

## Effects of Globalization on Quantity Surveying Practice in an Emerging Economy

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**Key words:** Elements of Globalization, Measures of Globalization, Quantity Surveyors (QS), Quantity Surveying Firms (QSFs), Sustainability

### SUMMARY

In the era where agencies, parastatals and stakeholders in various sector of the economy around the world are clamoring for sustainable developments that are financially viable, socially harmless and friendly to the environment, it is of note that globalization has played a great role and will continue to do now and in the future. A major stakeholders to the actualization of sustainable infrastructural development are quantity surveyors. This study investigates the impacts of globalization on quantity surveying (QS) practice in Nigeria in the quest of equipping quantity surveyor to contribute positively to sustainability of infrastructure projects. Data were obtained from quantity surveyors (Qs) practicing in quantity surveying firms (QSFs) that are registered and licensed to operate by the Nigerian Institute of Quantity Surveyors (NIQS) in the study area. Compare to the benchmark of importance level, it was observed that level of awareness of quantity surveyors of the six basic elements of globalization is low. It was also observed that international trade, foreign direct investment and capital market flow are basic measures of globalization affecting the practice. These have resulted in increase in clients' demand, more opportunities for QSFs including participation in international projects, rise in usage of ICT and general development of the firms. It is therefore imperative for government, NIQS and Quantity Surveyors Registration Board of Nigeria (QSRBN) to formulate appropriate industrial and trade policies that will foster the competitiveness of QSFs, to enjoy emerging global opportunities and compete adequately without resorting to protective measures.

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## **1. INTRODUCTION**

Globalization is a complex occurrence that lead to challenges and offers opportunities to individuals and organizations in a particular field or practice (McAusland, 2010). Hamdi (2013) concluded that technology has developed over the years and will continue to improve, and this will continuously enhance the efficiency, performance and overall productivity level of firms. It was further stated that these trend of globalization affect the behavior and style of professionals and also enable construction firms to provide better services for their old and new customers. The measures of globalization according to Oke, Aje and Ibronke (2013) are international trade, capital market flow, diffusion of technology, foreign direct investment (FDI) and migration.

Huwart and Verdier (2013) highlighted the impacts of economic globalization to include economic development through trade reforms, increase in demand for skilled professionals and workers, attraction of foreign direct investment of a country and improves the capacity of such country to adopt contemporary technology in the knowledge based sectors such as ICT, banking and finance, and construction. Globalization according to Peansupap and Walker (2005) necessitates paradigm shift in the operations of quantity surveying practicing firms. This implies that globalization being a driver of change must be examined by paying close attention to its elements and measures. In view of this, this research assess the elements and measures of globalization and their effects on quantity surveying profession and firms.

## **2. GLOBALIZATION AND QUANTITY SURVEYING PROFESSION**

### **2.1 Globalization in Nigeria**

Globalization in Nigeria can be traced to the Structural Adjustment Program (SAP) which was introduced in the middle of 1980s as an economic adjustment measure for the dwindling economy situation of the county at the period (Onyeonoru, 2003). Kolapo and Adaramola (2012) noted that the restructuring programme was a major element of globalization process introduced to the economies of African countries taking the form of structural economic for the purpose of stabilizing the economy. They are introduced in the form of economic adjustment policies, economic stabilization program, structural adjustment program or economic reform program.

### **2.2 Quantity Surveying Practice in Nigeria**

Quantity Surveyor is a cost and construction expert that is trained in the area of providing services relating to contractual matters, procurement and tendering, financial integrity, as well as delivering value for money invested by clients in construction projects (Awodele, 2006). According to Ekung

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and Okonkwo (2015), a professional quantity surveyor is shoulder with the responsibility of providing financial and cost management services of construction projects. The experience, expertise and knowledge of such professional enables design of construction projects to be actualize by providing necessary cost information and parameters with the aim of assisting clients in working within an approved and estimated budget. It was further stated that the duties of quantity surveyors include cost management and control, financial assessment as well as evaluation of contractual and economic arrangement of infrastructures with emphasis on environmental factors and various project characteristics that are peculiar to each construction project. The profession has grown over the years due to complexity of design process, demand for sustainable developments by clients, technological improvement, information and communication technology, new construction materials, etc. Ekung and Okonkwo (2015) concluded that the proficiency of the quantity surveyors are attached to important areas which are business administration, financial management, construction economies, construction technology as well as construction and contract law.

Kadiri and Ayodele, 2013) observed that the services and responsibilities of quantity surveyors as a profession in the face of globalization have shifted from the downstream to upstream. The dynamism of the profession has enabled it to undertake and function in other practices such as knowledge management, maintenance management, system management, risk management, value management, facility management, arbitration and project management. The profession is universal and it is practiced in different countries under various names such as project consultant, management consultant, cost consultant, construction and building economist, cost expert and economist, and commercial manager.

