



Research Paper

## The place of Professional Practice Standards in the Determination of Compensation for Compulsory Acquisition

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### ABSTRACT

The essence of professional practice standard is to set out valuation rules and guidelines for recognizing, measuring and presenting valuation assignments. In Nigeria, valuation for compensation and the law thereof has evoked so much controversy that valuers now question' the relevance of the methods adopted for determining such payments. This paper explores the perception of valuers regarding the adherence to professional practice standards in assessing compensation for compulsory acquisition using questionnaires administered to 72 practising estate surveyors and valuers in Rivers State. The result of the survey shows that valuers does not adhere to professional practice standards of the Nigerian Institution of Estate Surveyors and Valuers in determining the compensable value for compulsory acquisition. The study concludes that adherence to Practice Standards in the determination of compensation in compulsory acquisition will ensure estimate of value is derived from appropriate methods of valuation and promote transparency.

**KEYWORDS:** *Compulsory Acquisition, Compensation Determination, Practice Standards, Adherence.*

*Received 18 July, 2021; Revised: 01 August, 2021; Accepted 03 August, 2021 © The author(s) 2021.  
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### I. INTRODUCTION

Issues shaping the practice of valuation in Nigeria have remained topical among local scholars and practitioners. The issues mostly dealt with in the last decade have been in such areas as valuation for compensation and related issues (Udia, 2006; Kalu, 2002; Ibiyemi and Otegbulu, 2006); fostering reliability, consistency and nationality in approach (Ogunba and Ojo, 2007; Ojo, 2004); and behavioural aspect of valuation practice and client's influence on valuation opinion (Adegoke and Aluko, 2007; Amidu and Aluko, 2007). These works provide a basis for understanding the evolution and driving dynamics of Nigerian valuation practice, the search for convergence (accuracy) and the place of practice standards. The application of technical and professional standards is one element which distinguishes a professional from a trade or service industry. Absence of standards connotes lack of professionalism and constitutes a potential source of abuse, mediocrity, complacency and conflicts (Dugeri, Gambo, & Ajayi, 2012). In professional parlance, standards are a summary of best practice created to ensure reliability, comparability, and effectiveness of services provided. In particular, valuation standards serve as professional benchmarks or beacons enabling members to provide reliable valuations that meet the financial reporting requirements of the business community. Babawale (2012)

In compulsory acquisition, government acquire private rights in Land without the willing consent of its owner or occupant in order to benefit society and pay compensation (FAO, 2009). The process introduces some difficulty into the practice of valuation for compensation that is not usually associated with other forms of valuation (Vitanen and Kakulu, 2008). For example, property investment valuation is generally based on the thinking that there is a relationship between the net income of an investment property and its capital value and that the capital value of an investment property at a given period of time is the summation of the discounted values of its future income flows during the period. The relationship between the net income of an investment property and its capital value is expressed by a multiplier. Property valuers refer to this multiplier as the Years Purchase or Capitalisation Factor (Millington, 1982; Enever, 1986; Baum and Mackmin, 1989; Ifediora, 1993; Richmond, 1993; Ajayi, 1998; Johnson, Davies and Shapiro, 2000; Kalu, 2001 and Wyatt, 2007). In compulsory acquisition, one expects that the determination of value should follow similar thinking since most

head of claims are income producing in nature. On the contrary, compensation payments are not based on valuation outcome but according to the whims and caprices of government agencies. The determination of value of acquired property is done using a predetermined rate prescribed by the chief land officer. Most rates used in the valuation of structures, crops and economic trees are both obsolete and non market derived. The valuation does not follow a logical process. They are thus a wrong representation of fair and adequate value. Otegbule, (2016) particularly note that the value chains with farm activities are ignored in compensation and many activities and interest are affected but not considered

With the formal admission of the Nigerian Institution of Estate Surveyors and Valuers to the IVSC as a full member, the position of the Valuation Standards and Guidance Notes of the NIESV 2006 published five years after its admission clearly provides, among others, that valuation should comply with the Generally Accepted Valuation Principles (GAVP). It is however unclear how the standards are adhered to in the determination of compensation in compulsory acquisition for our valuation to be internationally competitive. Valuation for compensation is expected to satisfy professional standards of valuation in addition to, constitutional provisions and international requirements for just, fair, adequate and equitable value must be met (Kakulu, 2007). This is farfetched as the resultant amount for compensation in compulsory acquisition is always leading to under compensation to claimants, thus poses the question whether such valuation were done in compliance to professional standard.

