Human Resources Development for the Valuation of Property Investments in Nigeria: A Case for Practical-Based Training

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Abstract

This paper examines the development of human resources for the valuation of property investments in Nigeria. The paper argues that valuation of property investments is a highly practical exercise and should be taught as such to facilitate its understanding. Data for the study were obtained using structured questionnaires administered to graduating real estate students in a Federal University in Nigeria who have been taught property investment valuation courses for a period of four academic sessions, based on the minimum benchmark academic standards of the National Universities Commission. The study found that the students' overall level of understanding of the basic topics in property investment valuation was highest in the definition of property investments and lowest in hedonic modelling of property investment values. Analysis of Variance (ANOVA) in the level of understanding of the basic topics in property investment valuation between the male and female respondents produced an F-ratio of 0.53 at p-value greater than 0.05. This implies that although there are differences in the level of understanding of the basic topics in property investment valuation between the male and female respondents, such differences are not significant statistically. The respondents strongly agreed that practical exercises in the field will facilitate understanding of property investment valuation. Similarly, they also agreed that lecturers with practical experience teach property investment valuation better. The paper recommends the introduction of more field exercises into the current property investment valuation curriculum of tertiary institutions in Nigeria as such initiative will facilitate the development of creative, innovative and practically-competent human resources for the accurate valuation of property investments in the country.

Key Words: Human Resources Development, Property Investment Valuation, Teaching, Learning, Nigeria

Introduction

Human resources development is essential for the development of human capital. Human capital is one of the important factors necessary for the achievement of sustainable economic growth in any nation (Harbison, 1973; World Bank, 1974 and Peters, 2011). In particular, Harbison (1973) supported this assertion and concluded that:

> *"Human resources, not capital constitute the ultimate basis for the wealth of nations. Capital and natural resources are factors of production; human beings are the active agents who accumulate capital, exploit natural resources, build social, economic and political organizations and carry forward national development. Clearly, a country which is unable to develop skills and knowledge of its people and to utilize them effectively in the national economy will be unable to develop anything else".*

Ake (1989) contended that the development of indigenous manpower to serve as the propelling force for natural growth and development is the key to Nigeria's socio-economic and political development. Also, human resources development is people-centred and as such captures the actual meaning of development (Grawboski and Shields, 1996). From economic standpoint, De Silva (1997) as adopted by Peters (2011) described human resources development as the accumulation of human capital and its effective utilization for the development of the economy. Peters (2011) argued that human resources development is the process of increasing the knowledge, skills and competences of the people in the workplace or in a country in general. He further emphasized that the concept of human resources development extends over several issues including population, education, health, nutrition, employment, sanitation, sports, culture, housing, communication, among others. Dawodu (n.d) believes that human resources development is the process of planning and controlling the way in which a person's performance and potentials are developed by training and educational development programmes. With a Human Development Index (HDI) of 0.511 (UNDP, 2010), the level of human resources development in Nigeria has been very low in recent times, particularly when compared with that of other developing countries as presented in Table 1.0.

Table 1.0: Global Ranking of Nigeria and other selected Developing Countries based on the Human Development Index (HDI)

Country	Human Development Index	Global Ranking
Angola	0.564	143
Barbados	0.903	37
Egypt	0.703	123
Gabon	0.755	103
Ghana	0.526	152
Malaysia	0.829	66
Nigeria	0.511	150
Seychelles	0.846	57
South Africa	0.683	129
South Korea	0.937	26

Source: UNDP (2010)

Experts in human resources development, including Ogunleye-Adetona (2010) and Peters (2011) have attributed Nigeria's poor human development status to uncontrolled population growth, poor leadership, poor manpower planning, poor funding of education at all levels in the country, religious factor and poverty, among others. The property valuation industry is an important sector of a nation's economy. The industry is primarily concerned with all activities relating to the valuation of all real property interests for all purposes. Property investment valuation is one of the core functions of the valuer the world over. Also, the valuer is the lead professional in any property valuation industry and requires adequate training for effective, efficient and sustainable operation of the industry (Millington, 1982).