### **2.3 Globalization and Quantity Surveying Profession**

Quantity surveying is a global profession with various associations, institutes, societies and regulatory boards shouldered with the responsibilities of monitoring, managing, controlling and regulating the activities of the profession under their umbrella. There are now a number of global/regional professional associations that represent the interests of Quantity Surveyors. The key associations are the International Cost Engineering Council (ICEC), the Royal Institution of Chartered Surveyors (RICS), the African Association of Quantity Surveyors (AAQS), and the Nigerian Institute of Quantity Surveyors (NIQS) which is peculiar to the study area.

Smith (2014) noted that there has been an increasing growth of international membership in project cost management or quantity surveying oriented associations, leading to an increase in the number of cost management firms offering their services on an international scale and a major growth in the demand for the services of quantity surveyors. This is a reflection of the rapid globalization of the construction industry and changes in the global construction activities in recent years. Also, this has led to unprecedented demand for experienced and knowledgeable construction professionals and workers around the world and this has led to noticeable skills shortage in the industry.

According to Smith (2001), companies with an established source of competitive advantage from its home or other existing country markets often finds it easier to increase global market share by adding new countries rather than by trying to increase share in existing countries. This gives them competitive edge in an increasingly globalized market open to stiff global competition. Competition

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stretched in all areas of the industry from products and services to quality of those products and services, cost, time and process innovation. However, the fact that the industry has gone global does not mean fatter pockets, although rationalization of production and the spread of technology including pressures for continual innovation globally will lead to increased productivity and efficiency it also drive costs down.

In further ensuring improved service delivery, competitiveness and performance, the management of quantity surveying firms have been involved in mergers, service diversification and forming consortium with both allied and non-allied professions in Nigeria (Olanipekun, Aje and Abiola-Falemu, 2013). These mergers also portends globalization strives economic integration, for improved performance and survival. Presently, the professional and regulatory bodies of quantity surveyors in Nigeria, the NIQS and QSRBN are more vibrant than ever, by sensitizing, training and development of members. These bodies have also aggressively taken the prospects of the quantity surveying profession to nook and cranny of the country, to the government doorsteps and the global scene. Similarly, the academia of quantity surveying in Nigeria has intensified efforts in researches that can progress the profession. The academia has consented to the need for industry in that academia collaboration and efforts are put in place to achieve such (Ogunsemi, 2013). The development and improvement of quantity surveying body of knowledge has also been a priority by these bodies with the aim of having a quantity surveying practice that addresses all facets of development in Nigeria.

### **3. RESEARCH METHODOLOGY**

This study employed survey design and the population was limited to Registered Quantity Surveying firms (Consulting firms) that are located, approved and registered to operate in Lagos State, Nigeria. The state is the commercial hub of the country and most of the offices spread across the country have their headquarter or one of their branches located in the state. The total numbers of consulting firms are ninety-five (95) as obtained from Nigerian Institute of Quantity Surveyors office in the study area in October 2015. The instrument used for collecting data from the respondent was through structured questionnaires that were personally administered using a set of predetermined questions. The questionnaire designed for this research was such that first section dwelled on the background information of the respondents while other section focused on the objectives of the study. The firms are located at different part of the state necessitating the use of convenient sampling system for questionnaire administration. It was ensured that a questionnaire is completed by a firm and 48 were eventually distributed from which 42 were retrieved representing about 44% of the population.

Questions inherent in structured questionnaire were asked on a five (5) point Likert scale where 5=Very high, 4=High, 3=Average, 2=Low and 1=Very low. It was chosen for ease and uniformity of response and its application implies that most part of the data analysis was based on a scoring system. The schedule contains simple and straight forward questions designed in such a way that respondents will only take about 15 minutes to complete them. Respondents were asked to rank their answers on a 5-point Likert scale with 5 being the highest of the rating. Based on the Likert scale, mean item score (MIS) and severity index (SI) statistics were used to analyze the data generated due to the nature of the data and objective of the study which is to analyze the impact of

globalization on QSFs. The MIS and SI were used to rank the importance of identified variables in descending order.

## 4. FINDINGS AND DISCUSSION

### 4.1 Background Information

Information obtained on the experience of the firms indicate that most of them have been in existence for more than 5 years while about 40% have more than 10 years experience in providing quantity surveying services. The quantity surveyors that complete the questionnaire for the each of the firms has been working in the firm for more than 5 years and they have an average of about 8 years in providing quantity surveying services in the country. They are all members of Nigerian institute of Quantity Surveyors (NIQS) at various levels of membership.

### 4.2 Effects of Globalization on Quantity Surveying Profession

Table 1 indicate the result of analysis relating to the effects of globalization on quantity surveying profession in the study area. The mean scores for the identified effects are above 2.50 which is the average mean score threshold of interpreting 5-point Likert scale of measurement. Therefore, respondents believed that globalization have effect on quantity surveying profession. However, growth in ICT, rise in clients' taste and increased number of professional associates are the most important variables of globalization affecting the profession of quantity surveying. The least important effect is the loss of professional bodies indicating that globalization will rather strengthen the professional associations and institutes rather than eliminating them.