This study is developed as a response to gaining a better understanding on how often Practicing Estate Surveyor and Valuer, apply such standards in the valuation of compensation for compulsory acquisition and to identify how professional practice standards can improve the practice of compensation in compulsory acquisition. The question therefore is: What is the current method of assessment for compensation due to compulsory acquisition? What are the challenges against current practice of compensation in compulsory acquisition? What are the levels of awareness of professional standards practice Requirements for Valuation Assignment? How often is the practice standards adhered to in determining compensation for compulsory acquisition? What is the usefulness of professional practice standards in determining compensation for compulsory acquisition? These are the questions this paper aims to address.

The paper is organised as follows: Section 2 presents a literature review of reviewed issues with current practice of compensation, professional practice standard and issues hindering professional valuation standards and compensation practice in Nigeria The review is followed by a discussion of the research methodology in Section 3. The fourth section presents the results and findings. The final section concludes the paper.

## **II. LITERATURE REVIEW**

This section reviewed some of the existing literature relevant to the subject of this study. Specifically, the first section reviewed issues with current practice of compensation, while the latter part reviewed professional practice standard and issues hindering professional valuation Standards and compensation practice in Nigeria

### **2.1 Issues with Current Practice of Compensation**

Payment of adequate compensation is the most vital stage throughout land acquisition process whereby the affected land owners are paid for all losses and damages they face due to the acquisition. The fundamental principle of compensation is that no one should become impoverished for public benefit and that any affected person should be paid for the loss he/she was forced to incur. Although legal provisions stipulate that fair compensation has to be paid, it is noted that inadequate compensation is among the chief causes of compensation disputes (Ambaye, 2009; Alemu, 2012). Ambaye (2009) maintained that the compensation requirement under the law demands that the acquisition authority reimburses the affected land owners for the property interest acquired and place them in a good financial position as if the property had not been taken.

In Nigeria, valuation for compensation for compulsory acquisition is a statutory valuation whose basis and methods are guided by laws. In the case of compulsory acquisition, the method stipulated by the Land Use Act of 1978 is the Replacement Cost approach. Nikiema (2013) has pointed out, in this regard, that the valuation method has a significant impact on the compensation value. Kakulu (2007) reviewed the process of valuation for compensation and found the existence of distinct methods, standard and procedures in the process. She concluded that the inconsistencies in the outcome of the amount of compensation payable that is usually inadequate is due to the variations in the methods and standards of assessment. Akujuru and Ogbonda, (2016) contended that the current statutory provision of the Land Use Act raise certain contemporary issues ranging from conflict of statutory provision with constitutional requirements, proper definition of property right, use of statutorily dictated valuation methods which results in the payment of inadequate compensation that fails to restore the beneficiaries to their status-quo-ante. Udoekanem (2013) argues that compensation paid for compulsory acquisition provided in Section 29 of the Land Use Act is inadequate. The author uses data from cases of environmental assets severely damaged by gas flare and the estimate of compensation based on the

provision of Nigerian land Use Act, which is the country’s Land Policy document to show that compensation determined based the basic valuation methods were far higher than those determined on the provisions of the Land Use Act Cap L5 LFN 2004.

Ajoku (2000) notes that compensation assessment for the purposes of payment in accordance with the provisions of the enabling laws would always result to inadequate compensation due to obvious gap in these provisions. The gap currently experienced in term of the constitutional requirements, proper definition of property right, use of statutorily dictated valuation methods, distinct standard and procedures in the process, and divergence of values of current method with conventional method poses a great threat to sustainability of valuation practice for compensation hence the need to examine the adherence to professional practice standards. Deeyah and Akujuru (2017) citing Oladapo and Ige (2014) are of the opinion that valuers should not only stick to statutory methods provided by the laws, but rather maintain some defensible flexibility. We contend that such defensible flexibility could include the reliance on professional practice standards to estimate value based on data and circumstances appropriate to the assignment; and estimate of value using appropriate methods and methodologies especially when there are enough comparables and market data, and when no market comparisons exist for such valuation.

