USPAP and PVSA at 5% level. This shows Nigerian valuers' are mostly aware of

the IVSC standards followed by NIESV, RICS and TEGoVA respectively. A study of four European countries- France, Germany, The Netherlands and Sweden by McParland et al. (2002) revealed a wide variety of valuation standards in Europe and valuers' level of awareness and use of those valuation standards vary significantly. It can be said that since there is a variety of valuation standards that exist at international, regional and national levels, the level of valuers awareness will vary depending on the one available to them as earlier affirmed by Vella (2009). Previous studies showed that level of valuers' awareness influence extent of use of valuation standards among practitioners (Eriksson, 2002).

5.2.3 Objective 2: Ascertain the valuation standards in use by Nigerian valuers

Table 5.5 shows Nigerian valuers' preference for the various valuation standards in use. The overall result reveals that a good number of the valuers 90 (26.6%) do not use any valuation standards manual in practice. Majority of the sampled valuers 99 (29%) prefer to use the international standards followed by 88 (24.9%) who expressed preference for the NIESV standards. Others use a combination of the national standards with regional or international standards. It can be seen that some valuers 25 (7.9%) use NIESV standards with the IVSC standards; 11 (3.3%) use NIEVS and RICS standards; while 8 (2.4%) use RICS and IVSC standards. This shows a departure from previous studies from other nations which show valuers prefer their National Valuation Standards to International Valuation standards MCParlen et al., 2002; Lorenz, 2002; Eriksson, 2005). Study by McParland et al. (2002) in four European Countries- France, Germany, The Netherlands and Sweden found that despite a wide variety of valuation standards in Europe, valuers prefer the use of their national standards over regional standards. A similar comparative study of UK and Germany by Lorenz (2002) revealed that UK valuers are more proactive and prefer using their national standard-RICS Red Book than any other valuation standards manual. However, the author

reported that in Germany some valuers adopt international valuation standards, while some adhere to their traditional way of valuation which is governed by law. In the same vein, a study by Eriksson (2005) also discovered that valuers in Europe prefer using their national standards and only few use the regional valuation standards (TEGoVA Blue Book). This position is only reflected in Abuja where 29 (33%) of the sampled valuers prefer the use of NIESV (Nigerian) valuation standards, followed by 16 (18.4%) who prefer the International Valuation Standards. This may probably be attributed to the presence of the national secretariat of the Nigerian Institution of Estate Surveyors and Valuers (NIEVS) in Abuja. Surprisingly Abuja and Lagos have a high number of valuers not consulting any of the valuation standards manual in practice. Abuja has 26 (29.9%) valuers not using any valuation standards, Lagos recorded 57 (28.1%), while Port Harcourt has 7 (14.6%) not using any form of valuation standards manual. Studies by Babawale and Koleoso (2006) revealed outrageous figures of 68% of valuers in Lagos were not making reference to any valuation standards in practice and 23% of the valuers indicated that they use the RICS' Red Book; 14.5% used the IVSC's White Book. However, a follow up study by Babawale (2012a) later showed an improvement by reporting 5.64% as valuers in Lagos that were not consulting any valuation standards manual in practice. The interview result revealed that Nigerian valuers prefer using the International Valuation Standards because the National Standards by NIEVS is out of date since it was first published as far back as 1985 and was not revised until 2006. Another reason for the low usage of the national standards (NIESV) is that there is no much awareness of the existence of the NIESV valuation standards among valuers and absence of enforcement mechanisms.

Table 5.5: Valuation standards in Use by Valuers

Location	Valuation Standards Manual	Frequency	Percent	Cumulative Percent
Abuja	None	26	29.9	29.9
	IVSC	16	18.4	48.3
	NIESV	29	33.3	81.6
	NIESV+RICS	4	4.6	86.2
	NIESV+ RICS+IVSC	5	5.7	92.0
	RICS + IVSC	4	4.6	96.6
	NIESV + IVSC	3	3.4	100.0
	Total	**87**	**100.0**	
Lagos	None	57	28.1	28.1
	IVSC	60	29.6	57.6
	RICS	1	.5	58.1
	NIESV	50	24.6	82.8
	NIESV+RICS	7	3.4	86.2
	NIESV+ RICS+IVSC	12	5.9	92.1
	RICS Red Book + IVSC	3	1.5	93.6
	NIESV + IVSC	13	6.4	100.0
	Total	**203**	**100.0**	
PH	None	7	14.6	14.6
	IVSC	23	47.9	62.5
	NIESV	5	10.4	72.9
	NIESV+ RICS+IVSC	3	6.3	79.2
	RICS + IVSC	1	2.1	81.3
	NIESV + IVSC	9	18.8	100.0
	Total	**48**	**100.0**	
Pooled	None	90	26.6	26.6
	IVSC	99	29.3	55.9
	RICS	1	0.3	56.2
	NIESV	84	24.9	81.1
	NIESV+RICS	11	3.3	84.3
	NIESV+ RICS+IVSC	20	5.9	90.2
	RICS + IVSC	8	2.4	92.6
	NIESV + IVSC	25	7.4	100.0
	Total	**338**	**100.0**	

5.2.4: Objective 3: Determine the extent of compliance with Valuation Standards by Nigerian valuers in practice

The extent of compliance with valuation standards was determined by examining valuation reports produced by Estate Surveyors and Valuers which represents valuers' actual standard of practice. This was achieved by content analysis presented in Table 5.6.

Table 5.6: Results of Document Content Analysis (N=182)

Requirement (a)	Included (b)	Wrongly Included (c)	Not included (d)	%Non-compliance [(c +d)100/182]	Remark
Instructions/Brief	182	0	0	0	Compliance
Identity &Status of Valuer	172	0	10	5	Compliance
Identity of Client	180	0	2	1	Compliance
The Subject of Valuation	175	0	7	4	Compliance
Purpose of Valuation	51	116	15	72*	Non-compliance
Scope of Valuation Assigt.	20	0	162	89*	Non-compliance
Nature &Source of Information	11	0	171	94*	Non-compliance
Date & Extent of Investigation	101	60	21	45*	Non-compliance
Planning Approval	30	0	152	84*	Non-compliance
State of repairs of the property	54	0	128	70*	Non-compliance
Description of physical characteristics of property	179	0	3	2	Compliance
Assumption and special assumptions	182	0	0	0	Compliance
Description of legal characteristics of property	175	0	7	4	Compliance
Market and Industry analysis	6	0	176	97*	Non-compliance
Risk analysis	1	0	181	99*	Non-compliance
Evidence of Sustainability	0	0	182	100*	Non-compliance
Basis of value	73	106	3	60*	Non-compliance
Valuation Approach and reasoning	170	0	12	7	Compliance
Effective date of valuation	29	1	152	84*	Non-compliance
Amount of valuation in word and figure	177	0	5	3	Compliance
Date of the valuation report	115	9	64	40*	Non-compliance
Restriction on use or distribution (Caveat)	115	0	67	37*	Non-compliance
Compliance statement	59	0	123	68*	Non-compliance
Signature and stamp	182	0	0	0	Compliance
Pictorial representation of the property	161	0	21	12	Compliance

Included=1, Wrongly Included=2, Not Included=3; cut-off mark for non-compliance ≥35%

Content analysis was employed to investigate the valuation reports using international valuation standards minimum reporting content as a benchmark. Each requirement properly reported in the valuation report was rated 'included'; those wrongly reported were rated 'wrongly included'; while those not reported at all were rated 'not included'. Those requirements wrongly included and not included were classified together as non-compliance on cut-off mark of ≥35% benchmark. Also, a confirmatory test was carried out to determine

if valuers consult and comply with the provision of the standards in practice by asking them whether or not they report forced sale value while carrying out mortgage valuation. The valuation standards since 2003 forbade valuers from reporting forced sale value to the lending institution. This specific provision was used as a criterion for confirming if valuers comply or not with the provisions of the valuation standards. This confirmatory test was used to complement the content analysis and perceptions of valuers obtained from survey instrument. Valuations for mortgage purposes were used as a confirmatory test because banks and financial institutions are the highest users of valuation reports in Nigeria and the bulk of the valuations carried out by valuers are mostly for mortgage purposes for the lending institution or for the borrower as an independent valuation. Table 5.6 presents the result of the document content analysis which shows that 72% of the valuation reports did not capture the purpose of the valuation, 89% did not report the scope of the valuation, and 94% did not include nature and source of information, while 45% failed to indicate the date and extent of investigation. It can be seen that as many as 84% of the valuers' valuation reports made no reference to planning approval, 70% did not report state of repairs of the property, 97% did not capture market and industry analysis, while 99% did not contain risk analysis. Also alarming is the fact that all the valuation reports have no evidence of evaluation of sustainability issues, and 60% of the valuers failed to present correctly the basis of valuation, while 84% did not report effective date of the valuation as different from the date the valuation report was prepared. Similarly, 40% of the reports did not indicate the date of the valuation report distinct from the date the valuation computation was done, and 37% of the valuers did not include restrictions on use or publication in their report, while 68% failed to report compliance statement. It is interesting to note that where valuers complied with the required minimum reporting contents, there was a high rate of compliance. For instance, all the sampled valuers reported the instruction or brief from the client; assumption and special

assumptions; they made and appended the signature and stamp of the valuer. It can be said that compliance among valuers was in reporting basic preliminary aspects of valuation covering the brief (instruction); identification of client, and valuer; assumptions and description of the physical and legal characteristics of the property. On the other hand, on the most critical aspects of valuation reporting such as market and industry analysis, risk analysis, and most recently integrating sustainability the level of compliance was abysmal. It was also found that valuers wrongly reported purposes and bases of valuations, most times interchanging their contextual meaning. For instance, 116 (64%) wrongly reported that the purpose of the valuation is 'to determine open market value'; while 106 (58%) reported that the basis of the valuation is 'to determine forced sale value'. Whereas the international valuation standard forbids valuers from reporting forced sale value which is not even a basis of valuation. Similarly, open market value is not a purpose for any valuation as it is one of the bases of valuation. Moreover, the term 'open market value' is no more in use. It is now referred to as 'Market Value'.

A previous study by Babawale (2012a) reported that 31% of the reports analysed did not indicate the purpose of the valuation; 33% failed to indicate the scope of investigation carried out; while a striking 77% did not reflect the effective date of the valuation as distinct from the date the valuation report was prepared. It was further shown that 63% failed to disclose the source of information referred to; 80% did not indicate whether the subject property had planning approval nor did they reflect highest and best use analysis. The examination revealed only 6% provided evidence of rent, capital value or yield; and none of the 70 valuation reports analysed applied any statistical technique for the data analysed. The study recommended amendment of the present NIESV valuation standards to reflect and accommodate the peculiarity of the local market. There is some agreement between this study and previous studies by Babawale (2012a). Both studies reported high rate of non-compliance

in the area of reporting purpose of valuation, effective date of valuation, planning approval and reporting source of information.

The content analysis was complemented by valuers' responses as contained in Table 5.6.1 which shows that valuers rarely comply with Guidance Notes on Special Valuation, Minimum Reporting Content, and Basis of Valuation with a mean score of 1.87, 1.61 and 2.41 respectively. It was found that valuers hardly comply with standards on Valuation Application on Financial Reporting; Investigation (verification of information); and Glossary with mean score of 1.49, 1.46 and 1.40 respectively. The overall result indicates that valuers rarely comply with valuation standards with mean score of 1.71 and corresponding categorical ranking of 2.

Table 5.6.1: Extent of Nigerian Valuers Compliance with Aspect of Valuation Standards

Location	Valuation Standards Aspect	Frequency 1	2	3	4	5	Mean Response	Category	Extent	Remark
Abuja	Guidance Notes	50	16	6	6	9	1.94	2	1.11	High
	Minimum Reporting Content	57	15	7	5	3	1.64	2	0.94	Low
	Valuation Applications	65	9	6	5	2	1.51	2	0.87	Low
	Basis of Valuation	39	5	23	9	11	2.40	2	1.38	High
	Investigations	71	3	5	4	4	1.47	1	0.84	Low
	Glossary	67	5	10	4	1	1.47	1	0.84	Low
	Grand Mean Response						**1.74**	**2**	**1.00**	
Lagos	Guidance Notes	133	21	16	16	17	1.83	2	1.06	High
	Minimum Reporting Content	138	29	16	13	7	1.63	2	0.95	Low
	Valuation Applications	157	16	10	8	12	1.53	2	0.89	Low
	Basis of Valuation	81	27	51	18	26	2.41	2	1.40	High
	Investigations	165	12	5	5	16	1.50	2	0.87	Low
	Glossary	167	17	3	7	9	1.39	1	0.81	Low
	Grand Mean Response						**1.72**	**2**	**1.00**	
PH	Guidance Notes	25	13	4	3	3	1.88	2	1.17	High
	Minimum Reporting Content	33	10	2	3	0	1.48	1	0.92	Low
	Valuation Applications	38	7	1	2	0	1.31	1	0.81	Low
	Basis of Valuation	16	8	18	2	4	2.38	2	1.48	High
	Investigations	39	6	1	2	0	1.29	1	0.80	Low
	Glossary	40	4	1	3	0	1.31	1	0.81	Low
	Grand Mean Response						**1.61**	**2**	**1.00**	
Pooled	Guidance Notes	208	50	26	25	29	1.87	2	1.09	High
	Minimum Reporting Content	228	54	25	21	10	1.61	2	0.94	Low
	Valuation Applications	260	32	17	15	14	1.49	1	0.87	Low
	Basis of Valuation	136	40	92	29	41	2.41	2	1.41	High
	Investigations	275	21	11	11	20	1.46	1	0.85	Low
	Glossary	274	26	14	14	10	1.40	1	0.82	Low
	Grand Mean Response						**1.71**	**2**	**1.00**	

Never (1), Rarely (2), Sometimes (3), Most times (4), Always (5)

In line with objective three of the study, the hypothesis hereunder was tested to determine variation in valuers' compliance with various aspects of the valuation standards to support the findings from content analysis.

5.2.4.1: Hypothesis 2: There is no significant variation in the extent to which Nigerian valuers comply with Valuation Standards in practice.

In testing the hypothesis, the following major aspects of the standards were focused upon:

Aspect of Valuation Standards

V1: Guidance Notes on special valuation, assumptions, and approaches to value
V2: Minimum Reporting Content (Scope of work)
V3: Valuation Applications (e. g. financial reporting)
V4: Basis of Valuation
V5: Investigations (Verification of information)
V6: Glossary (Definition of terms)

Table 5.6.2: Descriptive Statistics of Extent of Compliance

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
V1	338	1.87	1.322	.072	1.73	2.01	1	5
V2	338	1.61	1.057	.057	1.50	1.73	1	5
V3	338	1.49	1.057	.057	1.38	1.61	1	5
V4	338	2.41	1.397	.076	2.26	2.55	1	5
V5	338	1.46	1.106	.060	1.34	1.58	1	5
V6	338	1.40	.964	.052	1.30	1.51	1	5
Total	2028	1.71	1.210	.027	1.65	1.76	1	5

The descriptive results indicate that Valuers rarely comply with Guidance Notes on special valuation, assumptions, and approaches to value, minimum reporting and Basis of Valuation with mean score of 1.87, 1.61 and 2.41 respectively. Specific requirements for Valuation Applications (e. g. Financial reporting), Investigations (Verification of information) and Glossary (Definition of terms) with mean score of 1.49, 1.46 and 1.40 respectively are never complied with. The test for significant variation was carried out using ANOVA in table 5.6.3.

Table 5.6.3: Analysis of Variance Table (ANOVA) of Extent of Compliance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	243.544	5	48.709	36.150	.000
Within Groups	2724.473	2022	1.347		
Total	2968.018	2027			

The results indicate that there is significant variation at F-value = 36.150, since p-value = 0.000< 0.05 significance level. This implies that there is significant variation in the extent to which Nigerian valuers comply with the Valuation Standards in practice. Although there is evidence of non-compliance but there is little response of compliance among valuers on Guidance Notes on special valuation, assumptions, and approaches to value, minimum reporting and Basis of Valuation from the ANOVA test. For more clarity on compliance a post-hoc analysis (multiple comparison of means) using Least Significance Difference (LSD) was carried out in Table 5.6.4.

Table 5.6.4: Post-Hoc Analysis (Multiple Comparisons): Least Significance Difference
Dependent Variable: Extent of Compliance

(I) Aspect of VS	(J) Aspect of VS	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
V1	V2	.254*	.089	.004	.08	.43
	V3	.373*	.089	.000	.20	.55
	V4	-.538*	.089	.000	-.71	-.36
	V5	.405*	.089	.000	.23	.58
	V6	.464*	.089	.000	.29	.64
V2	V3	.118	.089	.185	-.06	.29
	V4	-.793*	.089	.000	-.97	-.62
	V5	.151	.089	.091	-.02	.33
	V6	.210*	.089	.019	.03	.39
V3	V4	-.911*	.089	.000	-1.09	-.74
	V5	.033	.089	.716	-.14	.21
	V6	.092	.089	.304	-.08	.27
V4	V5	.944*	.089	.000	.77	1.12
	V6	1.003*	.089	.000	.83	1.18
V5	V6	.059	.089	.508	-.12	.23

*. The mean difference is significant at the 0.05 level.

It can be deduced from the post-hoc analysis that there is significant difference in means between V1 vs V2, V3, V4, V5 and V6, V2 vs V4 and V6, V3 vs V4, V4 vs V5 and V6 respectively in terms of compliance with the Valuation Standards in practice. Hence, valuers rarely comply with the requirement that they should report the Basis of Valuation adopted, Guidance Notes on special valuation, assumptions, approaches to value and minimum reporting contents. They also hardly comply with the rest of the valuation standards. This

substantiates the results obtained from the content analysis that valuers never comply with critical aspect of valuation reporting.