**Table 1: Globalization and Quantity Surveying Profession**

Effect of Globalization on QS	Mean score	Rank
Growth in ICT	4.33	1
Rise in client taste	4.24	2
Increased number of professional associates	4.10	3
More opportunities	3.90	4
Growth of international memberships	3.81	5
Growth in demand for QS	3.74	6
Participation in international projects	3.71	7
Development of local firms	3.69	8
Value for money	3.69	8
Increase in no of cost management firms offering services on international scale	3.62	10
Foreign companies wins larger share of contracts	3.21	11
Loss of professional bodies	2.86	12

### 4.3 Effects of Globalization on Quantity Surveying Firms (QSFs)

The effects of variables of globalization on QSFs as shown in table 2 indicate an average severity index (SI) of 0.7441. This connote that globalization has a very high influence on the services and

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practices of quantity surveying firms in the selected area. The most important influence are concerned with improved productivity, increase in demand for quantity surveyors and improvement in presentation of contract and project documents. It will also enhance labor productivity, increase capital flow and better achievement of economies of scale. The least effect are related to increase in alienation and social disintegration indicating that globalization have the tendency to decrease alienation and bring about social integration.

**Table 2: Effects of globalization on Quantity surveying firms (QSFs).**

Effects of Globalization on QS firms	Severity Index	Rank
Enhances productivity	0.850	1
Increase in demand for QS	0.828	2
Improves presentation of documents	0.805	3
Labor productivity	0.790	4
Increase in capital flow	0.790	5
Leads to achieving economies of scale	0.786	6
Provides competitive advantage	0.777	7
Continued technological change	0.777	8
Enhances socio economy well being	0.767	9
Attracts foreign direct investment	0.767	10
Upgrade social image of firms	0.766	11
Changes way procurement are done	0.738	12
Poverty reduction	0.714	13
Generate gains	0.687	14
Provides a means through which global wages converge	0.676	15
Increase in economic growth	0.648	16
Increasing alienation	0.642	17
Social disintegration	0.586	18

#### 4.4 Discussion of Findings

In agreement with the findings of this study, Huwart and Verdier (2013) highlighted the impacts of economic globalization to include increase in economic growth through trade reforms, increase in demand for skilled workers, foreign direct investment attraction and improvement in the capacity of a country to adopt modern technology in the knowledge based sectors such as ICT, banking and finance, and construction. More so, Runeson and De Valence (2013) noted that efficient allocation of savings, and greater mobilization of savings through a more open approach to the increasing number of financial instruments in different markets are the results and effects of financial globalization. The implication of these findings is that elements of globalization are indeed important to the practice and discharge of duties by quantity surveyors.

The study revealed that globalization has resulted in more opportunities and growth in ICT for quantity surveyors. Uwandu, Akpan and Akpan (2013) described globalization as a factor that foster relationship among members of global community despite the difference in culture, believe, norms and perception to development issues. This is as a result of various elements of globalization especially information communication technology (ICT) ability to bring together individuals of

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different ethnic groups and national identities thereby creating a single entity. In view of this, Smith (2004) suggested training and development of quantity surveyors in various areas of globalization in their quest to be relevant and align with new opportunities in their area of service as they emerge. Hamdi (2013) noted that technology will continue to improve various aspect of the construction industry including the services provided by quantity surveyors which will therefore enhance the efficiency, performance and consequently the productivity of quantity surveying firms. It was further elaborated that changes in features such as human behavior and life style will enable construction firms to provide new customer services. According to Oyediran and Odusami (2005), globalization has reduced the size of the world to a small community through ICT in term of providing individual or organizational services. Peansupap and Walker (2005) stated that new technologies have resulted in cost reduction of communications through computerized technology.

## 5. CONCLUSION AND RECOMMENDATIONS

This research has related globalization and quantity surveying profession in Nigeria. The elements and measures of globalization identified from the literature were highlighted for respondents to provide objective assessment of their level of awareness and importance on quantity surveying profession and firms. From the findings, the elements of globalization that were significant to quantity surveying profession in Nigeria include economic liberalization, environmental, technological, cultural and political globalization. However, growth in ICT application, rise in clients' taste due to international standards, increase in number of global/regional professional associates that represent the interest of QS and growth in the demand for Qs among others are the effects of globalization that are very significant on quantity surveying profession.

The study further evaluate the effects of globalization on quantity surveying firms, it was revealed that globalization enhances productivity of Qs firms, increase the demand for Qs services, increase the economic growth through trade reforms, increase capital market flow and improve presentation of documents. Overall, globalization is significant to the advancement of quantity surveying profession in Nigeria and it has significantly impacted QS services. In view of this, various bodies shouldered with the responsibilities of regulating the profession should formulate necessary policies and guidelines that will ensure that quantity surveyors and quantity surveying firms benefit from the positive impact of globalization. Mores so there is a need for quantity surveyors and quantity surveying firms to adopt recent trend and emerging concept in technological advancement in their quest for survival both in local and international market. This will also enhance their competitiveness and enhance that better vale are provided for the clients money.

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