## 2.2 Professional Practice Standards

Professional bodies have invariably been in the vanguard of advocating and setting up standard practice for their members. Standards are created by bringing together the experience and expertise of stakeholders (Babawale, 2012). The application of technical and professional standards is one element which distinguishes a professional from a trade or service industry. Absence of standards connotes lack of professionalism and constitutes a potential source of abuse, mediocrity, complacency and conflicts (Dugeri, Gambo, & Ajayi, 2012). In professional parlance, standards are a summary of best practice created to ensure reliability, comparability, and effectiveness of services provided. In particular, valuation standards serve as professional benchmarks or beacons enabling members to provide reliable valuations that meet the financial reporting requirements of the business community (Babawale, 2012). According to French and Gabrieli (2004) standards are required for valuation practice because valuation practice is scarcely précised.

Valuation standards are driven by the quest for harmonisation and are now available on all nations, regions, and international levels (Reis et al 2002). In Nigeria, NIESV has recently taken a number of decisive steps to improve the practice of valuation for better service delivery. The NIESV’s Valuation Standards and Guidance note (2006), which replaced the 1995 maiden edition, was developed in context of the International Valuation Standards and the International Accounting Standards, and clearly provides in section 8.13.1 that “its provisions are to be used in conjunction with that of the International Valuation Standard and in the context of the International Accounting Standards”. Section 8.2.4 particularly emphasizes the need to adhere to all sections of the International valuation Standards Code of Conduct pertaining to ethics, competence, disclosure and reporting.

Babawale, 2013 documents that the latest Valuation Standards and Guidance Notes of the Nigerian Institution of Estate Surveyors and Valuers (2006), provides, among others, that valuation report should comply with the Generally Accepted Valuation Principles (GAVP). Specifically, the “Statement of Standards” provides that in carrying out compensation valuation for acquisition, which is largely a non-market valuation; the valuer shall, among others:

- i. explain the analytical process undertaken in carrying out the valuation and present meaningful information used in the analysis;
- ii. ensure that the estimate of value is based on data and circumstances appropriate to the assignment;
- iii. ensure that the estimate of value is undertaken using appropriate methods and methodologies;
- iv. provide sufficient information to permit those who read and rely on the report to fully understand its idea, reasoning, analysis, and conclusions;
- v. describe the scope/extent of the work undertaken and the extent to which the property was inspected;
- vi. state any assumptions and limiting conditions upon which the valuation is based; and
- vii. Fully and completely explain the valuation bases/approaches applied and the reasons for their applications and conclusions.

The “Statement of Standards” further mandated Estate Surveyors and Valuers to comply strictly with the ethics and standards stipulated by the International Valuation Standards Committee (IVSC).

Find below is the summary of the IVSC provided ethics and standards (IVS, 2011):

Standards	IVS Requirements
General principle	It is essential that the valuation report communicates the information necessary for proper understanding of the valuation. A valuation report shall not be ambiguous or misleading and shall provide the intended reader with a clear understanding of the valuation provided

Independence and objectivity.	The process of valuation requires the valuer to make impartial judgment as to the reliance to be given to different factual data or assumptions in arriving at a conclusion.  For a valuation to be credible, it is important that those judgments can be seen to have been made in an environment that promotes transparency and minimizes the influence of any subjective factors on the process.
Investigations (e.g. site survey, market survey, population survey etc.).	Investigations made during the course of a valuation assignment must be adequate having regard to the purpose for which the valuation is required and the basis of value to be reported.  Sufficient evidence shall be assembled by means such as inspection, inquiry, computation and analysis to ensure that the valuation is properly supported.  When determining the extent of evidence necessary, professional judgment is required to ensure the information to be obtained is adequate having regard to the purpose of the valuation.
Valuation approach/methodology 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.
Identification and status of the valuer.	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.
Competence.	Because valuation requires the exercise of skill and judgment, it is a fundamental expectation that valuations are prepared by an individual or firm having the appropriate technical skills, experience and knowledge of the subject of the valuation, the market in which it trades and the purpose of the valuation.  For complex or large multi-asset valuations, it is acceptable for the Valuer to seek assistance from specialists in certain aspects of the overall assignment, provided this is disclosed in the scope of work.

These requirements are essential in guiding the practice of valuation. It is yet unclear how the standards are adhered to in the valuation for compensation in compulsory acquisition.