To further consolidate the study's position on the extent to which valuers comply with the provisions of the standards a confirmatory test was carried out on sampled valuers. The results are presented in Table 5.6.5.

Table 5.6.5: How often Valuers Report Forced Sale Value to the Banks on Mortgage Valuation

Location		Frequency	Percent	Valid Percent	Cumulative Percent
Abuja	Never	4	4.6	4.6	4.6
	Rarely	1	1.1	1.1	5.7
	Sometimes	2	2.3	2.3	8.0
	Most times	9	10.3	10.3	18.4
	Always	71	81.6	81.6	100.0
	Total	**87**	**100.0**	**100.0**	
Lagos	Never	13	6.4	6.4	6.4
	Rarely	6	3.0	3.0	9.4
	Sometimes	4	2.0	2.0	11.3
	Most times	53	26.1	26.1	37.4
	Always	127	62.6	62.6	100.0
	Total	**203**	**100.0**	**100.0**	
PH	Most times	2	4.2	4.2	4.2
	Always	46	95.8	95.8	100.0
	Total	**48**	**100.0**	**100.0**	
Poole					
	Never	17	5.0	5.0	5.0
	Rarely	7	2.1	2.1	7.1
	Sometimes	6	1.8	1.8	8.9
	Most times	64	18.9	18.9	27.8
	Always	244	72.2	72.2	100.0
	Grand Total	**338**	**100.0**	**100.0**	

The confirmatory test revealed that valuers in Abuja, Lagos and Port Harcourt always report forced sale value in mortgage valuation reports. It can be seen that in Abuja 9 (10.3%) of the valuers report forced sale value most of the times. In Lagos most times 53 (26.1%) valuers report forced sale value, while in Port Harcourt only 2 (4.2%) of the sampled valuers report forced sale value in valuation reports or mortgage purposes. In Abuja only 4 (4.6%) valuers never reported forced sale value and 13 (6.4%) in Lagos. The overall result shows that only 17 (5.0%) never reported forced sale value in their valuation for mortgage purposes, 7 (2.1%) rarely report forced sale value, 6 (1.8%) some times report forced sale value, and 64 (18.9%) most times report forced sale value, while an overwhelming majority of 244 (72.2%) always report forced sale value. Thus, we can conclude that valuers do not comply with valuation standards.

5.2.5: Objective 4: Examine enforcement measures available to the regulatory bodies in Nigeria to ensure compliance by valuers.

This objective was achieved by interviewing the authorities regulating valuation practice in Nigeria. The results of the interview are presented in Table 5.7 in which 98% of the respondents revealed that there are no enforcement measures to ensure that valuers comply with valuation standards, while 22% reported that enforcement measures such as reprimand, suspension, fine and expulsion (deregistration) are available only in the code of conduct but are not specifically for compliance with valuation standards. This implies that there are no enforcement measures in the national standards purposely directed at ensuring valuers' compliance. This makes the valuation standards a mere advisory document thereby making valuers to use the standards as they wish since there is no compulsion to comply. The interview result is complemented with further details from valuers' response in Tables 5.7.1a and 5.7.1b. The result in Table 5.7.1b reveals that valuers are not aware of the existence of admonishment and reprimand as tools for enforcing compliance with valuation standards. It

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can be seen also that other enforcement measures such as severe reprimand (2.36), public censure in writing (2.20), financial penalties (2.21), restricted practice (2.12), suspension (2.04), expulsion (1.88), and prosecution (1.71) are not available as measures for enforcing compliance with valuation standards in Nigeria. With a grand mean score of 2.20, the overall descriptive result shows that enforcement measures are not available. The interview result in table 5.6 reveals that 78% of the respondents indicated that there are no enforcement mechanisms to ensure that valuers comply with valuation standards, while 22% indicated that only disciplinary measures in the ethical code of conduct (reprimand, fine, suspension, and deregistration) are available and these do not cover for strict compliance with the provisions of the valuation standards

Table 5.7: Summary of Interview Results

Interviewees	Issue Examined	Summary of Responses
1.Registrar ESVARBON 2.Chair Education C'tee ESVAARBON 3. Chair Disciplinary C'tee ESVARBON 4. Chair Professional Practice C;tee ESVARBON 5. Former President NIESV 6. Vice President I NIESV 7. Hon. National Secretary NIESV 8. Asst. National Publicity Sec NIESV 9. Chair MCPD C'tee NIESV 10. NIESV Branch Chair Abuja	Level of Awareness	55% of the respondents indicated that Nigerian valuers are not aware of valuation standards and how it operates; about 17% reported they had merely only heard about valuation standards; while about 28% are aware of the existence of the valuation standards manual but do not know how to use it.
11. NIESV Branch Chair Lagos 12. NIESV Branch Chair P/Harcourt 13. NIESV Branch Sec Abuja 14. NIESV Branch Sec Lagos 15. NIESV Branch Sec P/Harcourt 16. Representative of International Valuation Standards Council in Nigeria 17. Chair Valuation Standards Group of Nigeria 18. Secretary Valuation Standards Group of Nigeria	Enforcement Measures Available	About 78% of the respondents revealed that there are no enforcement mechanisms to ensure valuers comply with the provision of the standards. However, about 22% said only reprimand, suspension, fine and expulsion (deregistration of practice) are available as provided in the code of ethics but not specifically for compliance with valuation standards
	Effectiveness of Enforcement Measures	About 94% of the respondents commented that the enforcement measures are ineffective while about 6% revealed that where there are reported cases of violation or non-compliance the disciplinary actions in the code of conduct are effective. However all the respondents (100%) indicated that there have never been reported cases of non-compliance with standards

	Factors influencing use of Valuation Standards	All the respondents (100%) indicated lack of awareness as a major factor responsible for valuers not using standards in practice. About 94% revealed that valuers don't use valuation standards because it is not being made mandatory to use in practice. About 83% said valuers don't know how the valuation standards operate. About 72% reported that valuers don't use and comply with standards because clients don't request for its use and strict compliance in practice. About 56% indicated that the national valuation standard is out of date, 94% said no effective monitoring, while 67% suggested absence of property data.
	Factors Influencing Enforcement	About 94% of the respondents reported that there is inadequate finance for effective monitoring of practice; 72% indicated that the regulatory body is not proactive; and about 67% indicated that the regulatory body lacks manpower to enforce standards; while 78% said government policy not supporting professionalism is the factor influencing enforcement of standards.

Table 5.7.1a: Measures Available to ensure Enforcement of Valuation Standards

Location	Measures	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Abuja	Admonishment	6	15	33	30	3	3.10	3	1.31	High
	Reprimand	8	19	34	26	0	2.90	3	1.22	High
	Severe Reprimand	12	23	45	7	0	2.54	3	1.07	High
	Public Censure in writing	15	35	33	3	1	2.31	2	0.97	Low
	Financial Penalties	13	46	22	5	1	2.25	2	0.95	Low
	Restricted practice	15	44	19	8	1	2.26	2	0.95	Low
	Suspension	28	28	18	12	1	2.20	2	0.93	Low
	Expulsion	39	21	15	11	1	2.01	2	0.85	Low
	Onward prosecution	44	22	18	3	0	1.77	2	0.75	Low
	Grand Mean Response						**2.37**	**2**	**1.00**	
Lagos	Admonishment	49	60	40	42	12	2.55	3	1.18	High
	Reprimand	49	58	43	49	4	2.51	3	1.16	High
	Severe Reprimand	56	55	64	26	2	2.33	2	1.07	High
	Public Censure in writing	56	70	65	10	2	2.17	2	1.00	High
	Financial Penalties	55	76	39	30	3	2.26	2	1.04	High
	Restricted practice	56	85	45	14	3	2.13	2	0.98	Low
	Suspension	75	71	38	15	4	2.02	2	0.93	Low
	Expulsion	99	56	31	11	6	1.86	2	0.86	Low
	Onward prosecution	119	37	36	10	1	1.70	2	0.78	Low
	Grand Mean Response						**2.17**	**2**	**1.00**	
PH	Admonishment	11	14	16	6	1	2.42	2	1.20	High
	Reprimand	11	16	13	7	1	2.40	2	1.19	High
	Severe Reprimand	11	19	16	1	1	2.21	2	1.10	High
	Public Censure in writing	12	21	13	2	12	2.10	2	1.04	High
	Financial Penalties	17	22	6	2	1	1.92	2	0.96	Low
	Restricted practice	18	21	7	2	0	1.85	2	0.92	Low
	Suspension	26	11	5	4	2	1.85	2	0.92	Low
	Expulsion	28	10	7	1	2	1.73	2	0.86	Low
	Onward prosecution	28	10	9	1	0	1.65	2	0.82	Low
	Grand Mean Response						**2.01**	**2**	**1.00**	

Table 5.7.1b: Measures Available to ensure Enforcement of Valuation Standards (Cont'd)

Location	Measures	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Pooled	Admonishment	66	89	89	78	16	2.67	3	1.21	High
	Reprimand	68	93	90	82	5	2.59	3	1.18	High
	Severe Reprimand	79	97	125	34	3	2.36	2	1.07	High
	Public Censure in writing	83	126	111	15	3	2.20	2	1.00	High
	Financial Penalties	85	144	67	37	5	2.21	2	1.00	High
	Restricted practice	89	150	71	24	4	2.12	2	0.96	Low
	Suspension	129	110	61	31	7	2.04	2	0.93	Low
	Expulsion	166	87	53	23	9	1.88	2	0.85	Low
	Onward prosecution	191	69	63	14	1	1.71	2	0.78	Low
	Grand Mean Response						**2.20**	**2**	1.00	

1=Completely Not Available; 2= Not Available; 3= Not Aware; 4= Available; 5= Much Available

In line with objective four, hypothesis three was formulated and tested to determine availability of enforcement measures based on their variation at different level of application by the regulatory authorities responsible for enforcing the standards. The hypothesis is stated hereunder:

5.2.5.1: Hypothesis 3: There is no significant variation in measures available to ensure enforcement of valuation standards by Nigerian valuation regulatory bodies.

In testing the hypothesis, the following enforcement measures were identified and used:

Measures
V1: Admonishment

V2: Reprimand

V3: Severe Reprimand

V4: Public Censure in writing

V5: Financial Penalties (Fine)

V6: Restricted practice (under supervision)

V7: Suspension

V8: Expulsion (Deregistration)

V9: Onward prosecution

Table 5.7.2: Descriptive Statistics of Availability of Enforcement Measures

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
V1	338	2.67	1.166	.063	2.55	2.80	1	5
V2	338	2.59	1.105	.060	2.48	2.71	1	5
V3	338	2.36	.978	.053	2.26	2.47	1	5
V4	338	2.20	.891	.048	2.10	2.29	1	5
V5	338	2.21	.990	.054	2.10	2.32	1	5
V6	338	2.12	.922	.050	2.03	2.22	1	5
V7	338	2.04	1.057	.057	1.93	2.16	1	5
V8	338	1.88	1.072	.058	1.77	2.00	1	5
V9	338	1.71	.930	.051	1.61	1.81	1	5
Total	3042	2.20	1.056	.019	2.16	2.24	1	5

The descriptive statistics results indicate that Nigerian valuers are not aware of the availability of such enforcement measures as Admonishment and Reprimand with mean scores of 2.67 and 2.59 respectively. However, they considered enforcement measures such as Severe Reprimand, Public Censure in writing, Financial Penalties (Fine), Restricted Practice, Suspension, Expulsion (Deregistration) and Onward Prosecution to be unavailable with mean scores of 2.36, 2.20, 2.21, 2.12, 2.04, 1.88 and 1.71 respectively. The test for significant variation is carried out using ANOVA.

Table 5.7.3: Analysis of Variance Table (ANOVA) of Availability of Enforcement Measures

Availability	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	261.473	8	32.684	31.655	.000
Within Groups	3131.607	3033	1.033		
Total	3393.080	3041			

The ANOVA test on the availability of enforcement measures indicates that there is significant variation at F-value = 31.655, since p-value = 0.000 < 0.05 significance level. This implies that there is significant variation on the availability of enforcement measures put in place by Nigerian valuation regulatory bodies. Suggesting that the valuers are either not aware of these measures or these measures are not available.

Table 5.7.4: Post-Hoc Analysis (Multiple Comparisons): Least Significance Difference (LSD)
Dependent Variable: Availability

(I) Measures	(J) Measures	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
V1	V2	.077	.078	.325	-.08	.23
	V3	.308*	.078	.000	.15	.46
	V4	.473*	.078	.000	.32	.63
	V5	.462*	.078	.000	.31	.61
	V6	.547*	.078	.000	.39	.70
	V7	.627*	.078	.000	.47	.78
	V8	.790*	.078	.000	.64	.94
	V9	.959*	.078	.000	.81	1.11
V2	V3	.231*	.078	.003	.08	.38
	V4	.396*	.078	.000	.24	.55
	V5	.385*	.078	.000	.23	.54
	V6	.470*	.078	.000	.32	.62
	V7	.550*	.078	.000	.40	.70
	V8	.713*	.078	.000	.56	.87
	V9	.882*	.078	.000	.73	1.03
V3	V4	.166*	.078	.034	.01	.32
	V5	.154*	.078	.049	.00	.31
	V6	.240*	.078	.002	.09	.39
	V7	.320*	.078	.000	.17	.47
	V8	.482*	.078	.000	.33	.64
	V9	.651*	.078	.000	.50	.80
V4	V5	-.012	.078	.880	-.17	.14
	V6	.074	.078	.344	-.08	.23
	V7	.154*	.078	.049	.00	.31
	V8	.317*	.078	.000	.16	.47
	V9	.485*	.078	.000	.33	.64
V5	V6	.086	.078	.272	-.07	.24
	V7	.166*	.078	.034	.01	.32
	V8	.328*	.078	.000	.18	.48
	V9	.497*	.078	.000	.34	.65
V6	V7	.080	.078	.307	-.07	.23
	V8	.243*	.078	.002	.09	.40
	V9	.411*	.078	.000	.26	.56
V7	V8	.163*	.078	.037	.01	.32
	V9	.331*	.078	.000	.18	.48
V8	V9	.169*	.078	.031	.02	.32

*. The mean difference is significant at the 0.05 level.

V1: Admonishment; V2: Reprimand; V3: Severe Reprimand; V4: Public Censure in writing

V5: Financial Penalties (Fine); V6: Restricted practice (under supervision); V7: Suspension

V8: Expulsion (Deregistration); V9: Onward prosecution

It can be deduced from the post-hoc analysis that there is significant difference in means

between V1, V2, and V3 with any other measure respectively in terms of enforcement of

Valuation Standards in practice. Hence, valuers are not aware of any enforcement measure

such as admonishment, reprimand and severe reprimand or enforcement measures are not available to comply with the valuation standards.

5.2.6: Objective 5: Investigate factors influencing the use and enforcement of Valuation Standards in the study areas.

Factors influencing the use and enforcement of valuation standards were examined from the views of valuation regulatory bodies presented in Table 5.6. The respondents revealed that factors influencing use of valuation standards are: absence of awareness (100%); use of valuation standard is not mandatory (94%); valuers lack understanding of how the valuation standard operates (83%); clients do not demand use of and compliance with standards (72%); the valuation standard is out of date (56%); absence of effective monitoring (94%); and absence of property data base (67%). Factors influencing enforcement of standards are: inadequate finance (94%); regulatory bodies are not pro-active (72%); government policy toward professionalism (78%); and lack of manpower for the regulatory bodies (67%). This result is complemented by valuers' responses shown in Tables 5.7a & b. These factors were measured using likert scale under which: 1= Strongly Disagree, 2= Disagree, 3= Indifferent (3), 4= Agree, 5= Strongly Agree. The result shows that absence of enforcement measures on use and compliance with standards in practice (V5) was strongly agreed as factor influencing use of valuation standards among valuers with a mean score of 4.62. Other factors which the respondents agreed with that influence use of valuation standards are: lack of awareness of the existence of valuation standards (V1), the standards are not made mandatory to be used in practice (V2), lack of understanding of how the standards operate (V3), clients do not request for the use of and compliance with standards (V6), no adequate training on the use of standards (V8), the valuation standards do not reflect the peculiarities of our market (V9), valuers are indifferent to the use of valuation standards (V10), Nigerian valuation standard is

out of date (V11), and valuers are allowed by the regulatory bodies to do next to the best thing (V12) with corresponding mean score of 4.36, 4.49, 4.32, 4.38, 4.35, 3.71, 3.85, 4.15, and 4.32 respectively. Table 5.7.1 shows factors influencing enforcement of valuation standards. Absence of provisions for enforcement in the national standards (V1), and nonchalant attitude on the part of the regulatory bodies (V2) were identified as factors strongly influencing enforcement of valuation standards with a mean score of 4.66 and 4.54 respectively. That the need for compliance with standards is not exigent was also agreed upon by the respondents as influencing enforcement of valuation standards with a mean score of 3.73.

