External Influence on Valuation: Looking for Evidence from Tanzania

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Abstract— International Valuation Standards and best practice advocates consistency, objectivity, independence and transparency as critical in ensuring credible valuations and in building public trust and confidence in valuation. However, literature observes that valuers face a myriad of challenges in observing these principles, key among them being the external influence they face. Evidence of external influence particularly from clients, market, other valuers, fund managers, bankers has been confirmed in US, UK, New Zealand, Taiwan and Nigeria, whereas only anecdotal evidence is available in Tanzania. This study, therefore, sought to explore the prevalence of external influence on valuation in Tanzania. A survey of 90 valuers from both the private and public sector was carried out using a self-administered questionnaire. Findings from the survey suggest that 95% of valuers are aware of the existence of some form of external influence. Further, the respondents identified clients (83%), third party to transaction (78%), Chief Government Valuer (61%) and superior at work (50%) as being the main sources of influence. Interestingly, some valuers observed political statements as having influence in their valuation undertakings. External influence was observed to be more pronounced in valuation for mortgage, taxation and compensation assessment. These findings suggest that external influence observed in Tanzania is likely to introduce bias in valuation as valuers independence is compromised. This may be one of the explanations for the continued public outcry on the credibility of valuations.

Keywords— external Influence, client influence, normative valuation models, valuers independence, objectivity in valuation,

INTRODUCTION

International Valuation Standards and best practice advocates consistency, objectivity, independence and transparency as critical to ensuring credible valuations and developing public trust and confidence in valuation (IVS 2013; Zrobek, Adamiczka and Grover,2013; Levy 2005). Quality of valuation is important in maintaining confidence in the value opinion provided. Indeed, as correctly argued by Havard, (1995) end users of valuations ought to be confident that the value established “shadows the realistic sale price of an asset” as this is the purpose of engaging and seeking the services of a valuer. Often values assessed are relied upon by investors and other actors’ in real estate as well as financial markets while making decisions involving huge sums of debt and equity capital (Noyer, 2008). In the financial sector, valuations for mortgage purposes are relied upon by lenders to understand the value of assets offered as security through establishing loan to value ratios, deciding the margin of borrowers equity and capital adequacy (Crosby, et al., 2004) (Achu, 2013) (Gallimore & Wolverton, 1997) (Noyer, 2008)

The importance of credible valuation is further substantiated by the extensive treatise of the matter in the valuation literature particularly focusing on valuation accuracy (Adair et. al.,1996; Crosby, 2000; (Brown & Matysiak, 2000), (Dunse, et al., 2010) bias in valuation (Tidwell, 2011); valuation variance and appraisal smoothing all of which touches on valuers credibility. In light of increased application of fair value and fair value based measures and the events that led to the 2008 financial crisis, the accounting literature has also addressed extensively the importance of quality valuations as a way of building and maintaining public trust (Forsythe, 2014); (Beswick, 2011); (Krumwiede, 2008).

As correctly argued by Noyer (2008) it is evident that valuation is at the centre of the functioning of both the real estate and financial systems.

Accurate and credible valuation is therefore likely to effectively guide the users of valuations in making such decisions (Tidwell, 2011). Valuations are therefore supposed to be free from bias, an aspect that can be achieved if valuers are objective in carrying out valuation. This being the case valuers have professional obligation to ensure that valuations are carried out in the most comprehensible, objective and lucid manner so as to meet their clients' expectations and maintain their confidence. Therefore, the importance of credible valuation cannot be overemphasized.

To ensure credible valuations, the IVSC and professional bodies in various countries have developed different strategies one of them being the recommendation to use normative valuation model which prescribes how valuations should be carried out. However, it is observed that often valuers deviate from the requirements of the model in an attempt to address various constraints inherent in the task environment such as information asymmetry, anchoring and adjustments, valuation smoothing, actions of various actors such as clients, lenders, agents as well as valuers themselves. In the course of adopting these strategies factors that are not prescribed in the model find their way into the valuation process and consequently the final value opinion. These factors are what we refer to as external factors in this study.