## **2.7 Issues Hindering Professional Valuation Standards and Compensation Practice in Nigeria**

The current review of land laws including acquisition of land is clearly a long overdue attempt to address the inadequacies of the land use Act, which has been merrily exploited by commercial interests, corrupt politicians and an indifferent state to promote widespread land grab at the expense of the poor. Otegbule (2016) documented that government perception of compensation, wrong valuation approach, obsolete rate, lack of professionalism, poverty of claimants, and non consideration of value chain hindered professional practice of compensation in Nigeria.

On Government perception of compensation, the author notes that the government often act in a manner that appears they do not see the need for compensation. Compensation payments most times are not based on valuation outcome but according to the whims and caprices of government agencies. They may decide to reduce the compensation by half or one third without any professional basis. Explaining how wrong valuation approach hindered professional practice of compensation in Nigeria, Otegbule (2016) asserts that the various appropriate officers have not applied professionalism in the valuation of crops and economic trees leading to under compensation to claimants. On obsolete rate, he states that most of the rates used in the valuation of structures, crops and economic trees are both obsolete and non market derived and are a wrong representation of fair and adequate value. Similarly, Akujuru (2016) argues that the use of pre-determined rate to determine can hardly yield a compensation that will enable the dispossessed replace his building, thus raising some issues of inequity

On why lack of professionalism is a challenge to professional valuation standards and compensation practice in Nigeria, Otegbule (2016) said that most of the acquiring authorities are less professional in their approach and their valuation does not follow any logical process. He observes that their allegiance is more to their employers than the expectations of the professional bodies. Professionally, where the law determines the purpose, basis, and methodology of valuation, it discredits the professionalism of the Valuer. Akujuru (2014) argues that by adopting pre-determined rates as a method of valuation, it is assumed that no data or assumptions were made in determining value which is not only unprofessional but questions the credibility of the valuation process followed and opposing to the appraisal process set out by the Appraisal Institute (2008) and the IVSC (2007). He notes that this approach opens the practice of valuing for compensation arising from acquisition to non-professionals who can easily multiply the quantity of any property by the unit rates provided in the schedule of pre-determined rates.

Viewing poverty of claimants as a challenge to professional valuation standards and compensation practice in Nigeria, Otegbule (2016) maintained that the reason most claimants settle for any amount is because of poverty since they may not be able to afford litigation fee. In addition, it may take a very long time to obtain judgement. Finally, on non consideration of value chain, he observed that value chain associated with farm activities are ignored in compensation and that many activities and interest are affected but not considered, for example, raffia palm which has a chain of activities.

A study by Deeyah and Akujuru (2016) which examines the effectiveness of the current acquisition and valuation practice in road infrastructure identified non-inclusion of just terms compensation principle, non recognition of appropriate basis and methods of assessment, non adherence to good practices and lack of transparency in the compensation assessment as challenges to adequate Compensation. They observed that the views of affected persons which were not reflected in the compensation process led to the confidentiality of the compensation assessment and suspicion of claimants about the compensation amount.

### **III. RESEARCH METHODOLOGY**

This research adopts a quantitative survey method for data collection. The collection of survey information was done primarily using structured questionnaires administered to a sample of estate surveyors and valuers in Rivers State. The data from the 2021 NIESV Directory shows that the total number of estate surveyors and Valuers in Rivers State, Nigeria is 340. Using a confidence level of 95 % and precision level of 10 %, a sample size of 77 was obtained, using the formula

$$n = \frac{N}{1+N(e)^2}$$

where, n = the sample size;

N = the finite population;

e = level of precision I = unity (a constant).

Consequently, a total 77 questionnaires were randomly administered to estate surveyors and valuers. The questionnaire administration procedure included a total number of five questions asked to sort the perception of valuer on the following areas for easy tracking on the basis of the research objectives:

- Methods for determining compensation due to compulsory acquisition.
- Challenges against current practice of compensation in compulsory acquisition.
- Awareness of professional standards practice requirements for compensation valuation assignment.
- Adherence to practice standards in determining the compensable value in compulsory acquisition.
- Usefulness of practice standards in the determination of compensation for compulsory acquisition.

These questions were partly informed by the findings from the literature review and our interaction with valuers in practice. The results of the survey were analysed using percentages and mean; and presented using tables, and charts for proper understanding. The next section of the paper presents the findings and discussion of the data collected from the field survey.