(a) Factors influencing the use of Valuation Standards
V1: Lack of awareness of the existence of valuation standards

V2: The standards is not mandatory to use in practice

V3: Lack of understanding how the standards operate

V4: The valuation standards are not readily available

V5: No enforcement measures on use and compliance in practice

V6: Clients don't request for its use and compliance

V7: The practice is not complex enough to make use of valuation standards

V8: No adequate training on the use of valuation standards

V9: The valuation standard does not reflect the peculiarities of our market

V10: Indifference to any valuation standards

V11: The Nigerian valuation standards is out of date

V12: Valuers are allowed to do next to the best thing

(b) Factors Influencing the enforcement of Valuation Standards
V1: Absence of provisions for enforcement in the national standards
V2: Nonchalant attitude on the part of the regulatory bodies (ESVARBON & NIESV)
V3: The property market is not complex enough to enforce standards
V4: The need for compliance with standards is not exigent (needful)

Table 5.8a: Factors Influencing the Use of Valuation Standards

Location	Factors	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Abuja	V1	1	3	3	23	57	4.52	5	1.13	High
	V2	2	3	7	23	52	4.38	4	1.09	High
	V3	1	3	6	29	48	4.38	4	1.09	High
	V4	1	20	48	9	9	3.06	3	0.76	Low
	V5	0	0	7	26	54	4.54	5	1.13	High
	V6	0	2	7	27	51	4.46	4	1.11	High
	V7	9	53	14	10	1	2.32	2	0.58	Low
	V8	0	3	5	37	42	4.36	4	1.09	High
	V9	1	2	16	40	28	4.06	4	1.01	High
	V10	2	6	22	35	22	3.79	4	0.95	Low
	V11	4	7	10	40	26	3.89	4	0.97	Low
	V12	0	4	8	24	51	4.40	4	1.10	High
	Grand Mean Response						**4.01**	**4**	**1.00**	
Lagos	V1	1	12	17	80	93	4.24	4	1.04	High
	V2	2	9	14	26	152	4.56	5	1.12	High
	V3	2	11	17	74	99	4.27	4	1.05	High
	V4	6	45	46	46	60	3.54	4	0.87	Low
	V5	0	6	9	41	147	4.62	5	1.14	High
	V6	1	7	22	64	109	4.34	4	1.07	High
	V7	12	79	59	30	23	2.87	3	0.71	Low
	V8	1	12	15	73	102	4.30	4	1.06	High
	V9	4	25	61	70	43	3.61	4	0.89	Low
	V10	1	14	49	85	54	3.87	4	0.95	Low
	V11	4	14	20	52	113	4.26	4	1.05	High
	V12	4	6	23	69	101	4.27	4	1.05	High
	Grand Mean Response						**4.06**	**4**	**1.00**	
PH	V1	0	0	1	19	28	4.56	5	1.13	High
	V2	0	6	1	9	32	4.40	4	1.09	High
	V3	0	1	3	17	27	4.46	4	1.11	High
	V4	2	18	12	12	4	2.96	3	0.73	Low
	V5	0	0	1	10	37	4.75	5	1.18	High
	V6	0	3	3	16	26	4.35	4	1.08	High
	V7	15	14	8	9	2	2.35	2	0.58	Low
	V8	0	1	3	12	32	4.56	5	1.13	High
	V9	2	9	10	15	12	3.54	4	0.88	Low
	V10	0	4	8	28	8	3.83	4	0.95	Low
	V11	1	7	1	14	25	4.15	4	1.03	High
	V12	0	4	5	6	33	4.42	4	1.10	High
	Grand Mean Response						**4.03**	**4**	**1.00**	

Strongly Disagree (1), Disagree (2), Indifferent (3), Agree (4), Strongly Agree (5)

Table 5.8b: Factors Influencing the Use of Valuation Standards (Contd.)

Location	Factors	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Pooled	V1	2	15	21	122	178	4.36	4	1.08	High
	V2	4	18	22	58	236	4.49	4	1.11	High
	V3	3	15	26	120	174	4.32	4	1.07	High
	V4	9	83	106	67	73	3.33	3	0.82	Low
	V5	0	6	17	77	238	4.62	5	1.14	High
	V6	1	12	32	107	186	4.38	4	1.08	High
	V7	36	146	81	49	26	2.65	3	0.66	Low
	V8	1	16	23	122	176	4.35	4	1.08	High
	V9	7	36	87	125	83	3.71	4	0.92	Low
	V10	3	24	79	148	84	3.85	4	0.95	Low
	V11	9	28	31	106	164	4.15	4	1.03	High
	V12	4	14	36	99	185	4.32	4	1.07	High
	Grand Mean Response						**4.04**	**4**	**1.00**	

Strongly Disagree (1), Disagree (2), Indifferent (3), Agree (4), Strongly Agree (5)

V1: Lack of awareness of the existence of valuation standards; V2: The standards is not mandatory to use in practice

V3: Lack of understanding how the standards operate; V4: The valuation standards are not readily available

V5: No enforcement measures on use and compliance in practice; V6: Client don't request for its use and compliance; V7: The practice is not complex enough to make use of valuation standards

V8: No adequate training on the use of valuation standards; V9: The valuation standard does not reflect the peculiarities of our market; V10: Indifference to any valuation standards; V11: The Nigerian valuation standards is out of date; V12: Valuers are allowed to do next to the best thing

Table 5.8.1a presents the ranking of factors influencing the use of valuation standards in the study area. In Abuja, the most significant factors the respondents 'strongly agreed' with as influencing the use of valuation standards among valuers are absence of enforcement measure in the national standards ranking first and second respectively. The respondents also 'agreed that other factors ranking third to ninth (V6, V12, V2, V3, V8, V9, V11 & V10) affect valuers' use of valuation standards. Other factors such as unavailability of valuation standards manual (V4) and non-complexity of the practice (V7) are not impactful factors as were presented 'indifferent' and 'disagreed' by respondents respectively.

In Lagos, the most significant factors the valuers 'strongly agreed' as affecting the use of valuation standards are absence of enforcement measures in the national standards (V5) and inability of the professional regulatory bodies to make it mandatory for valuers to use standards in practice (V2). More so, factors ranking third to ninth (V6, V8, V3, V12, V11,

V1, V10, V9, & V4) were 'agreed' by the valuers to be affecting use of valuation standards. At the same time, they considered non-complexity of the practice not impactful on use of valuation standards which they remain 'indifferent' to.

In Port Harcourt, the result is similar to that of Abuja. Absence of enforcement measures (V5) and lack of awareness of valuation standards (V1) featured as the most significant factors valuers 'strongly agreed' influence the use of valuation standards. Other factors ranking third to ninth (V8, V3, V12, V2, V6, V11, V10, & V9) were 'agreed' on by valuers to be influencing the use of valuation standards. Valuers were 'indifferent' to unavailability of valuation standards (V4) and 'disagree' that non-complexity of the practice affects use of valuation standards among valuers.

The overall result in Table 5.8.1b shows that the highest ranking of the factors identified to be influencing the use of valuation standards in practice is absence of enforcement measures in the national standards (V5), followed by nonchalant attitude of clients (users) to demand for the use of standards (V2) in that order. Other factors 'agreed' upon by the valuers to be affecting use of standards are those ranking from third to ninth (V1, V8, V3, V12, V11, V10, & V9) in descending order of ranking. The result indicates that unavailability of valuation standards (V4) and non-complex nature of the practice (V7) are not considered factors affecting the use of valuation standards. Although studies by Vella (2009) on emerging property markets reported that unavailability of the copies of valuation standards manual in most emerging property markets affect level of use of valuation standards among valuers. Similarly, IVSC's 2001 white paper reported that the stage of the property market could affect valuers' use of valuation standards.

Table 5.8.1a: Ranking of Factors Influencing Use of Valuation Standards in Nigeria

Loctn	Factor	Mean score	Category	Rank
Abuja	V5:No enforcement measures on use and compliance in practice	4.54	5	1st
	V1: Lack of awareness of the existence of valuation standards	4.52	5	2nd
	V6: Client don't request for its use and compliance	4.46	4	3rd
	V12: Valuers are allowed to do next to the best thing	4.40	4	4th
	V2: The standards is not mandatory to use in practice	4.38	4	5th
	V3: Lack of understanding how the standards operate	4.38	4	5th
	V8: No adequate training on the use of valuation standards	4.36	4	6th
	V9: The valuation standards does not reflect the peculiarities of our market	4.06	4	7th
	V11: The Nigerian valuation standards is out of date	3.89	4	8th
	V10: Indifference to any valuation standards	3.79	4	9th
	V4: The valuation standards are not readily available	3.06	3	10th
	V7:The practice is not complex enough to make use of valuation standards	2.32	2	11th
Lagos				
	V5:No enforcement measures on use and compliance in practice	4.62	5	1st
	V2: The standards is not mandatory to use in practice	4.56	5	2nd
	V6: Client don't request for its use and compliance	4.34	4	3rd
	V8: No adequate training on the use of valuation standards	4.30	4	4th
	V3: Lack of understanding how the standards operate	4.27	4	5th
	V12: Valuers are allowed to do next to the best thing	4.27	4	5th
	V11: The Nigerian valuation standards is out of date	4.26	4	6th
	V1: Lack of awareness of the existence of valuation standards	4.24	4	7th
	V10: Indifference to any valuation standards	3.87	4	8th
	V9: The valuation standards does not reflect the peculiarities of our market	3.61	4	9th
	V4: The valuation standards are not readily available	3.54	4	10th
	V7:The practice is not complex enough to make use of valuation standards	2.87	3	11th
PH				
	V5:No enforcement measures on use and compliance in practice	4.75	5	1st
	V1: Lack of awareness of the existence of valuation standards	4.56	5	2nd
	V8: No adequate training on the use of valuation standards	4.56	5	2nd
	V3: Lack of understanding how the standards operate	4.46	4	3rd
	V12: Valuers are allowed to do next to the best thing	4.42	4	4th
	V2: The standards is not mandatory to use in practice	4.40	4	5th
	V6: Client don't request for its use and compliance	4.35	4	6th
	V11: The Nigerian valuation standards is out of date	4.15	4	7th
	V10: Indifference to any valuation standards	3.83	4	8th
	V9: The valuation standards does not reflect the peculiarities of our market	3.54	4	9th
	V4: The valuation standards are not readily available	2.96	3	10th
	V7:The practice is not complex enough to make use of valuation standards	2.35	2	11th

Table 5.8.1b: Overall Ranking of Factors Influencing Use of Valuation Standards

Loctn	Factor	Mean score	Category	Rank
Abuja	V5:No enforcement measures on use and compliance in practice	4.62	5	1st
	V2: The standards is not mandatory to use in practice	4.49	5	2nd
	V6: Client don't request for its use and compliance	4.38	4	3rd
	V1: Lack of awareness of the existence of valuation standards	4.36	4	4th
	V8: No adequate training on the use of valuation standards	4.35	4	5th
	V3: Lack of understanding how the standards operate	4.32	4	6th
	V12: Valuers are allowed to do next to the best thing	4.32	4	6th
	V11: The Nigerian valuation standards is out of date	4.15	4	7th
	V10: Indifference to any valuation standards	3.85	4	8th
	V9: The valuation standards does not reflect the peculiarities of our market	3.71	4	9th
	V4: The valuation standards are not readily available	3.33	3	10th
	V7:The practice is not complex enough to make use of valuation standards	2.65	3	11th

Strongly Disagree (1), Disagree (2), Indifferent (3), Agree (4), Strongly Agree (5)

V1: Lack of awareness of the existence of valuation standards; V2: The standards is not mandatory to use in practice
V3: Lack of understanding how the standards operate; V4: The valuation standards are not readily available
V5: No enforcement measures on use and compliance in practice; V6: Client don't request for its use and compliance; V7: The practice is not complex enough to make use of valuation standards
V8: No adequate training on the use of valuation standards; V9: The valuation standard does not reflect the peculiarities of our market; V10: Indifference to any valuation standards; V11: The Nigerian valuation standards is out of date; V12: Valuers are allowed to do next to the best thing

Table 5.8.2: Factors Influencing the Enforcement of Valuation Standards

Location	Factors	Frequency					Mean Response	Category	Extent	Remark
		1	2	3	4	5				
Abuja	V1	0	1	4	14	68	4.71	5	1.18	High
	V2	0	2	4	15	66	4.67	5	1.17	High
	V3	9	43	27	6	2	2.41	2	0.60	Low
	V4	4	6	6	28	43	4.15	4	1.04	High
	Grand Mean Response						**3.99**	**4**	**1.00**	
Lagos	V1	1	4	5	57	136	4.59	5	1.20	High
	V2	2	9	11	51	130	4.47	4	1.17	High
	V3	18	71	63	39	12	2.78	3	0.73	Low
	V4	21	38	21	70	53	3.47	3	0.91	Low
	Grand Mean Response						**3.83**	**4**	**1.00**	
PH	V1	0	0	2	2	44	4.88	5	1.24	High
	V2	0	2	3	5	38	4.65	5	1.18	High
	V3	12	20	12	3	1	2.19	2	0.56	Low
	V4	2	7	3	11	25	4.04	4	1.03	High
	Grand Mean Response						**3.94**	**4**	**1.00**	
Pooled	V1	1	5	11	73	248	4.66	5	1.20	High
	V2	2	13	18	71	234	4.54	5	1.17	High
	V3	39	134	102	48	15	2.60	3	0.67	Low
	V4	27	51	30	109	121	3.73	4	0.96	Low
	Grand Mean Response						**3.88**	**4**	**1.00**	

Strongly Disagree (1), Disagree (2), Indifferent (3), Agree (4), Strongly Agree (5)
V1: Absence of provisions for enforcement in the national standards; V2: Nonchalant attitude on the part of the regulatory bodies; V3: The property market is not complex enough to enforce standards
V4: The need for compliance with standards is not exigent

Table 5.8.2 presents the factors that influence enforcement of valuation standards in Nigeria.

The result shows in the overall that absence of provision for enforcement in the national

standards (V1) and nonchalant attitude on the part of regulatory bodies (V2) were strongly

agreed upon by sampled valuers as influencing enforcement of valuation standards, while

they agreed that the need for compliance with standards is not exigent also affect enforcement

of standards. The respondents showed indifference to level of property market complexity

(V3) as a factor affecting enforcement. In fact, respondents in Abuja and Port Harcourt

disagreed that the property market is not complex enough (V3) as a factor affecting

enforcement of standards with mean scores of 2.11 and 2.19 respectively. The most significant factor influencing enforcement of standards is absence of provision for enforcement in the national standards with a mean score of 4.66.

In line with objective five, the following hypothesis was formulated to determine factors that influence the use of valuation standards.

5.2.6.1: Hypothesis 4: There is no significant relationship between the use of valuation standards and factors influencing the use of Valuation Standards

This hypothesis tested Use of Valuation Standards (UVS) as dependent variable against identified factors affecting use of standards (V1-V12) to establish the relationship between use of standards and factors affecting use of standards

Table 5.8.3: Pearson Correlations and Descriptive Statistics

Variables	UVS	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	Mean	Std.	N
UVS	1													3.54	.277	338
V1	.403**	1												4.36	.833	338
V2	.489**	.483**	1											4.49	.919	338
V3	.581**	.449**	.543**	1										4.32	.864	338
V4	.401**	.106*	.186**	.336**	1									3.33	1.144	338
V5	.372**	.300**	.569**	.389**	.139**	1								4.62	.667	338
V6	.511**	.284**	.592**	.510**	.145**	.588**	1							4.38	.821	338
V7	.205**	-.056	-.058	.112*	.322**	-.153**	-.010	1						2.65	1.093	338
V8	.465**	.300**	.476**	.510**	.272**	.576**	.536**	-.079	1					4.35	.828	338
V9	.422**	.181**	.405**	.443**	.260**	.297**	.420**	.044	.461**	1				3.71	1.018	338
V10	.530**	.375**	.489**	.498**	.178**	.393**	.436**	.009	.459**	.543**	1			3.85	.908	338
V11	.517**	.349**	.633**	.497**	.228**	.549**	.518**	.021	.501**	.495**	.648**	1		4.15	1.063	338
V12	.527**	.385**	.617**	.548**	.145**	.474**	.561**	-.040	.537**	.473**	.524**	.682**	1	4.32	.908	338

**. Correlation is significant at the 0.01 level (1-tailed). R = 0.734 (73.4%), R^2 = 0.539 (53.9%)
*. Correlation is significant at the 0.05 level (1-tailed).

The Pearson Product Moment Correlation established a relationship between Use of Valuation Standards (UVS) as dependent variable and identified factors affecting Use of Valuation Standards (UVS). The Pearson Product Moment Correlation results revealed:

(1) There is a significant positive relationship between use of valuation standard and Lack of awareness of the existence of valuation standards at r = 0.403, p-value < 0.05 significance level.

(2) There is a significant positive relationship between use of valuation standard and the standards is not mandatory to use in practice at r = 0.489, p-value < 0.05 significance level.

(3) There is a significant positive relationship between use of valuation standard and Lack of understanding how the standards operate at r = 0.581, p-value < 0.05 significance level.

(4) There is a significant positive relationship between use of valuation standard and the valuation standards are not readily available at r = 0.401, p-value < 0.05 significance level.

(5) There is a significant positive relationship between use of valuation standard and No enforcement measures on use and compliance in practice at r = 0.372, p-value < 0.05 significance level.

(6) There is a significant positive relationship between use of valuation standard and Client don't request for its use and compliance at r = 0.511, p-value < 0.05 significance level.

(7) There is a significant positive relationship between use of valuation standard and the practice is not complex enough at r = 0.205, p-value < 0.05 significance level.

(8) There is a significant positive relationship between use of valuation standard and No adequate training on the use of valuation standards at r = 0.465, p-value < 0.05 significance level.

(9) There is a significant positive relationship between use of valuation standard the valuation standards does not reflect the peculiarities of our market at r = 0.422, p-value < 0.05 significance level.

(10) There is a significant positive relationship between use of valuation standard and Indifference to any valuation standards at r = 0.530, p-value < 0.05 significance level.