The deviation from the normative model and the associated influence has been studied widely but from different perspectives. For example external influence by various actors such as clients, credit officers, lenders, brokers, agents and other valuers as well as market, valuers own previous valuation, valuers behavior while carrying out valuations e.g. choice of valuation method and basis of valuation adopted and institutional influence in valuation within the context of US, UK, Singapore, Malaysia, Nigeria and New Zealand has received wide coverage (See (Smolen & Hambleton, 1997); (Kinnard, et al., 1997); Crosby, Hughes and Murdoch 2004; Baum et al., 2000; (Carsberg, 2002) (Chen & M., 2009); (Amidu & Aluko, 2007) and (Iroham, 2007). However, very little is documented in the context of Tanzania. In this study, therefore, an attempt has been made to explore external influence in valuation from valuers point of view in Tanzania. This paper, therefore, seek to present findings from a survey of valuers in Tanzania on their views with regard to external influence on valuation. It contributes to the sparse body of knowledge on external influences on valuation by examining and describing the form, nature and sources of external influence on valuation in the context of Tanzania.

Objectives

The main objective of this study was to identify external influence in valuation and establish the extent of its prevalence in valuation within the Tanzanian valuation practice. The study sought to determine whether valuers experience external influence and if so, identify the form and possible sources.

Specific objectives of this study were to:

1. Establish whether valuers in Tanzania experience external influence.
2. Establish valuers opinion on the type and sources of external influence they encounter while carrying out valuation.
3. Ascertain the form in which external influence manifest itself.

Literature Review

As noted earlier on, the quality of valuation opinion is vital for maintaining clients' confidence in various financial and economic dealings. An important element being that the valuation opinion should be free from bias which can best be achieved if objectivity i.e. the ability to exercise judgment, express opinion and present recommendations with impartiality is maintained by valuers while undertaking valuations. Indeed objectivity and independence are key aspects of professional opinion. These two elements differentiate layman opinion from that of a professional.

The quest for objectivity, independence and consequently accurate and credible valuation is predicated on the assumption that valuers are guided by normative valuation models which prescribes, among others, how the valuer should carry out valuation ((ivsc, 2013)). The models further prescribe reliance on market information for comparable properties to assess market values of properties after making adjustments for observed differences ((Diaz, 1997); (Diaz & Hansz, 2001) (Levy & Schuck, 2005). Key to the functioning of these normative valuation models is the availability of information to aid the valuer in making the best decision in the selection of comparable and making adjustments.

However, the use of the normative valuation model is not an easy task, because the real world is not as simplified by model. The environment within which a valuation is undertaken tends to have a bearing on the process as well as the outcome of a respective valuation (Tidwell, 2011). It is argued that this complex environment characterized by varied actors, limited and scattered information, constrained access to information, limited availability of reliable and quality data, high information costs, varied actors forces valuers to seek alternative strategies consequently deviating from normative model prescription. Identified strategies adopted by valuers include valuation smoothing, use of heuristics such as anchoring and adjustments practices which are contrary to the normative model (Gallimore & M. Wolverton, 2000); Diaz and Hansz, 2001; (Cypher & Hansz, 2003); Aluko, Ajayi and Amidu, 2004; Tidwell, 2011).

The use of simplified shortcuts or rules of thumb to address complexities known as heuristics is considered as one of the key strategies adopted by valuers to address various complexities in the valuation environment. Although three main types of heuristics are identified in the literature i.e. representative, availability heuristics, anchoring and adjustments) the later is considered more relevant to property valuation (Tidwell, 2011). This behavior is linked to the cognitive short cuts or heuristics adopted by valuers in response to the constraints they face while establishing market values. Consequently, it has received considerable treatise in the valuation arena focusing on its existence and how anchoring and adjustments manifests itself in valuation (Gallimore 1996; Diaz, 1997; Diaz and Hansz, 1997; Gallimore and Wolverton, 1997; Harvard, (1995), Cypher and Hansz, 2003).