Human Resources Development for the Valuation of Property Investments in Nigeria

The development of human resources for the valuation of property investments in Nigeria is done through three major institutions. These are universities, polytechnics and the Nigerian Institution of Estate Surveyors and Valuers (NIESV). While the universities and polytechnics offer formal training as tertiary educational institutions and award degrees and diplomas respectively, the Nigerian Institution of Estate Surveyors and Valuers (NIESV) is the professional body for the property valuation profession in Nigeria and offers professional training through Continuing Professional Development(CPD) workshops, symposia, conferences and professional examinations. However, human resources training for the

valuation of property investments in the country is a subset of real estate education and is taught within the curriculum of Estate Management programmes of tertiary institutions in the country. The education and training of property investment valuers in Nigeria constitutes an important component of real estate education in the country. Real estate education and training in the country is based on the UK real estate education model in which the education of the property valuer is focused on five main subject areas namely; valuation, law, economics, building construction and planning. Property investment valuation in Nigeria is taught based on the fundamental precept derived from property investment valuation education in the UK in which property investment valuation is defined as the estimation of the future benefits to be enjoyed by the owner of a freehold or leasehold interest in land or property, expressing those future benefits in terms of present worth (Baum and Mackmin, 1989). On this note, this paper examines human resources development for the valuation of property investments in Nigeria and the need for practical-based training in the education and training of property valuers for impeccable valuation of property investments in the country.

Methodology and Data

Data for the study were obtained through structured questionnaires. A total of 131 structured questionnaires were administered to 500-level Bachelor of Technology (B.Tech) Degree students in the Department of Estate Management , Federal University of Technology, Minna, Niger State, Nigeria, selected through purposive sampling technique, out of which 84 were properly completed and returned, representing a response rate of 64%.These students were selected because they have been taught property investment valuation as a course at various levels for about four academic sessions. Data collected for the study include the demographic characteristics of the respondents as presented in Table 2, respondents' opinions regarding their level of understanding of the basic topics in property investment valuation as well as their opinions on the teaching and learning of property investment valuation in the University as presented in Tables 3 and 4 respectively, among others. A 5-point Likert scale was used to determine the mean of the respondents' responses for each of the opinions. The respondents' opinions regarding their level of understanding of the basic topics in property investment valuation were analysed to determine their overall level of understanding. The points attached to the respondents' level of understanding are: Very Good (5); Good (4); Fair (3); Poor (2) and Very Poor (1). Also, their opinions on the teaching and learning of

property investment valuation in the University were analysed to determine their consensus opinion and rank based on the respondents' mean response and Relative Importance Index (RII) respectively. Similarly, the weights attached to the respondents' opinions on the teaching and learning of property investment valuation in the University are: Strongly Agree (5); Agree (4); Undecided (3); Disagree (2) and strongly Disagree (1). The initial draft of the questionnaire was given to some senior academic colleagues for scrutiny to ensure the validity of the contents of the questionnaire. This resulted in the restructuring of the questionnaire to reflect the knowledge content required for the valuation of property investments in Nigeria. The reliability of the questionnaire, particularly its internal consistency was measured to ensure that the scale used for this study consistently reflect the construct it is measuring. This was done using the Cronbach's Alpha Reliability Coefficient. This Reliability Coefficient ranges between 0 and 1(Cronbach, 1951; Cronbach *et al*, 1972 and Cronbach, 2004). According to George and Mallery (2003) as adopted by Gliem and Gliem (2003), the rules of thumb for the interpretation of Cronbach's Alpha are: > 0.9 (Excellent), > 0.8 (Good), > 0.7(Acceptable), >0 .6 (Questionable), >0 .5(Poor), and <0 .5(Unacceptable). The Cronbach's Alpha Reliability Coefficient was determined for the study as follows:

$$\propto = \left(\frac{k}{k-1} \right) \{ 1 - \frac{1}{S^2 T} \sum_{i=1}^{k} (S^2{}_i) \}$$

Where $\propto$ = Cronbach's Alpha Reliability Coefficient

k = the number of items (questions)

$S^2 T$ = the variance associated with the sum of all k item scores

$S^2{}_i$ = the variance associated with item i

Thus, a Cronbach's Alpha of 0.8901 was obtained for the study, an indication of good internal consistency of the items under study. In the ranking of the opinions, the opinion with the highest RII was ranked first while the one with the lowest RII was ranked last. A one-way Analysis of Variance (ANOVA) was used to determine whether differences in the level of understanding of the basic topics in property investment valuation between the male and female respondents are significant statistically while the Spearman's Rank-Order Correlation Model was used to determine whether the male and female respondents under study relate significantly in their opinions regarding the teaching and learning of property investment valuation in the University.