(11) There is a significant positive relationship between use of valuation standard and The Nigerian valuation standards is out of date at r = 0.517, p-value < 0.05 significance level.

(12) There is a significant positive relationship between use of valuation standard and Valuers are allowed to do next to the best thing at r = 0.527, p-value < 0.05 significance level.

These relationships are supported by the multiple correlation coefficient R = 0.734 and the variability being explained by the influencing factors obtained as R^2 = 0.539 (53.9%). However, there is envisaged multicollinearity which is resolved using stepwise regression analysis. To further investigate the relationship between the use of valuation standard and the enforcement measures, the variability being explained by these measures are ascertained in the ANOVA.

Table 5.8.4: Analysis of Variance (ANOVA) of Stepwise Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	8.707	1	8.707	171.115	.000
1	Residual	17.097	336	.051		
	Total	25.803	337			
	Regression	10.691	2	5.345	118.492	.000
2	Residual	15.113	335	.045		
	Total	25.803	337			
	Regression	11.887	3	3.962	95.103	.000
3	Residual	13.916	334	.042		
	Total	25.803	337			
	Regression	12.874	4	3.218	82.891	.000
4	Residual	12.930	333	.039		
	Total	25.803	337			
	Regression	13.229	5	2.646	69.853	.000
5	Residual	12.575	332	.038		
	Total	25.803	337			
	Regression	13.582	6	2.264	61.311	.000
6	Residual	12.221	331	.037		
	Total	25.803	337			
	Regression	13.905	7	1.986	55.096	.000
7	Residual	11.898	330	.036		
	Total	25.803	337			

Considering step 7 of the ANOVA table of the stepwise regression, the variation in the dependent variable accounted for by the model is adequate at F = 55.096, p < 0.05. Hence the model is acceptable for result utilization and further analysis. The effect of the independent

variables on the dependent variable is examined in the stepwise regression coefficient analysis.

Table 5.8.5: Stepwise Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	T	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.733	.063		43.622	.000		
	V3	.186	.014	.581	13.081	.000	1.000	1.000
2	(Constant)	2.579	.063		40.661	.000		
	V3	.135	.015	.422	8.745	.000	.752	1.330
	V10	.097	.015	.320	6.632	.000	.752	1.330
3	(Constant)	2.502	.063		39.972	.000		
	V3	.111	.015	.346	7.157	.000	.689	1.452
	V10	.096	.014	.317	6.831	.000	.752	1.330
	V4	.055	.010	.229	5.359	.000	.887	1.127
4	(Constant)	2.347	.068		34.590	.000		
	V3	.081	.016	.253	5.020	.000	.594	1.682
	V10	.079	.014	.260	5.631	.000	.707	1.414
	V4	.057	.010	.236	5.732	.000	.886	1.129
	V6	.079	.016	.235	5.040	.000	.695	1.439
5	(Constant)	2.314	.068		34.113	.000		
	V3	.067	.017	.210	4.061	.000	.551	1.816
	V10	.067	.014	.219	4.602	.000	.650	1.538
	V4	.059	.010	.242	5.942	.000	.884	1.131
	V6	.062	.016	.184	3.776	.000	.616	1.623
	V12	.048	.016	.159	3.061	.002	.544	1.837
6	(Constant)	2.251	.070		32.163	.000		
	V3	.063	.016	.198	3.876	.000	.548	1.826
	V10	.067	.014	.222	4.722	.000	.650	1.538
	V4	.049	.010	.203	4.808	.000	.804	1.244
	V6	.064	.016	.189	3.911	.000	.616	1.624
	V12	.052	.016	.172	3.344	.001	.541	1.849
	V7	.032	.010	.125	3.095	.002	.884	1.132
7	(Constant)	2.155	.076		28.265	.000		
	V3	.050	.017	.156	2.978	.003	.508	1.967
	V10	.061	.014	.201	4.297	.000	.637	1.571
	V4	.050	.010	.206	4.930	.000	.804	1.245
	V6	.065	.016	.192	4.024	.000	.615	1.625
	V12	.047	.016	.154	3.010	.003	.533	1.875
	V7	.034	.010	.135	3.384	.001	.877	1.141
	V1	.043	.014	.129	2.993	.003	.747	1.339

a. Dependent Variable: Use of Valuation Standards

In order to determine the important variables that influence the use of valuation standards, Stepwise regression analysis was used. Use of Valuation Standards (UVS) represents the dependent variable, while Lack of awareness of the existence of valuation standards (V1), the standards is not mandatory to use in practice (V2), Lack of understanding how the standards operate (V3), the valuation standards are not readily available (V4), No enforcement measures on use and compliance in practice (V5), Clients don't request for its use and compliance (V6), the practice is not complex enough to make use of valuation standards (V7), No adequate training on the use of valuation standards (V8), the valuation standards does not reflect the peculiarities of our market (V9), Indifference to any valuation standards (V10), the Nigerian valuation standards is out of date (V11) and Valuers are allowed to do next to the best thing (V12) represents the independent variables. The result of the analysis revealed that the variables; V3, V10, V4, V6, V12, V7 and V1 are significant at t = 2.978, 4.297, 4.930, 4.024, 3.010, 3.384 and 2.993 respectively. Considering the standardized coefficients, V4 has most significant influence on UVS with 0.206 (20.6%) followed by V10 (20.1%), V6 (19.2%), V3 (15.6%), V12 (15.4%), V7 (13.5%) and V1 (12.9%) respectively. The adequacy of these results is supported by Variance inflation factor (VIF), which shows no significant multi-collinearity since the values are all below (2).

5.2.6.1: Hypothesis 5: There is no significant relationship between enforcement of valuation standards and factors influencing the enforcement of Valuation Standards.

Here, Enforcement of Valuation Standards (EVS) is the dependent variable against factors influencing enforcement of standards.

Table 5.8.6: Pearson Correlations and Descriptive Statistics

Variables	EVS	V1	V2	V3	V4	Mean	Std. Deviation	N
Enforcement of Valuation Standards	1					2.84	.313	338
Absence of provisions for enforcement in the national standards	-.110[*]	1				4.66	.644	338
Nonchalant attitude on the part of the regulatory bodies (ESVARBON & NIESV)	.006	.591[**]	1			4.54	.811	338
The property market is not complex enough to enforce standards	.133[**]	-.051	-.007	1		2.60	1.012	338
The need for compliance with standards is not exigent (needful)	-.162[**]	.343[**]	.413[**]	.051	1	3.73	1.304	338

[*]. Correlation is significant at the 0.05 level (1-tailed). R = 0.215, R^2 = 0.046 (4.6%)

[**]. Correlation is significant at the 0.01 level (1-tailed).

The Pearson product moment correlation revealed that there is a significant positive relationship between enforcement of valuation standard (EVS) and V3 (The property market is not complex enough to enforce standards) at $r = 0.133$ ($p < 0.05$) while there is a significant negative relationship between enforcement of valuation standard (EVS) and V1, V4 at $r = -0.110, -0.162$ respectively.

Table 5.8.7: Analysis of Variance (ANOVA) of Stepwise Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	.867	1	.867	9.051	.003
	Residual	32.181	336	.096		
	Total	33.048	337			
2	Regression	1.527	2	.764	8.116	.000
	Residual	31.520	335	.094		
	Total	33.048	337			

The ANOVA result indicates that the variation in the dependent variable accounted for by the model is adequate at $F = 8.116$, $p < 0.05$. The effect of the independent variables on the dependent variable is examined in the stepwise regression coefficient analysis.

Table 5.8.8: Stepwise Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	2.981	.051		58.399	.000		
1 The need for compliance with standards is not exigent (needful)	-.039	.013	-.162	-3.008	.003	1.000	1.000
(Constant)	2.874	.065		44.281	.000		
The need for compliance with 2 standards is not exigent (needful)	-.041	.013	-.169	-3.166	.002	.997	1.003
The property market is not complex enough to enforce standards	.044	.017	.142	2.649	.008	.997	1.003

a. Dependent Variable: Enforcement of Valuation Standards

In order to determine the important variables that influence the use of valuation standards, stepwise regression analysis was used. Enforcement of Valuation Standards (EVS) represents the dependent variable, while V1, V2, V3 and V4 represent the independent variables. The result of the analysis revealed that V3 and V4 are significant at t = 2.649 and -3.166 respectively. Hence, V3 has direct influence while V4 has indirect influence on enforcement of valuation standards (EVS). The adequacy of these results is supported by Variance inflation factor (VIF), which shows no significant multi-collinearity since the values are all below (2).

From the results of the interview with the regulatory bodies combined with the perception of valuers, the factors influencing use and enforcement of valuation standards listed as follows:

1. Lack of awareness of the existence of valuation standards

2. The standard is not mandatory to use in practice

3. Lack of understanding how the standards operate

4. No enforcement measures on use and compliance in practice

5. Client don't request for its use and compliance

6. No adequate training on the use of valuation standards

7. The valuation standards does not reflect the peculiarities of our market

8. Indifference to any valuation standards (nonchalant attitude)

9. The Nigerian valuation standards is out of date

10. Valuers are allowed to do next to the best thing

11. Absence of effective monitoring

12. Absence of functional data base

13. Absence of provisions for enforcement in the national standards

14. Professional regulatory body not being proactive

15. The need for compliance with standards is not exigent (needful)

16. Government policies toward professionalism

17. Inadequate funding for effective monitoring of professional practice

18. Lack of manpower for the regulatory body

5.2.7 Objective 6: Develop a framework to guide the use and enforcement of valuation standards in Nigeria

This objective was achieved with the use of the focus group discussion described earlier in chapter four.

The focus group discussions present a checklist of factors affecting use and enforcement of valuation standards and allowed participants to approve the ones applicable and make suggestions of more. These factors were identified and approved as follows:

- o Level of valuers' awareness

- o Absence of training on how to use valuation standards

- o Valuers' understanding of how to apply valuation standards in practice

- o Absence of enforcement measures in the national standards

- o Absence of effective monitoring

- o Absence of functional data base

- o Clients (users) do not demand use of standards

- o Culture of doing 'the next best' thing

- o Nonchalant attitude of valuers (unprofessional behavior)

- o National valuation standards is out of date (to reflect market peculiarities)

- o National valuation standards is advisory not mandatory to use

In addition factors that impede Enforcement of Valuation Standards (EVS) were identified as follows:

- ➢ Government policies toward professionalism

- ➢ Inadequate funding for effective monitoring of professional practice

- ➢ Professional regulatory body not being proactive

- ➢ Lack of manpower for the regulatory body

Various categories of stakeholders were identified in relation to (i) Use of Valuation Standards and (ii) Enforcement of Valuation Standards

Interest groups identified in relation to the Use of Valuation Standards (UVS) who are direct beneficiaries are:

- o Valuers

- o Clients (users of valuation services)

- o Professional regulatory body (ies)

Interest groups identified in relation to the Enforcement of Valuation Standards (EVS) who are involved in ensuring enforcement of the standards include:

- o Professional regulatory body (ies)

- o Government or its agency

The focus group came up with an outline of the relationship patterns among interest groups involved in the use and enforcement of valuation standards. Four outline relationship patterns were finally identified:

<u>Category A</u>

Valuers

↓

Professional regulatory body

↓

Users of valuation service (Clients)

↓

Court of law

↓

Government

<u>Category B</u>

Users of valuation Service

↓

Valuers

↓

Professional regulatory body

↓

Court of law

↓

Government

Category C

Government

↓

Court of law

↓

Professional body

↓

Valuers

↓

User of valuation service

Category D

Professional regulatory body

↓

Valuers

↓

Users of valuation service

↓

Court of law

↓

Government
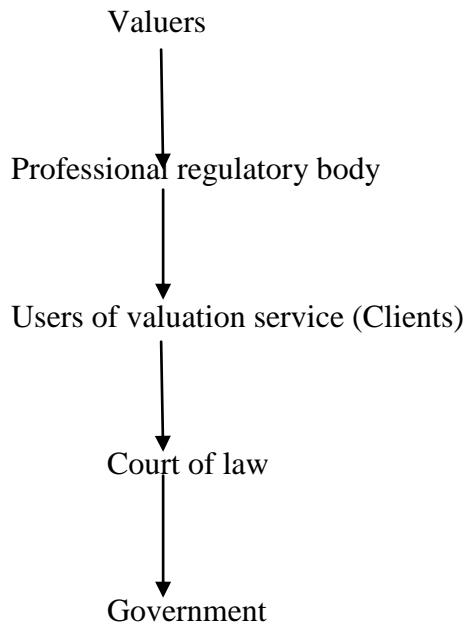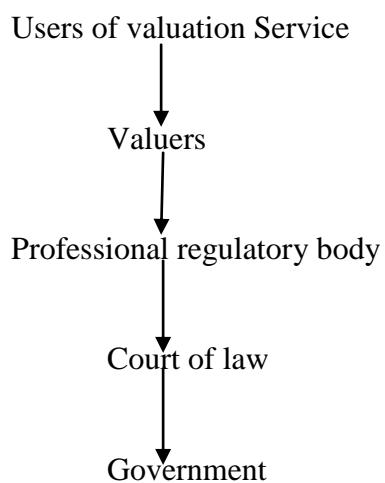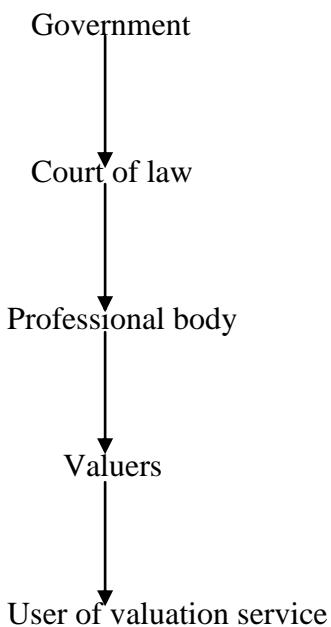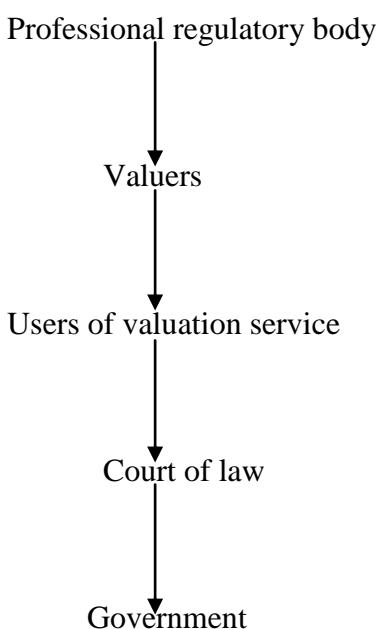
These categories of stakeholders' pattern relationship were discussed and categories B and C were preferred with rearrangement of the interest groups. It was suggested that court of law should be eliminated from the relationship pattern because is part of government intervention. It was further suggested that a feed back for effective monitoring should be included.
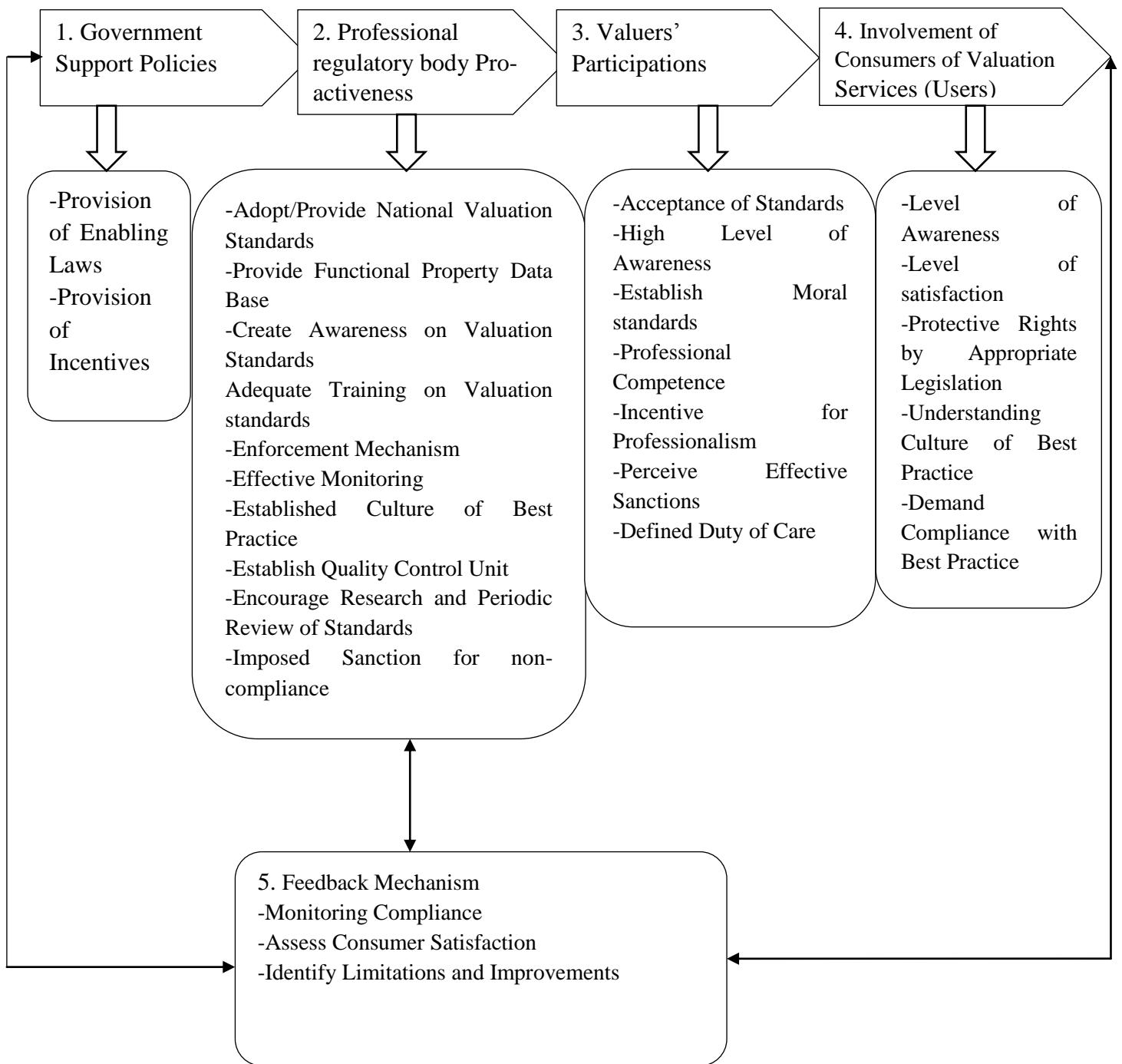
Figure 5.1 Developed Framework for the Use and Enforcement of Valuation Standards in Nigeria

5.2.7.1 Framework for the Use and Enforcement of Valuation Standards

The framework in figure 5.1 is a prescriptive developed framework which identifies five

stages with sub-steps of activities in the processes that guide the use and enforcement of

valuation standards. The first stage is government support policies which require government

to provide the legal framework and incentives for professionalism. The second stage is pro-active professional regulatory body, the third stage is valuers' participation, the forth is consumers of professional service involvement, and the fifth stage is feedback mechanism.