It has been observed that valuers anchor on a variety of factors to include pending sales, commentators views, recent information, previous transaction price, unsanctioned reference points such as anonymous expert's previous value (Gallimore, 1994, 1996, Diaz and Hansz, 1997 Gallimore and Wolverton 1997, Gallimore, Hansz, and Gray 2000, and Gallimore and Gray 2002) This brings into the valuation the influence of past valuation, transaction price as well as other actors in valuation such as other valuers,

Further, whereas normative valuation models assumes that the accuracy of valuation is mainly influenced by the availability and quality of market information, evidence from the practice observed over time suggests that decision-making behaviour of valuers, opinion of anonymous experts, valuers own previous valuation, institutional influence, procedure for commissioning valuation assignment, market, actions of various actors to include clients, lenders, brokers, agents and fund managers also tend to affect the outcome of valuation (Gallimore, 1996; Gallimore and Wolverton, 1997; Diaz and Hansz, 1997; Havard, 1999; Diaz and Hansz, 2001; Cypher and Hansz, 2003; Hansz, 2004; Aluko, Ajayi and Amidu, 2004). These factors come into play partly as a result of valuers attempts to use various strategies to address complexities which inhibit smooth operationalization of the normative model. Key to this trend is the argument that the normative valuation models have overlooked the potential effects of valuers' interaction with the environment within which valuation is carried (Tidwell, 2011). One common feature of the strategies adopted is that these introduces into the valuation process, the above noted factors that are otherwise not embedded in the normative model. These are therefore considered as external factors.

In following normative valuation model guidelines it is assumed that the valuer will provide unbiased and objective valuation. As such deviation from this normative view as observed above means the value established will be susceptible to bias and inaccuracy (Tidwell, 2011). The ensuing status of valuation profession is one that is fraught with complaints and criticisms. Valuers are increasingly being criticized for providing biased value estimates (Gallimore and Walverton, 2000; Havard, 2001; Damodoran, 2006; Amidu and

Aluko, 2007; Kucharska-Stasiak, 2013; Baum, Crosby, Gallimore, McAllister and Gray, 2000); market values that lag prices (Blundell and Ward, 1999) and error marred estimates of market values (Amidu and Aluko, 2007; Aluko, Ajayi Amidu 2004; French and Gabrielli 2004).

The Study

Research on external influence in valuation practice in Tanzania is sparse. As such a survey designed to explore the prevalence of external influence on valuation in Tanzania was conducted between February and June 2014. The survey was carried out using a self-administered questionnaire that was sent to selected sample through email or delivered physically. The survey was deliberately short to maximize participation.

The questionnaire

A 10 item questionnaire with key questions on Likert Scale of agreement (strongly agree, agree, neutral, disagree and strongly disagree) was used in the survey. The questionnaire comprised two parts; with the first part focusing on respondent's profile. The second part was devoted to respondent's opinion on external influence. In this part, the questionnaire solicited information on valuers opinion on the incidence and extent of external influence, nature of influence, source of influence and the level of influence in valuation assignments for various purposes. Questions that addressed these issues were mainly of closed end type. Despite profound criticisms in the research literature (Krosnick, 1999) against the use of the response category "Other", this was included to take care of unforeseen options. As pointed out in the findings/results section, this category brought about interesting responses which are very specific to Tanzanian situation such as the observation that the office of the Chief Government Valuer, Government budget line, superior at work and directives exert external influence to valuation. These factors are detailed in the findings section.

Sample and Setting

A two level sampling strategy was adopted, first to select firms and second for selection of respondents within a firm. A list assisted sample of registered valuation firms was selected at the first level. The sampling frame was the list of all licenced valuation firms obtained from the Office of the Secretary of the National Council of Professional Surveyors. Initially 16 valuation firms were conveniently selected but upon contacting the management only 12 firms responded positively.

Local Authorities employ a big proportion of valuers scattered all over the country. However, each local authority operates independently, although professionally valuers are answerable to Chief Government Valuer. As such it was felt necessary to contact individual Local Authorities valuation offices. A list of attendees to the Valuers workshop which was held in Morogoro in 2012 was used to identify and select city and municipal valuers to be contacted. A total of 12 city and municipal valuers were contacted through emails and telephone calls to solicit their participation in the survey. Only 8 of these responded positively. The office of the Chief Government Valuer was also contacted and agreed to take part in the study. Hence, the selected entities comprised 8 Local Authorities (2 City Councils, 4 Municipal Councils and 2 Town Councils), 12 Private Valuation firms and the Office of the Government Chief Valuer.