### **IV. RESULTS AND ANALYSIS**

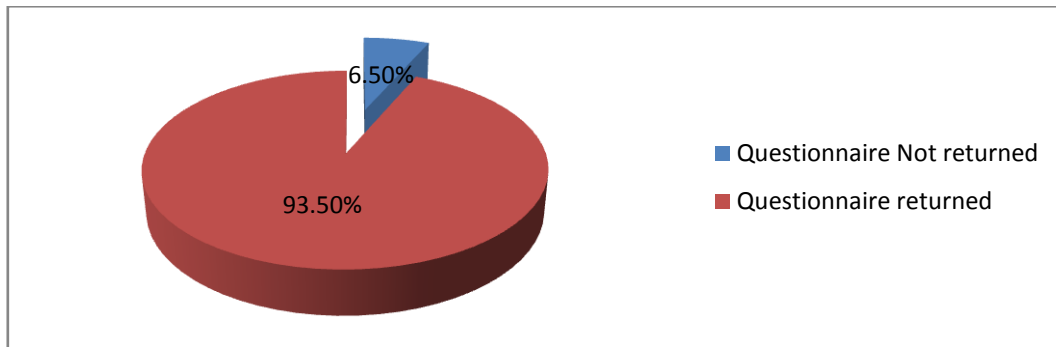
#### **4.1 Background Information**

This section presents information on questionnaire distribution, academic qualifications of respondents Estate Surveyor and Valuer and respondents' working experience.

##### **4.1.1 Questionnaire Distribution and Retrieved**

In conducting the survey, a total of 77 questionnaires were administered, out of which 72 questionnaire representing 93.5% were validly answered and returned and found to be useful for the study. Figure 4.1 below shows the analysis of questionnaire distribution.





**Figure 4.1: Questionnaire Distribution and Retrieved**

Source: Author’s Field Survey, 2021

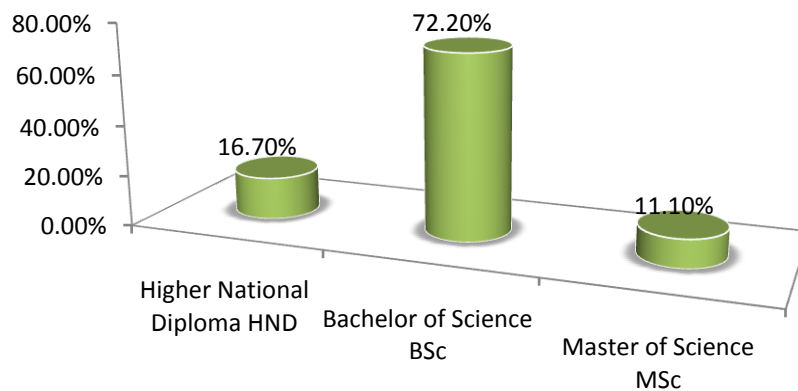
**4.1.2 Respondents’ Academic Qualifications**

The issue of academic qualification of any practicing Estate Surveyor and Valuer was considered very important because one’s level of education has direct relationship with individual’s knowledge about the profession he belongs, and the ethics of the profession. Findings about academic qualifications of the respondents, in the field of Estate Management are as shown in table 4.1 and figure 4.2.

**Table 4.1: Educational Qualification of Respondents**

S/No.	Educational Qualification	Frequency	Percentage
1.	National Diploma ND	-	Nil
2.	Higher National Diploma HND	12	16.7%
3.	Bachelor of Science BSc	52	72.2%
4.	Master of Science MSc	8	11.1%
	<b>Total</b>	<b>72</b>	<b>100%</b>

Source: Author’s Field Survey, 2021



**Figure 4.2: Educational Qualification of Respondents**

Source: Author’s Field Survey, 2021

Figure 4.2 reveals that 72.2% of the respondents had B. Sc, 16.7% had HND all in Estate Management, while only 11.1% had higher degrees, that is, M.Sc. With regards to educational qualifications, all the respondents had a qualification in Estate Management at Higher Diploma, Bachelors or Master Levels. It can therefore be inferred that majority of the respondents, in the study area, have the required academic qualifications for practicing as Estate Surveyors and Valuers.