5.2.7.2 Validation of the Framework

The framework was validated on the basis of market peculiarities, timely relevance, practicability, and professional participation suggested by Mills (2007) for generally acceptable valuation methodological framework (VMF). These criteria were evaluated using valuation professional regulatory bodies, professionals, and consumers of valuers' services (users) as focus group. The focus group was presented with a checklist of factors affecting (i) Use of Valuation Standards (UVS) and (ii) factors affecting Enforcement of Valuation Standards (EVS). Each participant was asked to tick the ones that are appropriate and suggest more to the list. This enabled the participants to agree or disagree with the list and make personal contributions. At this point, all participants were asked to give possible suggestions on how to checkmate the identified factors influencing use of valuation standards and enforcement of valuation standards. Stakeholders on: (i) Use of Valuation Standards (UVS) and (ii) Enforcement of Valuation Standards were identified and categorized into relationship patterns. Functions of each interest group in the relationship pattern were identified and discussed. The appropriateness of the framework was considered adequate as all the participants agreed that the logical arrangement of the framework was satisfactory. The timely relevance of the framework to reflect market peculiarities is flexible in such a way that it allows for improvement through feedback mechanism with research and periodic review of the standards within the scope of professional regulatory bodies function. The inclusion of feedback mechanism helps in communicating the missing links thereby improving the system as the occasion demands. Practicability of the framework is dependent on the positive functionality of all the activities involved in the cyclical stages. Some of the limitations

identified include measuring moral standards which encompasses culture and values. It was agreed through focus group discussions that moral standard strengthens established professional standards with adequate training. Some professional standards emanate from moral standards guided by personal conscience which are intrinsic and abstract. The framework takes account of most important factors influencing the use and enforcement of valuation standards stemming from market peculiarities attributed to evolving and emerging property markets as identified by IVSC (2001) which allows for doing 'next to best thing'; hence making the framework fit and flexible to be used in a developing economy.

5.2.7.3 Application of the Developed Framework in Nigeria

5.2.7.4 Government Support Policies- Government policies provide the basis for professionalism to thrive. Government can provide ground for international professional practice comparison or prohibit any form of international alliance by way of treaties. At this stage, government should provide the enabling environment for professionalism to thrive by establishing appropriate legislation which enables professional regulatory bodies to adopt any international standards or make any regulation align to international treaty. Government also provides incentives by way of making bid for any job in line with established regulations of professional regulatory bodies; and that offers a better platform for the regulatory bodies to entrench culture of compliance with any provided standards. Beside job incentives, government provides subvention to professional regulatory bodies to aid their activities. Where the regulatory body is an agency of the government, it is expected that government should employ more people in the agency to boost manpower capacity of the professional regulatory body.

5.2.7.5 Professional Regulatory Body's Pro-activeness- The professional regulatory body is the body that regulates the practice of professional valuers by setting standards and ensures compliance. This stage requires regulatory bodies to adopt any of the standards- International

Valuation Standards, Regional Standards as its National Standards or make provision for national standards in line with global best practice. The regulatory body is expected to establish a property data base to aid the application of standards. The regulatory body should also create awareness and adequate training on valuation standards through mandatory continuous professional development programs, workshops, seminars, and inclusion of the use of standards in tertiary school curriculum. The regulatory body should ensure adequate enforcement mechanisms are in place and effective monitoring to entrench culture of best practice. The regulatory body can establish a quality control unit where valuation reports are checked for compliance. This can be done by creating valuation report depository unit or periodic renewal of practice license. Feedback is required to communicate areas of improvement so the regulatory body can sponsor research and periodic review of the standards to reflect property market peculiarities and changes.

5.2.7.6 Valuers' Participation- At this stage, valuers accept established standards which become an acceptable manual of practice to regulate their activities. The levels of awareness among valuers determine their degree of use and extent of compliance. Awareness is created by the regulatory body and valuers participate in all training programs so as to develop professional competences and capacities. Beside acquired skills and training to apply standards in practice, moral standards come into play which is guided by individual conscience to do the right. Valuers would use and comply with standards of practice if the process of bidding for any job requires evidence of compliance with standards as an incentive in practice. Clearly defined duty of care which the valuers owe the consumers is a deterrent against doing next to best thing. In the event of breach of professional responsibility, valuers are held liable for the actions or inactions.

5.2.7.7 Involvement of Consumers of Valuation Services - Clients or consumers of valuation services should be aware of the existence of such standards and should be satisfied

with the services provided by valuers in any brief. The professional regulation bodies enlighten the consumers of valuers' services of their right to demand for compliance with standards; and government through appropriate laws should protect these rights. This can be achieved by establishing proper communication link with the regulatory body which acts on behalf of government.

5.2.7.8 Feedback Mechanism- This stage establishes communication link among regulatory body, valuers and consumers of valuers' services for improvement where necessary. The feedback gives useful hint on extent of compliance among valuers and level of consumers' satisfaction with services provided, thereby identifying limitations and areas of improvements.

5.3 Chapter Summary

This chapter presents the data generated through research instrument and interviews and analysed for inferences to be drawn. The study established the level of valuers' awareness, extent of use of valuation standards in practice and discussed the implication by comparing with studies elsewhere. It presents the extent of valuers' compliance with valuation standards in practice by examining their text of practice document through content analysis and identified measures available for enforcement of valuation standards by the professional regulatory authorities in the country. The chapter showed absence of enforcement measures specifically directed towards enforcement of valuation standards. The chapter presented factors that influence use and enforcement of valuation standards in the study areas. Hypotheses were tested to show degree of variation in valuers' level of awareness and degree of compliance. A framework was developed to guide and improve the use and enforcement of valuation standards in Nigeria.

CHAPTER SIX

CONCLUSION AND RECOMMENDATION

6.1 Restatement of Study Objectives

The specific objectives are to:

1)   Evaluate the level of Nigerian valuers' awareness of Valuation Standards;

2)   Ascertain the valuation standards in use by Nigerian valuers;

3)   Determine the extent of compliance with Valuation Standards by Nigerian valuers in practice;

4)   Examine enforcement measures available to the regulatory bodies in Nigeria to ensure compliance by valuers;

5)   Investigate factors influencing the use and enforcement of Valuation Standards in the study areas; and

6)   Develop a framework that serves as a guide for the use and enforcement of valuation standards in Nigeria.

6.2 Summary of Findings

The study surveyed Estate Surveying and Valuation firms across Abuja, Lagos and Port Harcourt. The total sample constitutes about 62% of the total valuation firms in the country. The research utilized responses from 333 valuation firms which represents above 69% of the valuation firms in the study area and about 43% of the total practicing firms in the country. Above 80% of the practicing firms are in their first 20 years in practice. Only about 15% are above 30 year in practice. This is a reflection of relatively young practice in the country compared to more matured practice in some developed economies like the UK with over 200 years of established surveying and valuation practice. The valuation firms are characterized by small size of employees with slightly above 80% having 1 to 15 employees and 1 to 5

registered Estate Surveyors and Valuers in their firms. All the respondents from the firms were registered Estate Surveyors and Valuers with about 90% in the grade of associate members and about 10% fellows of the Institution (NIESV). By implication, the academic and professional qualifications displayed by respondent valuers showed that most Estate Surveyors and Valuers in the country are properly trained and have formal academic training. This is particularly good for the development of the profession which serves as a pointer to the users of valuation service that registered valuers have some degree of reliable training unlike other countries such Germany and Portugal where there is obvious absence of regulations prescribing minimum educational qualifications and skill required to practice as a valuer. Decree 24 of 1975; Cap 111 Laws of the Federation of Nigeria, now Cap E13 Laws of the Federation of Nigeria 2007 establishing Estate Surveying and Valuation profession in Nigeria makes valuation exclusively preserve of the Estate Surveyors and Valuers.

6.2.1 Objective 1: To evaluate the level of Nigerian valuers' awareness of Valuation Standards

A large number of Nigerian valuers are not aware of the existence of valuation standards. Those valuers that are aware, it was found the awareness was more on international valuation standards (White Book), followed by national (NIESV) valuation standards and RICS valuation standards (Red Book) in that order. It was found that a significant number of valuers only merely heard of the existence of national (NIESV) valuation standards and RICS (Red Book) valuation standards, while other categories of valuation standards such as TEGoVA valuation standards (Blue Book), Uniform Standards of Professional Appraisal Practice (USPAP), and Property and Valuation Standards of Australia (PVSA) are not known to Nigerian valuers. The ANOVA result showed there was a significant variation in level of awareness of Nigerian valuers, with more awareness on international valuation standards over

other categories of standards which is a significant departure from what is obtainable in most developed economies.

6.2.2 Objective 2: To ascertain the valuation standards in use by Nigerian valuers

The study showed that Nigerian valuers prefer the use of international valuation standards over national or regional standards as opposed to practice in some developed nations. The preference for the use of international standards over national standards was attributed to out of date provisions of the national standards, absence of enforcement mechanisms and absence of awareness on national standards

6.2.3 Objective 3: To determine the extent of compliance with Valuation Standards by Nigerian valuers in practice

It was found that a large number of valuers do not comply with the requirements of the standards in practice, especially in eporting critical aspects of valuation reporting. Those critical areas are purpose of valuation, basis of valuation, date and extent of investigation, market and industry analysis, risk analysis, integrating sustainability in valuation, planning approval, effective date of valuation as different from the date of valuation, and compliance statement. However, there as compliance on the preliminary aspect of valuation reporting such as reporting instruction from the client, identity of the client, identity of the valuer, assumptions and approach to value adopted. A survey of valuers' perception on complying with various aspect of valuation standards revealed that valuers rarely comply with the provisions of valuation standards in practice. A confirmatory test using an aspect of the provisions of the standard asking valuers how they report it in their valuation reports clear any doubt that Nigerian valuers do not comply with valuation standards in practice. Although the ANOVA result showed that there was variation among valuers on compliance with various aspects of the valuation standards. The ANOVA test showed compliance among

valuers was more on valuation Guidance Note covering areas such as assumptions, and approaches to value which agreed with the result of the content analysis.

6.2.4 Objective 4: Examine enforcement measures available to the regulatory bodies in Nigeria to ensure compliance by valuers

There were no measures available for the enforcement of valuation standards. However, there were provisions for reprimand, fine, suspension and deregistration contained in the ethical code of conduct but not specifically meant for enforcement of valuation standards

6.2.5 Objective 5: To investigate factors influencing the use and enforcement of Valuation Standards in the study areas

Factors influencing use of valuation standards were identified as:

- o Lack of awareness of the existence of valuation standards

- o The standard is not mandatory to use in practice

- o Lack of understanding how the standards operate

- o No enforcement measures on use and compliance in the national standards

- o Client don't request for its use and compliance

- o No adequate training on the use of valuation standards

- o The valuation standards does not reflect the peculiarities of our market

- o Indifference to any valuation standards (nonchalant attitude)

- o The Nigerian valuation standards is out of date

- o Valuers are allowed to do next to the best thing

- o Absence of effective monitoring

- o Absence of functional data base

- o Factors Influencing Enforcement of Valuation Standards were:

- o Absence of provisions for enforcement in the national standards

- o Professional regulatory body not being proactive

o The need for compliance with standards is not exigent (needful)

o Government policies toward professionalism

o Inadequate funding for effective monitoring of professional practice

o Lack of manpower for the regulatory body

6.2.6 Objective 6: To develop a framework that serves as a guide for the use and enforcement of valuation standards in Nigeria

A prescriptive framework was developed (figure 5.1) and validated through focus group discussions which if adopted will guide the use and enforcement of valuation standards in Nigeria.

6.3 Expectations from Previous Studies and Study's Major findings

Previous studies established the following:

o Valuers would be more aware of their national valuation standards than others (Reist et al., 2002; McParland et al., 2002). The findings of this study shows a departure from previous studies in that it shows that Nigerian valuers are now more aware of international valuation standards than they are of the national (NIEVS) standards.

o Valuers would prefer the use of national valuation standards (Lorenz, 2002; Eriksson, 2005). This study showed that Nigerian valuers prefer using international valuation standards over national standards or any form of standards which negates what is obtainable from other developed economies. This was attributed to valuers' lack of awareness of the existence of national standards, absence of enforcement mechanisms in the national standards, and the national standards being out of date.

o Level of awareness of valuation standards would determine level of use of and compliance with valuation standards (Eriksson, 2002). The study's findings in this regard is in consonance with established findings from previous studies. Nigerian

valuers' level of awareness influence their extent of use of valuation standards in practice and degree of compliance with the provisions of the standards

o Clients' requirements (demand) would influence use of valuation standards in practice (Milgrim, 2001; Thornes, 2007). Clients demand for the use of valuation standards is established in this study as a factor that influence the use of valuation standards in practice.

o Valuers' knowledge of the operation of valuation standards would affect their level of use of and extent of compliance with valuation standards (Penerleano, 2002; Wyatt, 2001). This is found reliable positive that valuers' knowledge of how to operate the standards affect their ability to apply the standards in practice which subsequently affect their level of compliance with the provisions of the valuation standards.

o Constant and consistent periodic modification of valuation standards would influence preference of use, extent of use and degree of compliance (French, 2003). The national valuation standards being outdate and failed to capture local market peculiarities was attributed to majority of valuers not being akin to using valuation standards in practice and preference for the use of international valuation standards among those who use the standards in practice.

o There would be a positive relationship between use of valuation standards and enforcement mechanism. The study established a positive relationship between us of valuation standards and availability of enforcement mechanisms. This implies where there prompt and appropriate enforcement measures to sanction non-compliance, there would be rightful application of valuation standards among valuers in practice. However, where the valuation standards only exist as mere advisory, valuers would be indifferent to the use of valuation standards in practice.

o There would be a positive relationship between availability of valuation standard manual and use of valuation standards in practice (Vella, 2009). This study established that although availability of valuation standards manual is a factor to be considered, it does not influence the use of valuation standards in practice.

6.4 Conclusion

Valuation standards are established, recognized and accepted guidelines for best practice in the conduct of professional valuers to ensure reliability, effectiveness, and transparency in their valuation services. The Valuation Standards contain basic underlying concepts and principles of value which are the targets of any valuer, and aid their understanding in any given task. A valuation standard is required to assist valuers in their process of value estimation to arrive at more transparent and objective opinions of value that meet the requirement of their clients seeing that valuation itself is an inexact science. The essence of the standards is to ensure that valuations produced by valuers achieve high standards of integrity, clarity and are reported in accordance with the required bases appropriate for the purpose. The Nigerian valuation practice is evolving within a weak professional regulatory environment and where there is no standardization of professional practice it will eventually be clear how important it is to have one. As remarked by McNamara (1999) "if there were no standards we would soon notice". In the philosophy of this study, where there is no standard, the circumstance would set standards as the occasion demands for itself. The IVSC (2001) remarked that introduction and implementation of valuation standards are essential to the consolidation of the property and capital market particularly in developing economies and the quickening pace of globalization of the investment market that cut across national and international boundaries further underscores the need for internationally accepted standards for valuation and reporting

Valuation standards are evolving and most proactive nations develop their national standards to reflect local market peculiarities and report where the national standards are inconsistent with the international valuation standards for global recognition. In the absence of developed national standards, the International Valuation Standards is adopted with provision for enforcement mechanisms as the International Valuation Standards Council (IVSC) lacks the jurisdiction to impose sanctions on any member or nation on material breach of its standards. It is the professional prerogative of the professional regulatory authorities of any nation through the instrumentality of the national standards to impose sanctions on any defaulting member where necessary.

The study examined the use and enforcement in Nigeria. There is obvious absence of awareness of the existence of national valuation standards among large number of Nigerian valuers attributed to lack of awareness campaign by the professional regulatory body and out of date provision of the national standards. As there are various categories of valuation standards that exist at international, regional and national levels so was the variation in level of awareness among valuers. It was found that awareness among Nigerian valuers was more on International Valuation standards as opposed to any category of valuation standards. Most valuers merely heard of valuation standards but are not conversant with the operation of the standards.