Conventional wisdom presumes that non-intrusive techniques yield better cooperation and completion rates. Hence, less invasive non probability sampling technique was adopted at the second level of sampling, which entailed selecting respondents from sampled companies and institutions. The management of the selected private firm, assistant CGV, city and municipal valuers were consulted and asked to select at least three valuers from each of their entities to take part in the study regardless of level of registration. This requirement was meant to mitigate possible respondent's bias where only chief executives, senior or registered valuers only participated in the study. From a list of valuers provided to us by selected valuation firms a sample of 90 valuers was recruited for the survey. The sample comprised valuers employed full time in the selected entities. Since the study was exploratory, the level of registration was not considered important. As such questionnaires were issued to valuers at different levels of registration in private firms, local authorities and the Office of the Chief Government Valuer in the Ministry of Lands.

Aware of the problem of low response rate in surveys, strategies to address this were adopted at the planning stage. Prior to conducting the survey, advance letters and email messages were sent and phone calls made to all selected individuals. These were meant to make them aware of the pending survey and seek their views on the best mode of administering the questionnaire to each one of them. This is in line with the wide held view that respondents who receive advance information about a survey are more likely to participate than those who do not (Link and Mokdad, 2005a, O'Rouke & Blair, 1983)

Drop and pick strategy as advocated by Ibeh et al. (2004) was also adopted to boost response rate. Respondents had an option to complete the questionnaire on the spot or allow one of the research assistants to collect them in five days. Respondents from 4 Local Authorities outside Dar es Salaam received questionnaires through email and these were later collected by the research assistants.
A total of 46 responses were received, with the resulting survey response rate being 51%. The number of valuers who participated in the survey from each institution ranged from 3-6. This response rate compares well with the average response rate in valuation research on the subject of influence in valuation as indicated in Table1.0 below.

Table 1: Sample Size and Response Rates from similar studies

Study	**Sample size**	**Response Rate (%)**
Smolen and Hambleton (1997)	292	37
Kinnard, Lenk and Worzala (1997)	666	32
Worzala, Lenk and Kinnard (1998)	482	31
Kinnard, Lenk, Worzala (1997)	953	32
Wolveton and Gallimore (1999)	377	32
Worzala, Lenk and Kinnard (1998)	927	31
Wolverton (2000)	1186	32
Gallimore and Wolveton (2000)	511	51
Yu, Shi Ming (2002)	47/32	72

Source: Achu (2013) modified.

Questionnaire administration which was limited to issuance and collection was carried out by two Research Assistants.

Limitations of the study

This study has two major limitations. The first one relates to representatives of the selected sample. The sample was selected from licensed valuation firms and the two main employers of valuers i.e. Local Government and the Office of the Chief Government Valuer. A number of both registered and non registered valuers are employed in various non valuation firms such as banks, mobile phone companies, pension funds etc. Although these might not be actively engaged in valuation practice, their insights on external influence might have improved the quality of the data. The sampling frame used, does not guarantee representativeness of the sample and therefore generalization may not be warranted.

Secondly, as part of guaranteeing anonymity, respondents were at liberty to provide their personal information such as name, age and affiliated employer. As such, it was not easy to investigate the extent to which those who did not take part in the study differed from the sample units and the extent to which this possible difference may have biased the results of the study. Nonetheless, this survey is the starting point on understanding influence in valuation in Tanzania, a research issue which has not been addressed so far. Developing an understanding of influence in valuation is a significant move for both research and practice in light of rising concerns for credibility in valuation. With major investment decisions relying on value estimates by valuers, the need for independent, objective and accurate estimation cannot be over emphasized.

FINDINGS

Demographic Profile of Respondents

The majority of respondents were Local Authorities and Central Government employees because these two entities employ more valuers than all private firms combined. Over 60% of the respondents are employed in Government Institutions and 39% practice in the private sector. The respondents are quite well educated with over 70% educated to degree level. The sampling strategy adopted allowed valuers at different levels to take part in the study. Hence the selected sample comprised Fully Registered Surveyors (42%), Provisionally Registered Surveyors (19%) and Graduate Surveyors (39%). The majority of the respondents have more than 10 years work experience in valuation. 47% of the respondents have work experience of more than 20 years. A summary of respondents profile is provided in Table 2.0 below.