Table 2: Demographic Characteristics of the Respondents

Characteristics	Frequency
Gender	
Female	38(45.2%)
Male	46(54.8%)
Total	84(100%)
Age Group	
21 – 25 years	58(69.0%)
26 – 30 years	24(28.6%)
31 – 35 years	2(2.4%)
Total	84(100%)
Marital Status	
Married	6(7.1%)
Single	78(92.9%)
Total	84(100%)

Source: Author's Field Survey

Table 3: Respondents' Responses on their Level of Understanding of the Basic Topics in Property Investment Valuation

Basic Topics	Level of Understanding														
	Very Good			Good			Fair			Poor			Very Poor		
	M	F	All	M	F	All	M	F	All	M	F	All	M	F	All
Definition of property investment	19	11	30	24	24	48	3	2	5	-	-	-	-	-	-
Classification of property investments	13	6	19	31	27	58	2	5	7	-	-	-	-	-	-
Characteristics of property investments	15	8	23	21	24	45	10	5	15	-	-	-	-	-	-
The property market	17	16	33	22	20	42	7	1	8	-	-	-	-	-	-
Property market cycles	2	2	4	14	12	26	25	18	43	1	4	5	-	1	1
Mathematics of property investment valuation	7	1	8	11	13	24	19	21	40	5	2	7	-	-	-
Construction of property investment valuation tables	7	3	10	8	8	16	20	20	40	10	5	15	-	2	2
Determination of net income of real properties	10	4	14	18	17	35	15	14	29	2	2	4	-	-	-
The Years' Purchase as an Income Capitalisation Factor	11	4	15	19	18	37	12	12	24	3	2	5	-	1	1
Theory of property yields	8	3	11	14	15	29	22	14	36	2	4	6	-	-	-
Conventional leasehold valuation	7	4	11	19	10	29	18	18	36	2	4	6	-	-	-
Conventional freehold valuation	7	3	10	21	13	34	17	16	33	-	4	4	-	-	-
Marriage Valuation	4	2	6	11	14	25	15	7	22	14	6	20	1	6	7

Table 3 Continued: Respondents' Responses on their Level of Understanding of the Basic Topics in Property Investment Valuation

Basic Topics	Level of Understanding														
	Very Good			Good			Fair			Poor			Very Poor		
	M	F	All	M	F	All	M	F	All	M	F	All	M	F	All
Statistical techniques in property investment valuation	6	2	8	9	11	20	23	16	39	6	5	11	-	1	1
Equated yield technique	3	2	5	14	16	30	19	14	33	6	6	12	1	-	1
Real value approach	4	1	5	15	12	27	18	14	32	9	9	18	-	1	1
Explicit DCF technique	5	1	6	9	12	21	16	15	31	7	6	13	3	3	6
Contemporary leasehold valuation	4	2	6	14	15	29	24	15	39	3	6	9	-	-	-
Contemporary freehold valuation	5	1	6	12	18	30	24	12	36	2	7	9	1	-	1
Hedonic modelling of property investment values	3	1	4	4	4	8	16	11	27	12	13	25	5	6	11
Depreciation of property investments	6	4	10	20	21	41	16	10	26	4	2	6	-	-	-
Computer applications in property investment valuation	5	6	11	11	7	18	14	11	25	8	9	17	4	3	7

Note: M= Male Respondents' Responses; F= Female Respondents' Responses; All= Responses of all Respondents
Source: Field Survey (2010)

Table 4: Respondents' Opinions on the Teaching and Learning of Property Investment Valuation in the University