The study established that among valuers who are aware of the existence of valuation standards, they prefer to use international valuation standards in practice as opposed to national standards because the national standards is outdated which was last revised in 2006 and failed to reflect local market peculiarities with the changing business and economic environment.

It was found that valuers do not comply with the provisions of valuation standards and this has potential tendencies to affect efficient functioning of both property and financial markets which relied on valuations. Valuers often interchange purpose of valuation with basis of valuation and often wrongly report basis of valuation which determines approach to be adopted. It was also found that valuer do not report critical aspects of valuation reports in the valuations and with wrong concept of 'market value'. All these affect quality of valuation practice.

There were no measures available for the enforcement of valuation standards. However, there were provisions for reprimand, fine, suspension and deregistration contained in the ethical code of conduct but not specifically meant for enforcement of valuation standards

Factors influencing use and enforcement of valuation standards were identify as: lack of awareness on standards, absence of enforcement measures, standards not made mandatory to be used in practice, lack of understanding of how the standards operate, clients do not request for the use of and compliance with standards, no adequate training on the use of standards, valuation standard does not reflect the peculiarities of our market, valuers are indifferent to the use of valuation standards, Nigerian valuation standard is out of date, valuers are allowed to do next to the best thing, absence of data base, no effective monitoring. Factors influencing enforcement of valuation standards are: absence of provisions for enforcement in the national standards, professional regulatory body not being proactive, the need for compliance with standards is not exigent (needful), government policies toward professionalism, inadequate funding for effective monitoring of professional practice, and lack of manpower for the regulatory body. The most significant factor influencing use of valuation standards are valuers' awareness to those the existence of the those standards and not making the standards mandatory to be used in practice as it is a mere advisory standards. While the most significant

factors affecting enforcement of valuation standards are absence of enforcement mechanisms in the standards and the regulatory authorities are not being proactive.

The study developed a framework to guide use and enforcement of valuation standards in Nigeria which can be applied to any emerging property market with similar professional characteristics as Nigeria. This can also be beneficial in improving the quality of valuation practice in the country thereby budging professional practice to global competiveness and ensure valuations by valuers are transparent, reliable and achieve the highest standards of best practice.

6.5 Recommendations

Problems facing valuation practice in any country depends on the level of maturity of property market of that country. The Nigerian property market is emerging and the valuation standards are evolving to meet fast changing business and economic circumstances. The IVSC in its white paper in 2001, identified some factors militating against successful application of valuation standards in emerging property markets some of which are applicable to Nigeria. These are: inadequate regulatory framework; lack of published property data; lack of well trained professional; much volatility of the property market; and excessive or insufficient government intervention. Findings from this study therefore require a combination of efforts from various stakeholders as identified in the developed framework to tackle these daunting problems.

6.5.1 Government Intervention

Government provides the enabling environment by making appropriate laws for professionalism to thrive. In Nigeria today, the professional regulatory body is an agency of the government established by law (Decree 24 of 1975, now Cap E13 LFN 2007) to determine who becomes an Estate Surveyor and Valuer; determine what standard of

knowledge and skill are to be attained by persons seeking to become Estate Surveyors and Valuers; and to regulate and control the practice of Estate Surveying and Valuation in all its ramifications [see 2 (a) (b) & (d)]. Government should repeal and replace those laws for effective operation of the regulatory authority. Government should also come up with policies that demand compliance with valuation standards before valuers in private practice are engaged for consultation in both private and public jobs. Since the regulatory body is an agent of the government and inadequate finance was identified as one of the factors affecting enforcement, government should ensure adequate funding for the professional regulatory body to enable it carry out its functions of effective monitoring and supervision of practice.

6.5.2 Professional Regulatory Body Pro-activeness

The responsibility of enforcement solely lies with the professional regulatory body- theEstate Surveyors and Valuers Registration Board of Nigeria (ESVARBON) otherwise known as the Board. The Board through delegated authority operates in collaboration with the Nigerian Institution of Estate Surveyors and Valuers (NIESV). Valuation is an inexact science which precludes 100% accuracy; valuers must be assisted to arrive at an opinion of value that is reliable, transparent, objective and impartial so as to serve the purpose of the client. Valuation standards are introduced to guide valuers on how to achieve all that. A functional valuation standard that makes compliance mandatory is therefore required and this can only be guaranteed in the national standards which provide for enforcement and sanctions. The regulatory body should come up with an all-inclusive, pragmatic and scrupulous up to date national valuation standard that reflects peculiarities of the local market and incorporate adequate enforcement mechanisms that specify what sanctions should be meted to defaulters. Alternatively, the regulatory body can adopt international valuation standards and reflect peculiarities of the local market and also incorporate adequate enforcement measures for sanctioning erring valuers that fail to comply with the provisions of the standards. The

national valuation standards should also be subjected to periodic reviews to reflect fast changing business and economic environment. The study also observed a gap through extensive review of the content of various categories of valuation standards and found no single valuation standards manual in all categories- international, regional and national has addressed issue of margin of error (bracket) by providing guidance note on the subject matter which has been subject of debate in recent times. The Nigeria's version of the recommended national valuation standards should provide guidance notes on margin of error and postulate an acceptable limit depending on complexity of the property in question (see Ogunba & Iroham, 2010; Gambo & Anyakora, 2013). By such doing, the national standard will be regarded as being pro-active and forward looking. Absence of awareness has been identified as one of the most influential factors affecting the use of valuation standards, there should be high level awareness campaign by the regulatory body through conferences, workshops, seminars, symposium, mandatory continuous professional development programs and head of practice submit on the operation and application of valuation standards in practice. The regulatory body should beef up local capacity building through formal and informal education and training to enable valuers acquaint themselves with global best practices on the application of valuation standards and comparative international practices. Absence of effective monitoring was identified as one of the factors inhibiting use and enforcement of valuation standards in Nigeria. This, the regulatory authority should establish quality control unit that will be monitoring what valuers do in their respective firms. Alternatively, the regulatory body can create valuation depository unit in post office where copies of valuation reports would be deposited and a stamp be affixed to the report before it becomes a valid document. By so doing, the regulatory authorities could have access to valuers' valuation report for effective monitoring to ensure standards are complied with. Reliable valuations are information driven, such that the more the information, the better and accurate the valuations

are likely to be. Readily available information will assist valuers in the application of standards. There is need therefore for the regulatory body in collaboration with the Institution establish functional date base and updated annually. The Board and the Institution should collaborate with the academia for effective research and dissemination of research findings to the valuers. No profession grows without having depth in quality research to provide information for improved decision making. The regulatory authority should also develop a feedback mechanism to get response from consumers (users) of valuation services on the quality of services they get from valuers and the level of service satisfaction they derive from such services. This will be effective if users of valuation service know what right they have to demand for best service and their rights are protected by laws. It is therefore paramount and imperative for the regulatory authority to enlighten the consumers of valuation services of their rights to best practices and its enforcement under the law. This mutual relationship between consumers of valuation services and regulators of the professional service will set the valuers on their toes to comply with standards knowing fully that the client has an enforceable right under the law. Inadequate funding (finance) was identified as constraining factor to enforcement of valuation standards. To mitigate this, the professional regulatory body should be pro-active by seeking for ways to be self-revenue generating instead of depending largely on government subvention. This they can do by charging commission on any valuation job executed by members by way of appending saleable stamps to seal any valuation carried out. This process can solve plural problems. First, the regulatory authority will generate revenue. Second, the issue of banks' standardization of professional fee can be solved where valuers pay for saleable stamp they cannot accept fee less than what the paid for the stamp. Third, it will give opportunity to the regulatory body to get a copy of valuers' valuation reports for assessment to ensure compliance.

6.5.3 Professional Valuers' Responsiveness

The professional valuers are in the major players. Since level of awareness affects extent of use of and compliance with valuation standards, valuers should be pro-active in attending conferences, workshops, symposia, mandatory continuous professional development trainings and other similar workshops where skills are enhance and developed. Valuers should keep abreast of current practices and compare local practices with internationally accepted best practices. Valuation firms should also assist professional body in keeping records of all transactions on properties thereby establishing potent property data base. It is also important that valuers develop strong moral values which help them in adhering to professional standards in practice. Valuers are expected to develop professional competences through self development and skills acquisition.

6.5.4 Clients (users) Participation

The regulatory authority should also develop a feedback mechanism to get responses from consumers (users) of valuation services on the quality of services they get from valuers and the level of service satisfaction they derive from such services. Likewise Consumers of valuation service should also develop a strong network of communication with the valuers and professional regulatory body. This will be effective if users of valuation service know what right they have to demand for best service and their rights are protected by laws. This mutual relationship between consumers of valuation services, valuers and regulators of the professional service will set a functional feedback mechanism where areas of improvements are identified for effective mutual functioning of stakeholders with the overall goal of quality professional services delivery achieved.

6.5.5 The Missing Academic Link

The growth and development of any industry largely depends on quality and magnitude of research outputs for informed decision. There seems to be a missing link between the academia and the profession in Nigeria. Kohnstamm (1995) observed that the task of formulation of uniform valuation standards often rests on academic researchers who supply information and analysis on the criteria used in comparative international studies as part of their role. Well collaborated efforts between the academia and the regulatory authorities in this case the Board and the Institution is required for dedicated research and effective dissemination of research findings to members. The professional regulatory body whose practice is patterned after the RICS in UK should learn from RICS development. In the UK, RICS has collaborated with tertiary institutions in many fronts which include preparation of curriculum and valuation standards manual and guidance notes, sponsored research on rationality of the investment method of valuation, conventional and contemporary investment valuation techniques, and recently on valuation accuracy (Crosby, 1992, Carlsberg, 2002). These forward looking steeps should also be taken by ESVARBON and NIESV to sponsor research into well articulated, comprehensive and mandatory national valuation standards. There is need to review valuation curriculum to incorporate operation of Valuation Standards in all tertiary institution to span throughout academic training. The curriculum should be reviewed to accommodate use and application of valuation standards, application of valuation standards in mineral valuation, application of standards in the valuation of business and financial interest application of valuation standards in plant and machinery valuation and application of standards in other interest in property for various purposes. The curriculum should also teach students on different categories of valuation standard manuals and their operation at international, regional and national levels. The study found that a large number of valuers are not even aware of the existence of valuation standards. This can be checkmated

by making it an entry requirement in all tertiary institution studying estate management for all students to have a copy of the valuation standards manual.

6.6 Contributions to Knowledge

1. The study developed and validated a framework to guide and improve the use and enforcement of valuation standards in Nigeria.

2. The study established the level of awareness of valuation standards in a broader perspective; use of valuation standards; and extent of compliance with valuation standards among Nigerian valuers

3. The study established factors influencing the use and enforcement of valuation standards in Nigeria

4. The study provided empirical evidence on the use and enforcement of valuation standards in Nigeria.

5. The study contributes to knowledge by exposing the recent development in the content and forms of valuation standards and identified gap that exist in all categories of valuation standard manuals on the absence of guidance note on margin of valuation error (bracket) and recommended the national standard should be forward looking in being the first to provide guidance on the subject matter.

6.7 Direction for Future Research

Valuation Standards are evolving and its relevance are generally gaining acceptance. This study examined use of valuation standards among valuers and its enforcement by the regulatory authorities in Nigeria. This represents a study on the aspect of the interest group in respect of valuation standards. From the developed framework, there represent consumers (users) of valuation and this study did not capture their perception on use of and compliance with valuation standards. There is need to investigate level of clients' awareness of the use of valuation standards and their perception of valuers' level of compliance. Study in that

direction will expose if clients are aware of the existence of valuation standards and the extent to which they demand valuers comply with valuation standards.

This study covered General Standards of the valuation standards which examined scope of work and valuation reporting among Nigerian valuers. This only deals with valuers compliance with valuation reporting as provided in the minimum reporting contents of the standards. There is need to undertake a study looking at application of standards in Asset Standards covering business and business interest. There is also need to carry out a study covering application of standards in financial reporting.

Nigeria is endowed with mineral resources in all the States of the Federation. There is little or no evidence of application of mineral valuation standards in Nigeria. There is need to take a holistic study to investigate application of mineral valuation standards in the extractive industry in Nigeria.

This study although covered three most vibrant property markets in Nigeria which constitute over 62% of the practice firms in the country, there is need for a comparative study with other smaller property markets in the country so as to validate or verify the claims in this study.

This study established factors that influence the use and enforcement of valuation standards, there is need also to undertake an all-inclusive study to examine the impact of those factors on valuation practice in the country.

There is need to undertake a study to look at the implication of valuation standards on valuation accuracy.

6.8 Chapter Summary

This chapter presents the summary of the study's findings and made recommendations based on the findings of the study. The study established the level of valuers' awareness, extent of

use of valuation standards in practice. It presents the extent of valuers' compliance with valuation standards in practice by examining their text of practice document through content analysis and identified measures available for enforcement of valuation standards by the professional regulatory authorities in the country. The study showed absence of enforcement measures specifically directed towards enforcement of valuation standards. The study established factors that influence use and enforcement of valuation standards and made recommendations on how to mitigate the impact of those identified factors. A framework was developed which if adopted will guide and improve the use and enforcement of valuation standards in Nigeria. The study holds the opinion that where there is no standard, the circumstances will set standards for the occasion. The research concludes that valuation regulatory bodies should introduce up-to-date national standards with adequate enforcement mechanisms so as to improve the quality of valuation practice in Nigeria.

MOTIVATION

Aesthetics has no parameter for quantification; neither can abstract concepts be estimated, nor perpetual resonance be determined by discounting; value is the most difficult concept that defies appropriate definition by scientists and philosophers and the only solution to that puzzle is to set an acceptable standard (of valuation) by stakeholders for determining value and abstract concepts- Y. L. GAMBO (2015)

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APPENDIX 1: Questionnaire

DEPARTMENT OF ESTATE MANAGEMENT
FACULTY OF ENVIRONMENTAL SCIENCES

UNIVERSITY OF LAGOS, AKOKA, LAGOS STATE

Dear Sir/Ma,

<u>LETTER OF INTRODUCTION</u>

I am a postgraduate student in the Department of Estate Management, University of Lagos. I am currently pursuing my Doctoral Study on the topic: **Use and Enforcement of Valuation Standards in Nigeria.**

I hereby solicit your assistance in filling the spaces or ticking the appropriate options(as the case may be) in the questionnaire attached hereto. Your timely response to the questionnaire would determine the success of the study. Any information provided shall be treated with utmost confidentiality and used strictly for academic purpose.

Thank you.

Yours faithfully,

Y. L. GAMBO

(Matric. No. 089053002)

(Phone Nos. 08065088652/ 07084685241)

SECTION A (BACKGROUND INFORMATION)

1.   Name of Firm (Optional)..

2.   Location of Firm..Phone No…………………..

3.   Gender (Please tick box to indicate)   Male [   ]   Female [   ]

4.   Nature of firm's ownership

 (a) Sole Proprietorship

(b) Partnership

(c) Others specify please ………………………………………………….

5.   Number of Branches

(a) None

(b) 1

(c) 2-4

(d) 5-10

 (e) Above 10 Branches

6.   Number of estate surveyors in the service of the firm?

(a) 1-5

(b) 6-10

(c) 11-15

(d) 16-20

(e) 21 and above

7.   Number of registered estate surveyors?

(a) 1-5

(b) 6-10

(c) 11-15

(d) 16-20

(e) 21 and above

8. What is your position in the firm?

(a) Principal/Managing Partner

(b)Partner

(c)Associate Partner

(d)Head of Department

(e)Senior Surveyor

9. Highest Academic Qualification

(a)ND

(b) HND

(c) B. Sc.

(d) PGD

(e) M. Sc. /M. Phil

(f) Ph. D

10. Years in Professional Practice

(a)1-10 yrs

(b) 11-20yrs

(c) 21-30 yrs

(d) 31 yrs and above

11. Grade of Professional membership of NIESV

(a)Student

(b) Graduate

(c) Probationer

(d)Associate

(e) Fellow

12. What is your professional affiliation(s)?

(a) ANIVS

(b) FNIVS

(c) PPNIVS

(d) ARICS (e)

FRICS

(f) Others (Specify)……………………..

13. Age of the firm

(a) 1-10 yrs

(b) 11-20 yrs

(c) 21-30 yrs

(d) 31 yrs and above

14. Firm's areas of specific specialization?

(a) Valuation

(b) Agency

(c) Management

(d) Property Development

(e) Feasibility and Viability Appraisal

(f) General Practice

(h) Others specify ……………………..

15. Number of conferences, workshops or seminars on valuation standards attended in the

last four years

(a) None

(b) 1-5

(c) 6-10

(d) 11-15

(e) 16 and above

16. Please indicate by ticking appropriate box for each statement   √

Statement	Yes	No
Do you have separate valuation department?		
Do you have industry-base valuation software?		
Do you have separate research unit?		
Do you have distinct study library?		

SECTION B (USE OF VALUTION STANDRADS)

17.   Please indicate the extent to which you are aware of the following valuation standards by ticking(√) in the appropriate box.

Valuation Standards	Fully Aware	Aware	Merely Heard of it	Unaware	Completely Unaware
NIESV Valuation Standards					
RICS Red Book (UK)					
IVSC International Valuation Standards (White Book)					
TEGoVA Blue Book (Europe)					
USPAP by The American Foundation (TAF) in US and Canada					
Property& Valuation Standards by Australian Property Institute					
Others (specify please if any)					

18.Which of the following Valuation Standards have you sighted?