Table 2: Respondents Profile

Date of Survey:	**February – June 2014**
Number of questionnaires Issued:	90
Number of Questionnaires Returned:	46
Survey Response Rate:	51%
Composition of Survey Respondents	
Private Firms:	39%
Local Authorities:	49%
Office of the CGV:	12%
Registration Status	
Fully Registered Surveyors:	42%
Provisionally Registered Surveyors:	19%
Graduate Valuers:	39%
Work Experience	
1-10 years	35%
11-20	19%
21 and above	46%

Source: Author's compilation.

Evidence of existence of external influence

Existence of external influence was measured in terms of frequency of experiencing external pressure and so respondents were asked to indicate whether they are aware of existence of any form of external influence in valuation from their practicing experience. The majority of the respondents (95%) are aware of the existence of external influence. About 51% of the respondents noted experiencing external influence "often" whereas 44% experienced it half the time. The most experienced valuers i.e. those with practicing experience of above 20 years have experienced some form of external influence more often than other valuers. About 60% of the experienced valuers noted experiencing the influence "often". Likewise, 12 out of 18 Fully Registered Valuers reported experiencing external influence often whereas only 4 out of 15 Graduate Valuers reported experiencing external influence often. Interestingly, none of the respondents indicated as having never experienced influence or experiencing it always. It is clear from the above results that external influence in valuation practice in Tanzania is prevalent.

Source of external influence

The survey further solicited respondents view on the sources of external influence experienced. In the first instance the respondents were asked to indicate agreement or disagreement with a list of possible sources namely: clients, market information sources, client's representatives, credit officers, borrowers, estate agents, a third party and others. The list of possible sources was extracted from several literatures as cited above. Secondly, respondents were asked to name sources other than those listed.

83% of the respondents identified the main sources of external influences as being clients, 78% considered third party to the transaction while those who identified credit officers constituted 60% and borrowers 70%. About 50% of the respondents rejected client's representative as a source of influence while 30% agreed. Respondents provided a very diverse list of other sources of influence as indicated in Table 3.0 below.

Table 3: Other Sources of External Influence

Source	**Frequency**	**Percentage**
Chief Government Valuer	32	69.6
Superior at work	18	39.1

Local leaders	16	34.8
Budget allocation	15	32.6
Political statements	10	21.7
Estate agents	8	17.4
Government directive/policy	4	8.7

Source: Author's compilation.

Some respondents provided more than one other source of influence. Surprisingly, at least 69% of the respondents identified the office of the Chief Government Valuer as a key source of influence. The other sources as listed in Table 3.0 might not be conclusive and it is probable that there exists a myriad source of external influence other than those identified in the literature.

Nature of influence

The nature of external influence was also investigated in this study. A list of various forms of influence as identified in previous studies was provided to respondents and they were asked whether they agreed or disagreed with them. It came out clearly that valuers feel that review of draft valuation report by clients or superior at work influences their valuation opinion. Of fairly equal importance from valuers point of view was influence linked to use of information i.e. biased information (65%), past valuation figures (61%) and lack of transparent market information (50%).

Table 4: Form of Influence

Type of influence	Frequency	Percentage
Review of draft valuation report	31	67
Biased information provided by clients/superior at work	30	65
Past valuation figures	28	61
Provision of indicative valuation	28	61
Choice of valuers	25	54
Lack of transparent market information	23	50
Statements on political platform	12	26

Source: Author's compilation

Further probing on categories of sources provided by respondents revealed interesting insights into the influence phenomenon in valuation. Remarks on how the Chief Government Valuer influence their value estimates included:

1. Rejection of valuation reports on account of over or under valuation, use of a very high rate
2. Suggestion of rates to adopt
3. Questioning the use of the investment method (DCF)
4. Prescription of the Replacement Cost

Interestingly, respondents from the Office of the Chief Government Valuer conceded experiencing pressure from fellow valuers when submitting valuation reports. Some valuers were claimed to have insisted the submitted value be approved on the grounds that that the bank had already issued a loan on the basis of the value being reported on.