Opinion	Respondents' Responses														
	Strongly Agree			Agree			Undecided			Disagree			Strongly Disagree		
	M	F	All	M	F	All	M	F	All	M	F	All	M	F	All
Property investment valuation is an aspect of financial mathematics and should be taught using mathematical teaching methods	16	6	22	27	25	52	3	6	9	-	1	1	-	-	-
Quantitative skills are necessary for solving property investment valuation problems	17	10	27	22	26	48	6	2	8	1	-	1	-	-	-
Practical exercises in the field will facilitate understanding of property investment valuation	34	31	65	10	5	15	2	2	4	-	-	-	-	-	-
Most examples in property investment valuation given by lecturers in the classroom are abstract	15	14	29	21	19	40	5	1	6	3	3	6	1	1	2
Property investment valuation is difficult to understand	4	2	6	11	9	20	3	5	8	22	21	43	4	1	5
Lecturers with practical experience teach property investment valuation better	29	18	47	14	16	30	-	3	3	1	-	1	1	-	1
Computer software should be used in the teaching of property investment valuation	23	19	42	12	10	22	9	9	18	1	-	1	-	-	-

Note: M= Male Respondents' Responses; F= Female Respondents' Responses; All= Responses of all Respondents
Source: Field Survey (2010)

Table 4 Continued: Respondents' Opinions on the Teaching and Learning of Property Investment Valuation in the University

Opinion	Respondents' Responses														
	Strongly Agree			Agree			Undecided			Disagree			Strongly Disagree		
	M	F	All	M	F	All	M	F	All	M	F	All	M	F	All
Students should be given real live problems in property investment valuation to solve in the classroom	28	19	47	15	14	29	3	4	7	-	1	1	-	-	-
Only lecturers with a minimum of Masters degree and professional qualifications should teach property investment valuation	20	22	42	14	9	23	6	4	10	2	3	5	2	-	2
Property investment valuation should be taught together with valuation of stocks and shares	15	10	25	21	17	38	5	7	12	1	4	5	2	-	2

Note: M= Male Respondents' Responses; F= Female Respondents' Responses; All= Responses of all Respondents
Source: Field Survey (2010)

Results and Discussion

Respondents strongly agreed that practical exercises in the field will facilitate understanding of property investment valuation. This opinion was ranked first by the respondents with a RII of 0.95 as presented in Table 6. Similarly, respondents also agreed that lecturers with practical experience teach property investment valuation better. This opinion was ranked second by the respondents with a RII of 0.90. In terms of the consensus opinion, the respondents agreed on all the opinions, but were undecided on the opinion that property investment valuation is difficult to understand. This opinion was ranked last by the respondents with a RII of 0.55. Analysis of Variance (ANOVA) in the level of understanding of the basic topics in property investment valuation between the male and female respondents produced an F-ratio of 0.53 at p-value greater than 0.05 as presented in Table 7. This implies that although there are differences in the level of understanding of the basic topics in property investment valuation between the male and female respondents, such differences are not significant statistically. The correlation analysis of opinions of male and female respondents regarding the teaching and learning of property investment valuation in the University produced a strong positive correlation coefficient of 0.81 at p-value less than 0.05. This was found to be significant at both 0.05 and 0.01 levels as the p-value is 0.0049 (2-tailed) as presented in Table 8. The implication of this is that, the male and female respondents under study relate significantly in their opinions regarding the teaching and learning of property investment valuation in the University.

Table 5: Respondents' Overall Level of Understanding of the Basic Topics in Property Investment Valuation

Basic Topics	Mean		
	Male	**Female**	**All**
Definition of property investment	4.35	4.24	4.30
Classification of property investments	4.24	4.03	4.14
Characteristics of property investments	4.11	4.08	4.10
The property market	4.22	4.41	4.30
Property market cycles	3.40	3.27	3.34
Mathematics of property investment valuation	3.17	3.35	3.42
Construction of property investment valuation tables	3.27	3.13	3.20
Determination of net income of real properties	3.80	3.62	3.72
The Years' Purchase as an Income Capitalisation Factor	3.84	3.59	3.73
Theory of property yields	3.61	3.47	3.55
Conventional leasehold valuation	3.67	3.39	3.55
Conventional freehold valuation	3.78	3.42	3.62
Marriage Valuation	3.04	3.00	3.04
Statistical techniques in property investment valuation	3.34	3.23	3.29
Equated yield technique	3.28	3.37	3.32
Real value approach	3.30	3.08	3.20
Explicit DCF technique	3.15	3.05	3.10
Contemporary leasehold valuation	3.42	3.34	3.39
Contemporary freehold valuation	3.41	3.34	3.38
Hedonic modelling of property investment values	2.70	2.46	2.59
Depreciation of property investments	3.61	3.73	3.66
Computer applications in property investment valuation	3.12	3.11	3.12