Valuation Standards	Sighted	Not Sighted
NIESV Valuation Standards		
RICS Red Book (UK)		
IVSC International Valuation Standards (White Book)		
TEGoVA Blue Book (Europe)		
USPAP by The American Foundation (TAF) in US and Canada		
Property& Valuation Standards by Australian Property Institute		
Others (specify please if any)		

19. Would you say there is enough publicity on the need to use valuation standards in practice by

regulatory bodies (ESVARBON & NIESV)?   Yes [   ]   No [   ]

20. Do you find it necessary to make reference to valuation standards? Yes [   ]   No [   ]

21. How often do you consult or make reference to Valuation Standards in practice? Please tick the box that applies

Always   [   ]

Most   times   [   ]

Sometimes   [   ]

Rarely   [   ]

Never   [   ]

22.Which Valuation Standards Manual do you consult in practice? Circle only the one applicable to you

    (a) None

    (b) NIESVvaluation standards

    (c) RICS Red Book

    (d) IVSC International valuation standards (White Book)

    (e) TEGoVa Blue Book

    (f) USPAP of US

    (g) Property& Valuation Standards of Australia

    (h) NIESV+RICS Red Book

    (i) NIESV+TEGoVA Blue Book

    (j) NIESV+ RICS Red Book+IVSC International Valuation Standards

    (k) RICS Red Book + International Valuation Standards

    (l) RISC Red Book+TEGoVA White Book+ International Valuation Standards

    (m) All the available Valuation Standards

    (n) NIESV valuation standards + IVSC International Valuation Standards

23. Which aspect of Valuation Standards do you often make reference to?

Aspect of Valuation Standards	Always	Most times	Sometimes	Rarely	Never
Guidance Notes on special valuation, assumptions, and approaches to value					
Minimum Reporting Content (Scope of work)					
Valuation Applications (e. g. Financial reporting)					
Basis of Valuation					
Investigations (Verification of information)					
Glossary (Definition of terms)					
Others (specify please if any)					

24. What are your reasons for not using Valuation Standards in practice?

Reasons	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Lack of awareness of the existence of valuation standards					
The standards is not mandatory to use in practice					
Lack of understanding how the standards operate (difficulties in interpreting)					
The valuation standards are not readily available					
No enforcement measures on use and compliance in practice					
Client don't request for its use and compliance					
The practice is not complex enough to make use of valuation standards					
No adequate training on the use of valuation standards					
Indifference to any valuation standards					
Others (specify please if any)					

25. What factors are responsible for general lack of compliance with the Valuation Standards in practice?

Reasons	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Lack of awareness of the existence of valuation standards					
The standards is not mandatory to use in practice					
Lack of understanding how the standards operate					
The valuation standards are not readily available					
No enforcement measures on use and compliance in practice					
Client don't request for its use and compliance					
The practice is not complex enough to make use of valuation standards					
No adequate training on the use of valuation standards					
The valuation standards does not reflect the peculiarities of our market					
Indifference to any valuation standards					
The Nigerian valuation standards is out of date					
Valuers are allowed to do next to the best thing					
Others (specify please if any)					

26. In your opinion, how best can we ensure compliance with valuation standards in practice?

Opinion	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Modify the NIESV valuation standards And making it up to date					
Develop standards to reflect our market peculiarities					
Adequate training by regulatory bodies on how to use and comply with standard					
Making the standards mandatory for use in practice other than advisory					
Effective enforcement measures to be put in place by regulatory bodies					
Establish quality control unit in ESVARBON that assesses a copy of each valuation report carried out					
Enlighten consumers of valuation report to demand compliance with standards					
Specify adequate measures for enforcement in our national standards					
Incorporating the operations of valuation standards in academic curricula					
Incorporating margin of valuation error in the national standards					
Making the use of standards as criteria for bidding for any valuation job					
Others (specify please if any)					

SECTION C (ENFORCEMENT)

27. Would you say that the regulatory bodies (ESVARBON & NIESV) are making it mandatory to

use valuation standards in practice?   Yes [   ]   No [   ]

28. What measures are available to ensure enforcement of valuation standards?

Measures	Much Available	Available	Not Aware	Not Available	Completely Not Available
Admonishment					
Reprimand					
Severe Reprimand					
Public Censure in writing					
Financial Penalties (Fine)					
Restricted practice (under supervision)					
Suspension					
Expulsion (Deregistration)					
Onward prosecution					
Others (specify please if any)					

29. How effective is the enforcement measures put in place by Nigerian regulatory bodies (ESVARBON & NIESV) to ensure use of and compliance with valuation standards?

Ineffective

Very Effective	
Effective	
Somehow Effective	
Ineffective	
Very Ineffective	

30. Would you recommend the following sanctions for non-compliance with standards?

Category of Sanctions	Highly Recommended	Recommended	Indifferent	Not recommended	Highly not recommended
Admonishment					
Reprimand					
Severe Reprimand					
Public Censure in writing					
Financial Penalties (Fine)					
Restricted practice (under supervision)					
Suspension					
Expulsion (Deregistration)					
Onward prosecution					
Others (specify please if any)					

31. What factors affect enforcement of valuation standards?

Option	Strongly Agree	Agree	Indifferent	Disagree	Strongly Disagree
Absence of provisions for enforcement in the national standards					
Nonchalant attitude on the part of the regulatory bodies (ESVARBON & NIESV)					
The property market is not complex enough to enforce standards					
The need for compliance with standards is not exigent (needful)					

32. How effective are the following enforcement measures?

Measures	Very Effective	Effective	Somehow Effective	Ineffective	Very Ineffective
Admonishment					
Reprimand					
Severe Reprimand					
Public Censure in writing					
Financial Penalties (Fine)					
Restricted practice (under supervision)					
Suspension					
Expulsion (Deregistration)					
Onward prosecution					
Others (specify please if any)					

SECTION D

33. How often do you report **Forced Sale** Value to the client (bank) while carrying out valuation formortgage purpose?

Always

Most   times

Sometimes

Rarely

Never

34. How often do you recommend amount to be advanced for loan to the client (bank) in valuation for mortgage purpose?

Always

Most   times

Sometimes

Rarely

Never

35. Do you recommend that margin of valuation error should be incorporated into our national (NIESV) Valuation Standards?

Recommended	Not Recommended

APPENDIX 2: Interview Guide for ESVARBON

Interview Guide for the Registrar of Estate Surveyors and Valuers Registration Board of Nigeria (ESVARBON)

Question	Aides-memoires
Protocols	The researcher introducing himself and request the quest introduce himself
How has the profession fared so far?	What are the challenges the profession is facing? The challenges of the Board in terms of government policies and bureaucracy?
What are the statutes regulating the profession?	How many times has the Board submitted a bill for the old Act (Decree (N0. 24) of 1975 (now Cap E13 LFN 2004) to be reviewed (not repealed) and replaced? How has the Board regulated the activities of professionals in the light of the Act [Decree (N0. 24) of 1975 now Cap E13 LFN 2004] which empowers the Board to regulating and controlling the practice of Estate surveying and Valuation in all its aspects and ramifications; and performing other functions conferred on the Board?
How has the Board evoked the powers establishing it by making bye-laws and enforcing them on behalf of government?	Infer
Every nation is tightening standards of professional practice and even at international level we are experiencing same. What efforts are you making?	Do you have published valuation standards? When were they published? (Copies) What effort are you making to ensure valuers comply with standards?
The IVSs are provided as advisory by IVSC to be adopted and enforced by professional regulatory bodies of each nation. How has the Board achieved that feat?	What do you rely on for the enforcement of the standards? What enforcement measures do you have? How effective are these enforcement measures?
What in your opinion affects the use and enforcement of valuation standards in Nigeria?	What difficulties do you encounter in ensuring the use and enforcement of valuation standards?
Frequency of cases of non-compliance reported to the Board	How does the Board treat cases of non-compliance? Number of members sanctioned?
Anything you would freely like to say?	

APPENDIX 3: Interview Guide for NIESV

Interview Guide for the officers of the Nigerian Institution of <u>Estate Surveyors and Valuers (NIESV)</u>

Question	Aides-memoires
Protocols	The researcher introducing himself and request the quest introduce himself
How has the profession fair so far?	What are the challenges the profession is facing? The challenges of the Institution in terms of government policies and bureaucracy?
What recognition does the **Institution** have from the government?	Do we have any law recognising NIESV? The Board regulates and controls the practice of Estate surveying and Valuation in all its aspects and ramifications; and performing other functions conferred on the Board based on Decree (N0. 24) of 1975 (now Cap E13 LFN 2004). What is NIESV doing different from the Board? Can we say what NIESV is doing is under delegated powers of the Board?
How has the **Institution** initiated any bill on behalf of the Board to the government?	Infer
Every nation is tightening standards of professional practice and even at international level we are experiencing same. What efforts are you making?	Do you have published valuation standards? If yes, which one? How often are the reviewed and published? How do you ensure professionals make use of it? What effort are you making to ensure valuers comply with standards?
The IVSs are provided as advisory by IVSC to be adopted and enforced by professional regulatory bodies of each nation. How has the **Institution** achieved that feat?	What enforcement measures do you have? What do you rely on for the enforcement of the standards? How effective are these enforcement measures? Mention specific sanctions used
How often do you have reported cases of non-compliance with standards	How does the Institution treat cases of non-compliance? Number of members sanctioned? Mentioned specific sanctions used
What in your opinion affect the use and enforcement of valuation standards in Nigeria?	What difficulties do you encounter in ensuring the use and enforcement of valuation standards?
Anything you would freely like to comment?	

AN OUTLINE FOR FOCUS GROUP DISCUSSION

An outline of the proposed framework to guide stakeholders in the use and enforcement of valuation standards is hereby presented. There are four steps proposed that depicts relationship pattern among stakeholders associated with the use of valuation standards and also enforcement of valuation standards. It is expected you validate the stakeholders in the relationship and re-arrange their relationship pattern based on significant relevance to the use and enforcement of valuation standards in Nigeria.

A.   **Team Formation**

   o   Identify team members

   o   Introduce team leader

   o   Personal Note take assistant

   o   Recorder

   o   Rapporteur

B.   **Identify Factors Affecting the Use of Valuation Standards**

   o   All individuals make list of factors affecting Use of Valuation Standards

   o   Team agree on factors affecting Use of Valuation Standards

   o   Individual group members agree on these factors in order of significance

   o   Compare notes and come up with decision

C.   **Identify Factors Affecting Enforcement of Valuation Standards**

   ➢   Individual come up with list of factors affecting Enforcement of Valuation Standards

   ➢   Agree on factors affecting Enforcement of Valuation Standards

➢ Individual list factors in order of significant influence

➢ Compare notes and come up with decision

D. **Group outline stakeholders associated with the Use and Enforcement of Valuation Standards**

✓ Individual come up with the list of stakeholders associated with the use and enforcement of valuation standards

✓ Discuss participation of each stakeholder

✓ Group decision on stakeholders involved with the use and enforcement of valuation standards

✓ Group agreement on stakeholders involved

E. **Outline of Stakeholders Relationship Pattern**

❖ Arrange stakeholders relationship based on level of involvement

❖ Identify differences in arrangement

❖ General discussion on level of involvement

❖ Categorize stakeholders' relationship pattern into four categories

❖ Individually identify preference of category

❖ Discuss most preferred category

❖ Agree on most preferred category

F. **Comparison with Presented Framework**

o Critique framework

o Identify what is missing

G. **Recommendation**

➢ Members make personal recommendation

➢ Discuss what recommendation should generally be adopted

H. **Identify Activities under each Stakeholder**

APPENDIX 5: Computer SPSS Output for Demographic Characteristics and Hypotheses

Socio-Demographic Information of Respondents

Table 2a: Socio-Demographic Characteristics of Respondents

Variable	Location	Characteristics	Freq.	%	Mean	Total
Gender	Abuja	Male	83	95.4		
		Female	4	4.6		87
	Lagos	Male	175	86.2		
		Female	28	13.8		203
	PH	Male	41	85.4		
		Female	7	14.6		48
Nature of firm's ownership	Abuja	Sole Proprietorship	79	90.8		
		Partnership	8	9.2		87
	Lagos	Sole Proprietorship	176	86.7		
		Partnership	27	13.3		203
	PH	Sole Proprietorship	42	87.5		
		Partnership	6	12.5		48
Number of Branches	Abuja	None	43	49.4		
		1	20	23.0		
		2 – 4	17	19.5		
		5 – 10	5	5.7		
		> 10	2	2.3	1.89	87
	Lagos	None	98	48.3		
		1	29	14.3		
		2 – 4	48	23.6		
		5 – 10	12	5.9		
		> 10	16	7.9	2.11	203
	PH	None	33	68.8		
		1	5	10.4		
		2 – 4	8	16.7		
		5 – 10	2	4.2	1.56	48
Number of estate surveyors in the service of the firm?	Abuja	1 – 5	21	24.1		
		6 – 10	14	16.1		
		11 – 15	33	37.9		
		16 – 20	13	14.9		
		21 and above	6	6.9	2.64	87
	Lagos	1 – 5	92	45.3		
		6 – 10	27	13.3		
		11 - 15	38	18.7		
		16 - 20	23	11.3		
		21 and above	23	11.3	2.30	203
	PH	1 - 5	10	20.8		
		6 - 10	9	18.8		
		11 - 15	21	43.8		
		16 - 20	7	14.6		
		21 and above	1	2.1	2.58	48

Source: Field Survey 2014

Table 2b: Socio-Demographic Characteristics of Respondents

Variable	Location	Characteristics	Freq.	%	Mean	Total
Number of registered estate surveyors?	Abuja	1 - 5	60	69.0		
		6 - 10	19	21.8		
		11 - 15	2	2.3		
		16 - 20	3	3.4		
		21 and above	3	3.4	1.51	87
	Lagos	1 - 5	138	68.0		
		6 - 10	33	16.3		
		11 - 15	19	9.4		
		16 - 20	6	3.0		
		21 and above	7	3.4	1.58	203
	PH	1 - 5	35	72.9		
		6 - 10	12	25.0		
		11 - 15	1	2.1	1.29	48
What is your position in the firm?	Abuja	Principal/Managing Partner	33	37.9		
		Partner	4	4.6		
		Associate Partner	24	27.6		
		Head of Department	18	20.7		
		Senior Surveyor	8	9.2		87
	Lagos	Principal/Managing Partner	85	41.9		
		Partner	7	3.4		
		Associate Partner	59	29.1		
		Head of Department	22	10.8		
		Senior Surveyor	30	14.8		203
	PH	Principal/Managing Partner	17	35.4		
		Partner	1	2.1		
		Associate Partner	14	29.2		
		Head of Department	14	29.2		
		Senior Surveyor	2	4.1		48
Highest Academic Qualification	Abuja	ND	2	2.3		
		HND	11	12.6		
		B.Sc.	36	41.4		
		PGD	12	13.8		
		M.Sc.	25	28.7		
		Ph.D.	1	1.1		87
	Lagos	ND	2	1.0		
		HND	46	22.7		
		B.Sc.	61	30.0		
		PGD	8	3.9		
		M.Sc.	81	39.9		
		Ph.D.	5	2.5		203
	PH	HND	6	12.5		
		B.Sc.	25	52.1		
		PGD	4	8.3		
		M.Sc.	13	27.1		48

Source: Field Survey 2014

Table 2c: Socio-Demographic Characteristics of Respondents

Variable	Location	Characteristics	Freq.	%	Mean	Total
Years in Professional Practice	Abuja	1 - 10 Yrs.	42	48.3		
		11 - 20 Yrs.	31	35.6		
		21 - 30 Yrs.	13	14.9		
		31 yrs. and above	1	1.1	1.69	87
	Lagos	1 - 10 Yrs.	104	51.2		
		11 - 20 Yrs.	81	39.9		
		21 - 30 Yrs.	10	4.9		
		31 yrs. and above	8	3.9	1.62	203
	PH	1 - 10 Yrs.	34	70.8		
		11 - 20 Yrs.	10	20.8		
		21 - 30 Yrs.	4	8.3	1.38	48
Grade of Professional membership of NIESV	Abuja	Associate	85	97.7		
		Fellow	2	2.3		87
	Lagos	Associate	180	88.7		
		Fellow	23	11.3		203
	PH	Associate	46	95.8		
		Fellow	2	4.2		48
What is your professional affiliation(s)?	Abuja	ANIVS	78	89.7		
		FNIVS	9	10.3		87
	Lagos	ANIVS	168	82.8		
		FNIVS	22	10.8		
		PPNIVS	3	1.5		
		ARICS	4	2.0		
		FRICS	6	3.0		203
	PH	ANIVS	44	91.7		
		FNIVS	4	8.3		48
Age of the firm	Abuja	1-10 yrs	29	33.3		
		11-20 yrs	28	32.2		
		21-30 yrs	25	28.7		
		31 yrs and above	5	5.7	2.07	87
	Lagos	1-10 yrs	68	33.5		
		11-20 yrs	74	36.5		
		21-30 yrs	38	18.7		
		31 yrs and above	23	11.3	2.08	203
	PH	1-10 yrs	32	66.7		
		11-20 yrs	10	20.8		
		21-30 yrs	4	8.3		
		31 yrs and above	2	4.2	1.50	48

Source: Field Survey 2014

Table 2d: Socio-Demographic Characteristics of Respondents

Variable	Location	Characteristics	Freq.	%	Mean	Total
Firm's areas of specific specialization?	Abuja	Valuation	5	5.7		
		Agency	2	2.3		
		Management	7	8.0		
		General Practice	73	83.9		87
	Lagos	Valuation	9	4.4		
		Agency	3	1.5		
		Management	15	7.4		
		Property Development	4	2.0		
		Feasibility and Viability Appraisal	1	.5		
		General Practice	171	84.2		203
	PH	Agency	1	2.1		
		Management	1	2.1		
		Property Development	1	2.1		
		General Practice	45	93.8		48
Number of conferences, workshops or seminars on valuation standards attended in the last four years.	Abuja	None	15	17.2		
		1-5	63	72.4		
		6-10	5	5.7		
		11-15	2	2.3		
		16 and above	2	2.3	2.00	87
	Lagos	None	50	24.6		
		1-5	98	48.3		
		6-10	39	19.2		
		11-15	12	5.9		
		16 and above	4	2.0	2.12	203
	PH	None	8	16.7		
		1-5	31	64.6		
		6-10	9	18.8	2.02	48

Source: Field Survey 2014

Hypothesis 1

Methodology: One-way Analysis of Variance (ANOVA)

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
IVSC	338	3.70	1.165	.063	3.57	3.82	1	5
RICS	338	2.64	1.111	.060	2.52	2.76	1	5
NIESV	338	3.10	1.199	.065	2.97	3.23	1	5
TEGoVA	338	1.49	.650	.035	1.42	1.55	1	4
USPAP	338	1.32	.584	.032	1.25	1.38	1	4
PVSA	338	1.27	.594	.032	1.21	1.34	1	5
Total	2028	2.25	1.324	.029	2.19	2.31	1	5

Analysis of Variance Table (ANOVA) of Level of Awareness

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	1819.195	5	363.839	424.134	.000
Within Groups	1734.550	2022	.858		
Total	3553.746	2027			

Post-Hoc Analysis (Multiple Comparisons): Least Significance Difference (LSD)
Dependent Variable: Level of Awareness

(I) Valuation Standards	(J) Valuation Standards	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
IVSC	RICS	1.062[*]	.071	.000	.92	1.20
	NIESV	.598[*]	.071	.000	.46	.74
	TEGoVA	2.213[*]	.071	.000	2.07	2.35
	USPAP	2.382[*]	.071	.000	2.24	2.52
	PVSA	2.426[*]	.071	.000	2.29	2.57
RICS	NIESV	-.464[*]	.071	.000	-.60	-.32
	TEGoVA	1.151[*]	.071	.000	1.01	1.29
	USPAP	1.320[*]	.071	.000	1.18	1.46
	PVSA	1.364[*]	.071	.000	1.22	1.50
NIESV	TEGoVA	1.615[*]	.071	.000	1.48	1.76
	USPAP	1.784[*]	.071	.000	1.64	1.92
	PVSA	1.828[*]	.071	.000	1.69	1.97
TEGoVA	USPAP	.169[*]	.071	.018	.03	.31
	PVSA	.213[*]	.071	.003	.07	.35
USPAP	PVSA	.044	.071	.533	-.10	.18

*. The mean difference is significant at the 0.05 level.