Type of valuation

Respondents were asked to identify types of valuation for which in their opinion external influence is more widespread. From the responses provided, types of valuation which are subjected to external influence in order of incidence are: Mortgage (75%) valuation for taxation (74%), compensation (69%), financial reporting 56% and rating 50%. Valuations related to tax assessment i.e. estate duty, transfer and capital gains tax are by regulations/practice only carried out by Government valuers both in the central and local government hence this type of valuation was responded to by 28 valuers. Of these government employed valuers, almost 95% indicated experiencing external influence while carrying out valuation for tax assessment. Valuers in private practice noted more external influence in valuation for mortgage (88%) and compensation (81%). Valuation for rent assessment was noted to be the least influenced type with only 39% of the respondents picking on this type.

Table 5: Influence by type of Valuation

Type of Valuation	Frequency	Percentage
Mortgage	35	75
Taxation	34	74
Compensation	31	69
Financial reporting	25	56

Rating	23	50

Source: Author's compilation

DISCUSSION AND CONCLUSION

Prevalence of external influence in valuation

This study sought to establish the prevalence of external influence in valuation within the Tanzanian valuation practice. It is evident from this study that valuers in Tanzania experience considerable external influence from clients as well as other actors in the market, in the course of carrying out valuation for different purposes. The fact that all respondents indicated to have experienced some form of influence suggests that influence in valuation practice is widespread and is a common phenomenon. Indeed, such findings were not unexpected because the influence emanates from among others in the valuation practice based on the normative valuation model used elsewhere, as such the valuation practice in Tanzania is not exceptional.

Although no attempt was made to ascertain the extent to which external influence affects valuation accuracy, logical deductions from the responses suggest that valuers may not be keen in keeping up with maintaining objectivity and hence resisting influence.

Client Influence

As is the case with other similar studies on influence on valuation, it came out clearly that client influence is the most prevalent of all forms of external influences with more than 80% of the respondents conceding to have been subjected to external influence. This adds to the list of countries for which evidence of external influence has been empirically established and also corroborates findings from similar studies in the UK, US, Nigeria, Singapore, Malaysia (Crosby et. al., 2004; Baum et al., 2000; Ogunba, 1997 suggesting that external influence in valuation is a prevalent phenomenon. As noted earlier on, previous empirical studies on influence in valuation such as (Smolen and Hambleton, 1997; Levy and Schuck, 1999; 2005; Baum, et al., 2000; Crosby, et al., 2010) observed among others that valuers are prone to client influence to bias valuation outcome. Since 80% of the respondents noted to have experienced client influence, it follows therefore that client influence observed in Tanzania is also likely to introduce bias in valuation as valuers independence is compromised.

Non client influence

Interestingly, other actors in the real estate market were observed to influence valuers. Credit officers, borrowers and third party to real estate transactions were also identified by over 60% of the respondents. These sources link well with the valuations for mortgage and compensation purposes for which influence is rife. The observed influence from borrowers and credit officers corroborates findings from a survey by (Crosby, et al., 2004) on influence exerted by borrowers and brokers through the process of choosing valuers.

Findings further indicates influence in other wide ranging forms than noted in previous studies which were the basis for preparation of the questionnaire. Institutional influences in form of superior at work, review of valuation reports sent for approval to the Chief Government Valuer, budget allocations, local leaders and government directives. These rather new forms of influence further cement the prevalence of external influence in valuation. This form of influence supports the observation by Tidwell (2011) that valuers are influenced by the environment within which they operate despite being expected to practice within the limits of normative valuation models. This confirms what was observed in earlier research that often valuers operate outside the normative valuation model.

A small proportion of respondents (26%) mostly from the Government noted "Statements in political platforms" as exerting pressure on their valuation practice. It is common for government officials to make comments to the press, parliament or political platform on professional matters such as land values, modality of assessing value etc. Usually laymen would interpret such comments as holding because to them it is hard to differentiate a professional and a political leader. This has been causing a lot of unrest in areas where valuation for compensation is undertaken.

Affected individuals would not accept anything different from what they have been told.