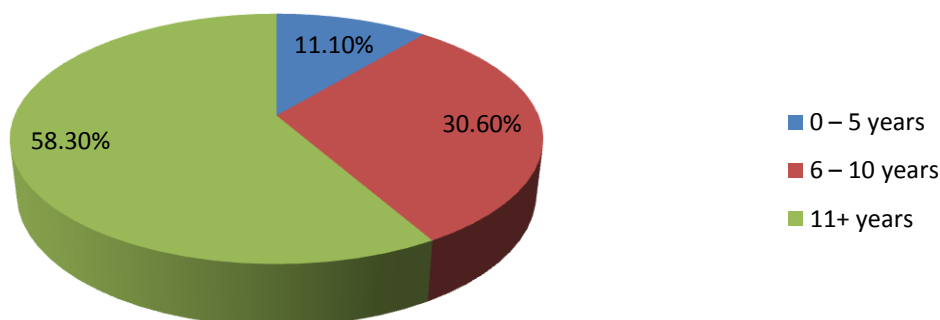
**4.1.3 Respondents’ Working Experience**

Working experience is vital to effective application of theoretical knowledge vis-à-vis practical context. A good combination of academic qualifications, professional qualifications and on-the-job experience should, under normal condition, produce better value judgment. For this reason, years of working experience of the respondent Estate Surveyors and Valuers were sought and the data collected were analysed as shown in Table 4.2 and figure 4.3 below.

**Table 4.2: Years of Professional Experience**

Length of Years	Frequency	Percentage
0 – 5 years	8	11.1%
6 – 10 years	22	30.6%
11+ years	42	58.3%
<b>Total</b>	<b>72</b>	<b>100%</b>

Source: Author’s Field Survey, 2021



**Figure 4.3: Years of Professional Experience**

Source: Author’s Field Survey, 2021

Table 4.2 and figure 4.3 display the number of years of experience acquired by the respondents. The Table indicates that respondents with more than 11 years of experience accounted for 58.3% while the others followed a downward trend (30.6% and 11.1%). Apart from 11.1% of the respondents who stated that they had between zero and five years working experience, as Estate Surveyors and Valuers, a greater proportion of the respondents (89.9%) had worked for more than six years. With more than six (6) years of experience, it can be deduced that majority of the respondents have requisite experience for carrying out valuation assignments and their opinion of value can be relied upon.

## 4.2 Valuers Perception

### 4.2.1 Methods Used for Determining Compensation Due to Compulsory Acquisition

Since Estate Surveyors and Valuers are conversant with the methods of valuation used in Compensation assessment, it was necessary to find out from them the current method they have been applying in the assessment of compensation due to compulsory acquisition. Response so obtained would provide answer to objective two.

**Table 4.3: Frequently used Methods for determining Compensation**

S/No.	Methods Used for Compensation Determination	Weights (N = 72)					Sum	Mean
		SA	A	U	D	SD		
1.	Comparison	0	0	8	12	52	100	1.39
2.	Income Capitalisation	0	0	14	8	50	108	1.50
3.	Cost/Contractor	4	4	10	16	38	136	1.89
4.	Profit/Account	0	0	2	6	64	82	1.14
5.	Residual	0	0	4	0	68	80	1.11
6.	Predetermined Rate	68	4	0	0	0	356	4.94

Source: Author’s Field Survey, 2021

**Table 4.3** shows that the respondents strongly disagree with the use of traditional method of valuation in the assessment of compensation claims with all the five methods having a mean score of less than 2.00. However, the respondents strongly agree that the predetermined rate is current approach used with a mean score of 4.94. The rejection of the five known traditional method of valuation by respondents implies that compensation payments are not based on known traditional method of valuation but according to the whims and caprices of government agencies, hence the use of predetermined rate.

### 4.2.2 Challenges against Current Practice of Compensation in Compulsory Acquisition

The outcomes of the valuation for compensation for compulsory acquisition under examination have shown that it is not without challenges. Data obtained on the likely challenges that could results from the assessment of compensation in compulsory acquisition were extracted from literature are shown in Table 4.4. In

order to find out the greatest challenges encountered during compensation assessment, practicing valuers were asked to state their opinion.