Source: Computed from Data in Table 3

Table 6: Respondents' Consensus Opinion on the Teaching and Learning of Property Investment Valuation in the University

Opinion	Mean			Respondents' Consensus Opinion	Relative Importance Index	Rank
	Male	Female	All			
Property investment valuation is an aspect of financial mathematics and should be taught using mathematical teaching methods	4.28	3.95	4.13	Agree	0.83	7
Quantitative skills are necessary for solving property investment valuation problems	4.20	4.21	4.20	Agree	0.84	5
Practical exercises in the field will facilitate understanding of property investment valuation	4.70	4.76	4.73	Strongly Agree	0.95	1
Most examples in property investment valuation given by lecturers in the classroom are abstract	4.02	4.11	4.06	Agree	0.81	8
Property investment valuation is difficult to understand	2.75	2.74	2.74	Undecided	0.55	10
Lecturers with practical experience teach property investment valuation better	4.53	4.41	4.48	Agree	0.90	2
Computer software should be used in the teaching of property investment valuation	4.27	4.26	4.27	Agree	0.85	4
Students should be given real live problems in property investment valuation to solve in the classroom	4.54	4.34	4.45	Agree	0.89	3
Only lecturers with a minimum of Masters degree and professional qualifications should teach property investment valuation	4.09	4.32	4.20	Agree	0.84	5
Property investment valuation should be taught together with valuation of stocks and shares	4.05	3.87	3.96	Agree	0.79	9

Source: Computed from Data in Table 4

Table 7: Result of the Analysis of Variance in the level of understanding of the basic topics in property investment valuation between the male and female respondents under study

Source of variation	Sum squares	DF	Mean square	F statistic	p
Groups	0.102	1	0.102	0.53	0.4712
Residual	8.113	42	0.193		
Total	8.215	43			

Source: Computed from Data in Table 3

Table 8: Result of correlation analysis of opinions of male and female respondents regarding the teaching and learning of property investment valuation in the University

rs statistic	0.81	
95% CI	0.36	to 0.95
t statistic	3.85	
DF	8	
2-tailed p	0.0049	

Source: Computed from Data in Table 4

Findings

Majority of the respondents strongly hold the opinion that practical exercises in the field will facilitate understanding of property investment valuation. Furthermore, other opinions agreed by the respondents are that property investment valuation is an aspect of financial mathematics and should be taught using mathematical teaching methods, most examples in property investment valuation given by lecturers in the classroom are abstract, lecturers with practical experience teach property investment valuation better, computer software should be used in the teaching of property investment valuation, students should be given real live problems in property investment valuation to solve in the classroom, only lecturers with a minimum of Masters degree and professional qualifications should teach property investment valuation, and property investment valuation should be taught together with valuation of stocks and shares. However, the respondents were undecided on the opinion that property investment valuation is difficult to understand. Although there are differences in the level of understanding of the basic topics in property investment valuation between the male and female respondents, such differences are not significant statistically as the Analysis of Variance (ANOVA) in the level of understanding of the basic topics in property investment valuation between the male and female respondents produced an F-ratio of 0.53 at p-value greater than 0.05.

Conclusion

Based on the findings of the study, there is need for practical-based property investment valuation curriculum in Nigeria, in which property investment valuation is taught together with valuation of financial assets with real time problem-based learning. This is necessary for the development of skills in comparative investment appraisal and the training of property valuers for impeccable valuation of property investments in the country. In conclusion, there is need for the introduction of more field exercises into the current property investment valuation curriculum of tertiary institutions in Nigeria. Such initiative will facilitate the development of creative, innovative and practically-competent human resources for the accurate valuation of property investments in the country.

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