Implications of the findings to valuation practice

The presence of widespread influence in valuation practice has wide implication to the quality of value estimates established in such an influenced environment. Earlier research on valuation accuracy identified both client and non-client influence to be possible causes of biased value estimates (Gallimore, 1994, 1996; Levy and Schuck, 1998; 1999; Worzala et al., 1998; Smolen and Hambleton 1997; Wolverton and Gallimore, 1999; Gallimore and Wolverton, 2000; Baum et. al., 2000; Crosby et al., 2004; (Amidu & Aluko, 2007), (Amidu, 2006). Further valuation accuracy and variance have also been linked to external influence among other factors (Achu, 2012; Roberts and Roberts, 1991). It follows, therefore, that the observed widespread evidence of external influence in Tanzania may be one of the explanations for the continued public outcry on the credibility of valuation. This call for intervention by the National Council of Professional Surveyors (NCPS) which is a registration and disciplinary body set up under the Professional Registration (Surveyors) Act of 1977. This could be the best time for NCPS to come up with National Valuation Standards that may address the observed influences as well aspects of the valuation that are not adequately covered by the IVS.

The observation that the Chief Government Valuer influences valuation raises a number of procedural issues on the Tanzanian valuation practice. The first one relates to the appropriateness of the practice given the subscription to IVS through which normative valuation models have to be adopted. The Office of the Chief Government Valuer is empowered to control valuation practice under Ministerial Circular No. 1 of 1969. Through this circular all valuations carried out by both government and private valuers are subject to scrutiny and approval by the CGV. This appears to be contrary to IVS (2013) provisions which prescribe qualified valuers as appropriate individuals to carry out valuation assignments.

The second concern, relates to conflict of interest where valuation assignments are carried out by valuers from the office of CGV. As noted by the majority of Government and Local Government valuers, superior at work, Government Circulars and budget allocation influence them. Indeed, the involvement of these valuers in valuation assignments for which the government has interest is likely to result into conflict of interest as these will have to follow directives from their superior, government directives as well as adhere to budget allocated for a specific task. This contradicts the IVS 2013 Framework provision on objectivity which requires valuers to make impartial judgment while carrying out valuation.

It is apparent, therefore, that there is a need to re-define the role and mandates of the CGV particularly in the wake of the coming into being of the IVS, expanded private sector, increased demand for valuation as well as the observed influence it exerts to the valuation practice. In doing so, it will be prudent to reflect on the necessity of the approval process, the justification of the office of the CGV to oversee the profession, formulate policy and guidelines and also carry valuation assignments.

These results reinforce the emerging realization and understanding in the valuation literature on the existence and proliferation of external influence on valuers and its effects on the image of the profession. As a result professional bodies worldwide are developing strategies and initiatives to address the matter. It has been noted that the Royal Institute of Chartered Surveyors (RICS) and the Estate Surveyors and Valuers Registration Board in Nigeria among others have developed strategies to address external influence. Countries lagging behind are experiencing pressure to do so.

There appears to be less concern from the professional bodies in Tanzania with regard to possible effect of external influence on valuation. It is possible that with empirical evidence on existence of external pressure, the attitude might change. Neglecting to acknowledge existence of external pressure may lead to further distortions of valuations. As suggested by Baum, et al., (2000) IVSC (2013)); Źróbek, et al., (2013) and Levy & Schuck, (2005), valuation accuracy is important for building client confidence. While client confidence is important for sustaining the profession, in the light of the existence of external influence, it is apparent that proactive intervention by professional bodies is paramount. Indeed credibility in valuation can best be achieved by valuers demonstrating that they operate within an effectively regulated framework.

It is also important to note that, constraints in the valuation environment which give room for valuers to deviate from normative valuation models do not provide justification for valuers not to maintain independence and objectivity. Valuers have professional duty to ensure at all times that they are knowledgeable, updated and have the necessary skills for accomplishing valuation assignments as per normative valuation model. Failure to do so puts valuers in a precarious situation potential for litigation.

Beyond the above discussed issues, there are some thoughts for the future. This study mainly sought to map out external influence. In so doing client influence emerged as one of the major form of external influence. It would be important to further probe in-depth the various types of external influence such as client influence in various types of valuation in which it was observed to be prevalent such as valuation for mortgage, compensation, taxation and financial reporting in the Tanzanian context. Other forms of external influence for which less is known, e.g. political influence, CGV and Government circulars and budget allocations may also be probed further.
Having observed the existence of external influence, future research may attempt to establish and probe the extent to which external influence affects valuation credibility.

Finally, future valuation practice must reflect the changing environment and sophisticated end users of valuations. The obvious issue here relates to normative models non consideration of the environment in which the valuer undertakes valuation. Findings from this study may suggest that the normative valuation models need to be revisited and address the observed weak aspects.

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