**Table 4.4 Challenges against Current Practice of Compensation in Compulsory Acquisition**

S/No.	Challenges	Yes		No		Ranking
		Freq	%	Freq	%	
1.	Government Perception/ Bossy Attitude on Acquisition	62	86.1%	10	13.9%	2 <sup>nd</sup>
2.	Wrong Valuation Approaches	50	69.4%	22	30.6%	3 <sup>rd</sup>
3.	Obsolete Rates	44	61.1%	28	38.9%	5 <sup>th</sup>
4.	Lack of Professionalism	68	94.4%	4	05.6%	1 <sup>st</sup>
5.	Poverty of Claimants	20	27.8%	52	72.2%	8 <sup>th</sup>
6	Lack of transparency	48	66.7%	24	33.3%	4 <sup>th</sup>
7	Non-Adherence to Good Practices	42	58.3	30	41.7%	6 <sup>th</sup>
8.	Non Consideration of Value Chain	38	52.8%	34	47.2%	7 <sup>th</sup>

**Source: Author’s Field Survey, 2021**

Results in table 4.4 shows that government perception/ bossy attitude on acquisition, wrong valuation approaches, obsolete rates, lack of professionalism, lack of transparency, non-adherence to good practices, non consideration of value chain except poverty of claimants are challenges hindering current practice of compensation. In terms of ranking of the challenges, Table 4.4 above shows that lack of professionalism ranked first with 94.4% respondent who said yes, government perception/ bossy attitude on acquisition ranked second with 86.1% respondent who said yes, wrong valuation approaches ranked third with 69.4% respondent who said yes, lack of transparency ranked fourth with 66.7% who said yes, obsolete rates ranked fifth with 61.1% respondent who said yes, non-adherence to good practices ranked sixth with 58.3% who said yes, non consideration of value chain ranked seventh with 52.8% respondent who said yes, only 27.8% said yes on poverty of claimants and ranked least while 72.2% of the respondent said no. The identification of wrong valuation approaches, obsolete rates, lack of professionalism, lack of transparency, non-adherence to good practices, non consideration of value chain by practicing estate surveyors and valuers as challenges of the current practice of compensation in compulsory acquisition suggest that the practice is below recognized practice standards.

#### **4.2.3 Awareness of Professional Standards Practice Requirements for Compensation Valuation Assignment**

The latest Valuation Standards and Guidance Notes of the Nigerian Institution of Estate Surveyors and Valuers (2006), provides, among others, that valuation report should comply with the Generally Accepted Valuation Principles (GAVP) called “Statement of Standards”. This statement of standards further mandated Estate Surveyors and Valuers to comply strictly with the ethics and standards stipulated by the International Valuation Standards Committee (IVSC). It was therefore necessary to find out if practicing estate surveyors and valuers in Rivers State were aware of this professional practice standards. Table 4.5 below show responses of the respondents.

**Table 4.5: Valuers’ Awareness of Professional Standards Practice**

S/No.	Item	Frequency	Percentage
1.	Aware	68	94.4%
2.	Not Aware	4	05.6%

**Source: Author’s Field Survey, 2021**

Results as contained in Table 4.5 show that majority of the respondent Estate Surveyors and Valuers (94.6%) are aware of professional practice standards for valuation assignment, only 05.6% said they are not aware. This confirms that practicing valuers in Rivers State are fully aware of the professional practice standard and this further show that their opinion on the subject matter is credible and dependable.

#### **Adherence to Practice Standards in Determining the Compensable Value for Compulsory Acquisition**

To investigate the how often the practice standards are adhered to in the assessment of compensation due to compulsory acquisition of land, it was necessary to ask practicing estate surveyors and valuers whose on-the-job experience should produce better value judgment. The results of the survey are shown in table 4.7 below:



**Table 3: Frequency and Percentage Rating on Adherence to Practice Standards in Determining Compensation**

S/No.	Decision	Frequency	Percentage
1	Very Often	0	00.0%
2	Often	0	00.0%
3	Sometimes	2	02.8%
4	Rarely	24	33.3%
5	Never	46	63.9%