Hypothesis 2:

Descriptive Statistics of Extent of Compliance

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
V1	338	1.87	1.322	.072	1.73	2.01	1	5
V2	338	1.61	1.057	.057	1.50	1.73	1	5
V3	338	1.49	1.057	.057	1.38	1.61	1	5
V4	338	2.41	1.397	.076	2.26	2.55	1	5
V5	338	1.46	1.106	.060	1.34	1.58	1	5
V6	338	1.40	.964	.052	1.30	1.51	1	5
Total	2028	1.71	1.210	.027	1.65	1.76	1	5

Analysis of Variance Table (ANOVA) of Extent of Compliance

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	243.544	5	48.709	36.150	.000
Within Groups	2724.473	2022	1.347		
Total	2968.018	2027			

Post-Hoc Analysis (Multiple Comparisons): Least Significance Difference (LSD)
Dependent Variable: Extent of Compliance

(I) Aspect of VS	(J) Aspect of VS	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
V1	V2	.254[*]	.089	.004	.08	.43
	V3	.373[*]	.089	.000	.20	.55
	V4	-.538[*]	.089	.000	-.71	-.36
	V5	.405[*]	.089	.000	.23	.58
	V6	.464[*]	.089	.000	.29	.64
V2	V3	.118	.089	.185	-.06	.29
	V4	-.793[*]	.089	.000	-.97	-.62
	V5	.151	.089	.091	-.02	.33
	V6	.210[*]	.089	.019	.03	.39
V3	V4	-.911[*]	.089	.000	-1.09	-.74
	V5	.033	.089	.716	-.14	.21
	V6	.092	.089	.304	-.08	.27
V4	V5	.944[*]	.089	.000	.77	1.12
	V6	1.003[*]	.089	.000	.83	1.18
V5	V6	.059	.089	.508	-.12	.23

*. The mean difference is significant at the 0.05 level.

Hypothesis 3: Methodology: One-way Analysis of Variance (ANOVA)

Descriptive Statistics of Availability of Enforcement Measures

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
V1	338	2.67	1.166	.063	2.55	2.80	1	5
V2	338	2.59	1.105	.060	2.48	2.71	1	5
V3	338	2.36	.978	.053	2.26	2.47	1	5
V4	338	2.20	.891	.048	2.10	2.29	1	5
V5	338	2.21	.990	.054	2.10	2.32	1	5
V6	338	2.12	.922	.050	2.03	2.22	1	5
V7	338	2.04	1.057	.057	1.93	2.16	1	5
V8	338	1.88	1.072	.058	1.77	2.00	1	5
V9	338	1.71	.930	.051	1.61	1.81	1	5
Total	3042	2.20	1.056	.019	2.16	2.24	1	5

Analysis of Variance Table (ANOVA) of Availability of Enforcement Measures

Availability

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	261.473	8	32.684	31.655	.000
Within Groups	3131.607	3033	1.033		
Total	3393.080	3041			

Post-Hoc Analysis (Multiple Comparisons): Least Significance Difference (LSD)

Dependent Variable: Availability

(I) Measures	(J) Measures	Mean Difference (I-J)	Std. Error	Sig.	95% Confidence Interval	
					Lower Bound	Upper Bound
V1	V2	.077	.078	.325	-.08	.23
	V3	.308*	.078	.000	.15	.46
	V4	.473*	.078	.000	.32	.63
	V5	.462*	.078	.000	.31	.61
	V6	.547*	.078	.000	.39	.70
	V7	.627*	.078	.000	.47	.78
	V8	.790*	.078	.000	.64	.94
	V9	.959*	.078	.000	.81	1.11
V2	V3	.231*	.078	.003	.08	.38
	V4	.396*	.078	.000	.24	.55
	V5	.385*	.078	.000	.23	.54
	V6	.470*	.078	.000	.32	.62
	V7	.550*	.078	.000	.40	.70
	V8	.713*	.078	.000	.56	.87
	V9	.882*	.078	.000	.73	1.03
V3	V4	.166*	.078	.034	.01	.32
	V5	.154*	.078	.049	.00	.31
	V6	.240*	.078	.002	.09	.39
	V7	.320*	.078	.000	.17	.47
	V8	.482*	.078	.000	.33	.64
	V9	.651*	.078	.000	.50	.80
V4	V5	-.012	.078	.880	-.17	.14
	V6	.074	.078	.344	-.08	.23
	V7	.154*	.078	.049	.00	.31
	V8	.317*	.078	.000	.16	.47
	V9	.485*	.078	.000	.33	.64
V5	V6	.086	.078	.272	-.07	.24
	V7	.166*	.078	.034	.01	.32
	V8	.328*	.078	.000	.18	.48
	V9	.497*	.078	.000	.34	.65
V6	V7	.080	.078	.307	-.07	.23
	V8	.243*	.078	.002	.09	.40
	V9	.411*	.078	.000	.26	.56
V7	V8	.163*	.078	.037	.01	.32
	V9	.331*	.078	.000	.18	.48
V8	V9	.169*	.078	.031	.02	.32

*. The mean difference is significant at the 0.05 level.

Hypothesis 4:

Methodology: Pearson Product moment correlation and Stepwise Regression Analysis.

Pearson Correlations and Descriptive Statistics

Variables	UVS	V1	V2	V3	V4	V5	V6	V7	V8	V9	Mean	Std. Deviation	N
UVS	1										3.54	.27671	338
V1	.009	1									2.58	.944	338
V2	.030	.882**	1								2.53	.879	338
V3	.126*	.706**	.712**	1							2.04	.603	338
V4	.131**	.619**	.696**	.758**	1						1.92	.625	338
V5	.088	.555**	.573**	.605**	.732**	1					1.78	.629	338
V6	.196**	.440**	.473**	.604**	.695**	.741**	1				1.62	.666	338
V7	.200**	.283**	.317**	.477**	.580**	.635**	.831**	1			1.48	.690	338
V8	.203**	.192**	.243**	.381**	.518**	.556**	.764**	.904**	1		1.39	.660	338
V9	.159**	.171**	.201**	.344**	.393**	.457**	.600**	.732**	.778**	1	1.30	.537	338

*. Correlation is significant at the 0.05 level (1-tailed). R = 0.860 (86.0%), adjusted R^2 = 0.555 (55.5%)

**. Correlation is significant at the 0.01 level (1-tailed).

Analysis of Variance (ANOVA) of Stepwise Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	1.065	1	1.065	14.468	.000
1	Residual	24.738	336	.074		
	Total	25.803	337			

a. Dependent Variable: Use of Valuation Standards. b. Predictors: (Constant), Expulsion (Deregistration)

Stepwise Regression Coefficients

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
(Constant)	3.656	0.035		105.852	0.000		
Expulsion (Deregistration)	0.085	0.022	0.203	3.804	0.000	1.000	1.000

Dependent Variable: Use of Valuation Standards

Hypothesis 5a: There are no factors influencing the use of Valuation Standards.

Methodology: Pearson Product moment correlation and Stepwise Regression Analysis.

Pearson Correlations and Descriptive Statistics

Variables	UVS	V1	V2	V3	V4	V5	V6	V7	V8	V9	V10	V11	V12	Mean	Std.	N
UVS	1													3.54	.277	338
V1	.403**	1												4.36	.833	338
V2	.489**	.483**	1											4.49	.919	338
V3	.581**	.449**	.543**	1										4.32	.864	338
V4	.401**	.106*	.186**	.336**	1									3.33	1.144	338
V5	.372**	.300**	.569**	.389**	.139*	1								4.62	.667	338
V6	.511**	.284**	.592**	.510**	.145*	.588**	1							4.38	.821	338
V7	.205**	-.056	-.058	.112*	.322**	-.153**	-.010	1						2.65	1.093	338
V8	.465**	.300**	.476**	.510**	.272**	.576**	.536**	-.079	1					4.35	.828	338
V9	.422**	.181**	.405**	.443**	.260**	.297**	.420**	.044	.461**	1				3.71	1.018	338
V10	.530**	.375**	.489**	.498**	.178**	.393**	.436**	.009	.459**	.543**	1			3.85	.908	338
V11	.517**	.349**	.633**	.497**	.228**	.549**	.518**	.021	.501**	.495**	.648**	1		4.15	1.063	338
V12	.527**	.385**	.617**	.548**	.145*	.474**	.561**	-.040	.537**	.473**	.524**	.682**	1	4.32	.908	338

**. Correlation is significant at the 0.01 level (1-tailed). $R = 0.734$ (73.4%), $R^2 = 0.539$ (53.9%)

*. Correlation is significant at the 0.05 level (1-tailed).

Analysis of Variance (ANOVA) of Stepwise Regression

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	8.707	1	8.707	171.115	.000
	Residual	17.097	336	.051		
	Total	25.803	337			
2	Regression	10.691	2	5.345	118.492	.000
	Residual	15.113	335	.045		
	Total	25.803	337			
3	Regression	11.887	3	3.962	95.103	.000
	Residual	13.916	334	.042		
	Total	25.803	337			
4	Regression	12.874	4	3.218	82.891	.000
	Residual	12.930	333	.039		
	Total	25.803	337			
5	Regression	13.229	5	2.646	69.853	.000
	Residual	12.575	332	.038		
	Total	25.803	337			
6	Regression	13.582	6	2.264	61.311	.000
	Residual	12.221	331	.037		
	Total	25.803	337			
7	Regression	13.905	7	1.986	55.096	.000
	Residual	11.898	330	.036		
	Total	25.803	337			

Stepwise Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.733	.063		43.622	.000		
	V3	.186	.014	.581	13.081	.000	1.000	1.000
2	(Constant)	2.579	.063		40.661	.000		
	V3	.135	.015	.422	8.745	.000	.752	1.330
	V10	.097	.015	.320	6.632	.000	.752	1.330
3	(Constant)	2.502	.063		39.972	.000		
	V3	.111	.015	.346	7.157	.000	.689	1.452
	V10	.096	.014	.317	6.831	.000	.752	1.330
	V4	.055	.010	.229	5.359	.000	.887	1.127
4	(Constant)	2.347	.068		34.590	.000		
	V3	.081	.016	.253	5.020	.000	.594	1.682
	V10	.079	.014	.260	5.631	.000	.707	1.414
	V4	.057	.010	.236	5.732	.000	.886	1.129
	V6	.079	.016	.235	5.040	.000	.695	1.439
5	(Constant)	2.314	.068		34.113	.000		
	V3	.067	.017	.210	4.061	.000	.551	1.816
	V10	.067	.014	.219	4.602	.000	.650	1.538
	V4	.059	.010	.242	5.942	.000	.884	1.131
	V6	.062	.016	.184	3.776	.000	.616	1.623

Model	Variable	B	Std. Error	Beta	t	Sig.	Tolerance	VIF
	V12	.048	.016	.159	3.061	.002	.544	1.837
	(Constant)	2.251	.070		32.163	.000		
	V3	.063	.016	.198	3.876	.000	.548	1.826
	V10	.067	.014	.222	4.722	.000	.650	1.538
6	V4	.049	.010	.203	4.808	.000	.804	1.244
	V6	.064	.016	.189	3.911	.000	.616	1.624
	V12	.052	.016	.172	3.344	.001	.541	1.849
	V7	.032	.010	.125	3.095	.002	.884	1.132
	(Constant)	2.155	.076		28.265	.000		
	V3	.050	.017	.156	2.978	.003	.508	1.967
	V10	.061	.014	.201	4.297	.000	.637	1.571
7	V4	.050	.010	.206	4.930	.000	.804	1.245
	V6	.065	.016	.192	4.024	.000	.615	1.625
	V12	.047	.016	.154	3.010	.003	.533	1.875
	V7	.034	.010	.135	3.384	.001	.877	1.141
	V1	.043	.014	.129	2.993	.003	.747	1.339

a. Dependent Variable: Use of Valuation Standards

Hypothesis 5b: There are no factors influencing the enforcement of Valuation Standards.

Methodology: Pearson Product moment correlation and Stepwise Regression Analysis

Pearson Correlations and Descriptive Statistics

Variables	EVS	V1	V2	V3	V4	Mean	Std. Deviation	N
Enforcement of Valuation Standards	1					2.84	.313	338
Absence of provisions for enforcement in the national standards	-.110*	1				4.66	.644	338
Nonchalant attitude on the part of the regulatory bodies (ESVARBON & NIESV)	.006	.591**	1			4.54	.811	338
The property market is not complex enough to enforce standards	.133**	-.051	-.007	1		2.60	1.012	338
The need for compliance with standards is not exigent (needful)	-.162**	.343**	.413**	.051	1	3.73	1.304	338

*. Correlation is significant at the 0.05 level (1-tailed). $R = 0.215$ (21.5%), $R^2 = 0.046$ (4.6%)

**. Correlation is significant at the 0.01 level (1-tailed).

Model		Sum of Squares	df	Mean Square	F	Sig.
	Regression	.867	1	.867	9.051	.003
1	Residual	32.181	336	.096		
	Total	33.048	337			
	Regression	1.527	2	.764	8.116	.000
2	Residual	31.520	335	.094		

Total	33.048	337					

Stepwise Regression Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	2.981	.051		58.399	.000		
	The need for compliance with standards is not exigent (needful)	-.039	.013	-.162	-3.008	.003	1.000	1.000
2	(Constant)	2.874	.065		44.281	.000		
	The need for compliance with standards is not exigent (needful)	-.041	.013	-.169	-3.166	.002	.997	1.003
	The property market is not complex enough to enforce standards	.044	.017	.142	2.649	.008	.997	1.003

a. Dependent Variable: Enforcement of Valuation Standards

DEPARTMENT OF ESTATE MANAGEMENT
UNIVERSITY OF LAGOS

PhD RESEARCH ON 'USE AND ENFORCEMENT OF VALUATION STANDARDS IN NIGERIA'

INTERVIEW CONSENT FORM

As part of efforts to obtain reliable information for the above captioned research, I am soliciting your cooperation in granting an interview on the subject matter. You have been selected for this exercise because of your expertise, experience and high reputation in the field. Kindly cooperate by felling this consent form in the spaces indicated below. Thank you for your assistance and attention.

Gambo, Yusuf Luka
Matric No. 089053002

I hereby confirm that the interview conducted on the above subject matter is with my consent.

NAME…………………………………………………………………………..

POSITION……………………………………………………………………

ORGANIZATION………………………………………………………………

SIGNATURE AND DATE…………………………………………………...

INTERVIEW AUTHENTICATION FORM

Name of Respondent:
Designation:
Address:
Sign:

In furtherance to the interview you had with Mr Gambo Yusuf Luka recently, it will be appreciated if you can attest to the narrative of the interview as produced and attached herewith by completing the form.

1. Do you consider the content as comprising the interview you granted?
2. If your answer to 1 above is NO, please indicate which part is not correctly stated, omitted, and/or misquoted
3. Any other comment (if any)

I wish to thank you most sincerely for taking out time to not only participate in my research interview but also for carefully reading the narrative for authentication.

Sincerely, yours

Gambo Yusuf L.