Source: Author’s Field Survey, 2021

The above table indicates the perception of respondents regarding the level of adherence to professional practice standard. Practicing estate surveyors and valuers were asked to indicate how often they adhere to professional practice standard in valuation for compulsory acquisition. Out of the 72 respondents, 63.9% representing 46 respondents said they never adhered to professional practice standard for valuation assignment in compulsory acquisition, while 33.3% representing 24 respondents said they rarely adhered, only 02.8% representing 2 respondents said they sometimes adhered to practice standard. The non adherence to practice standard by practicing valuers in Rivers State implies that the outcome of such valuations is not based on data and circumstances appropriate to the assignment, valuation bases and appropriate methods and methodologies. This confirm Akujuru’s (2014) position that the method of valuation adopted in determining value of compensation in compulsory acquisition is not only unprofessional but questions the credibility of the valuation process followed and opposing to the appraisal process set out by the Appraisal Institute (2008) and the IVSC (2007). The IVSC provides that in carrying out compensation valuation for acquisition, which is largely a non-market valuation; the valuer shall, among others: explain the analytical process undertaken in carrying out the valuation; present meaningful information used in the analysis; ensure that the estimate of value is based on data and circumstances appropriate to the assignment; ensure that the estimate of value is undertaken using appropriate methods and methodologies amongst others.

**Usefulness of Practice Standards in the Determination of Compensation for Compulsory Acquisition**

To show whether the professional practice standard can be useful to valuers in professionally ascribing value of compensation for compulsory acquisition and improve the practice, statements on professional practice standards were identified from literature and the opinion of Estate surveyor and valuers were sought. The weights used in this question are 1 = strongly disagree, 2 = disagree, 3 = undecided, 4 = agree, 5 = strongly agree. The respondents were asked to score their preference based on this scale and the results are tabulated in Table 4.6 below.

**Table4.6: Usefulness of Professional Practice Standards**

S/No.	Usefulness of Professional Practice Standard	Weights (N = 72)					Sum	Mean
		SA	A	U	D	SD		
1.	Professional Practice Standard will promote transparency	32	18	22	0	0	298	4.14
2.	Professional Practice Standard will explain analytical process undertaken	15	18	27	12	0	252	3.50
3.	Professional Practice Standard will ensure estimate of value is based on appropriate data and circumstances	21	22	15	12	0	262	3.64
4.	Professional Practice Standard will ensure estimate of value is derived from appropriate methods of valuation	36	24	12	0	0	312	4.33
5.	Professional Practice Standard will ensure value of compensation is derived from appropriate valuation bases/approaches	68	4	0	0	0	356	4.94
6.	Professional Practice Standard will ensures reasons are provided for the application of valuation bases/ approaches	50	14	8	0	0	330	4.58

Source: Author’s Field Survey, 2021

Table 4.6 shows the need for the adherence to professional practice standards in compulsory acquisition valuation practice. As shown in table 4.6 above, the respondents strongly agree to all the listed items on the need for the adherence to professional practice standards in compulsory acquisition valuation assignment. Respondent agree that Professional Practice Standard will ensure value of compensation is derived from appropriate valuation bases/approaches evident from the mean score of 4.94, followed by Professional Practice Standard will ensure reasons are provided for the application of valuation bases/ approaches with mean score of 4.58, Professional Practice Standard will ensure estimate of value is derived from appropriate methods of valuation with mean score of 4.33, and Professional Practice Standard will promote transparency with mean score of 4.14, whereas Professional Practice Standard will ensure estimate of value is based on appropriate data and circumstances, and Professional Practice Standard will explain analytical process undertaken achieved 3.64

and 3.50 mean score respectively. This implies that the reliance on professional practice standards together with the expertise and skill of the valuer in charge of the Valuation for compensation is very crucial in promoting transparency and ensures the determination of valuation estimate are adequate.

## V. CONCLUSION

The conclusion of this paper contributes towards a better understanding of the issues shaping the practice of valuation for compensation in compulsory acquisition and the place of practice standards. The paper has investigated the perception of valuers regarding the adherence to professional practice standards and its usefulness in cotemporary practice of compensation determination for compulsory acquisition. The results confirm that current practice of compensation determination does not comply with professional practice standards of the Nigerian Institution of Estate Surveyors and Valuers. The study therefore emphasized the need for adherence to practice standards in the determination of compensation for Compulsory Acquisition. The study confirm that the adherence to Professional Practice Standard will ensure value of compensation is derived from appropriate valuation bases/approaches, ensure reasons are provided for the application of valuation bases/approaches, ensure estimate of value is derived from appropriate methods of valuation, and promote transparency.

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