Journal of Construction Project Management and Innovation, 13(2): 103-115, 2023
DOI: 10.36615/jcpmi.v13i2.2925
ISSN 2223-7852

An assessment of the impact of discounted fees on the quality of services rendered by quantity surveying firms: the case of Gauteng province

Lungie Maseko[1] and Siminaye Duma[2]

[1&2]School of Construction Economics and Management University of the Witwatersrand, South Africa

Email: lungie.maseko@wits.ac.za

ABSTRACT

The quantity surveying (QS) profession has faced a lot of challenges that threaten its existence, growth, and success over the years. The most common being, the adequate compensation for quality of services rendered. The QS council in South Africa is instituted by law and has a mandate to publish a Guideline Tariff of Professional Fees to determine the professional fees to charge for the deployment of skills, expertise, and knowledge towards addressing clients' needs. However, the excessive discounting of fees to secure work for most firms is a challenge, as guidelines remain rigid leaving no room for error. The purpose of this paper is to examine how the current structure of the fee guidelines affects the quality of the service outputs of QS firms and by extension their competitiveness. The study adopted a positivist stance, and deductive reasoning that culminated in the use of the quantitative approach. To ascertain 100% response rate, self-administered questionnaires were used to a sample size of 35 firms, selected using non-probability sampling to choose firms within the Gauteng Province to participate in the survey. The findings indicated the preponderance of discounted fees among QS firms for various reasons and identified 4 themes: (1) the prevalence of discounted fee (2) the impact of discounted fees on quality of QS services (3) the factors influencing the prevalence of discounted fees and (4) the survival and eventually the growth of the firm. The themes show how the lack of enforceability on the fee tariffs has provided clients with a leverage to negotiate fee discounts that often exceed 40% and how these have affected profits for the firms. This study highlights a need for the recommended tariff of professional fees to be published to provide a basis for QS fees which is determined by the council for the profession, and which cannot be disputed by clients.

Keywords: Discounted fees, Guideline tariffs, Quality of service, Quantity surveying firms

1. INTRODUCTION

Various professions are responsible for the development and sustenance of the built environment. Starting from the era of the master builder where most of the skillsets were domiciled in one individual, a plethora of professions have since emerged, focusing on specific skill which are required for the effective delivery and management of the built environment (Aghimien et al., 2021; Chen et al., 2022). Accordingly, these professions have engaged in an integrated manner in delivering the buildings and cities, etc. the famed fragmentation of the construction industry has been attributed to the existence of diverse professions in the industry and the attendant need for professionals belonging to these professions to work in a task-oriented manner towards the attainment of the overall development objective (Adesi et al., 2019). Often, these tasks are interdependent implying the need for certain tasks to be completed before another one can commence (Maseko and Root, 2021). This reality makes

collaborative delivery arrangements between these professionals, imperative. Understandably, this has culminated in the increasing inclination of extant and emergent procurement methods towards integrated project delivery arrangements.

The modalities for the practice of these professions are often governed by globally accepted standards which have been developed and managed by the relevant professional body (Harris et al., 2021). These modalities include the definition and determination of what constitutes ethical conduct as well as the nature of tasks that are expected to be performed by any member of the profession (Ramabodu, 2023). Facets such as ethics and tasks are subsequently adopted by regional or national bodies which are expected to facilitate compliance among members operating within the respective country context. For instance, whereas the standards governing the practice of Quantity Surveying (QS) globally has been derived from the Royal Institution of Chartered Surveyors, QS professionals in South Africa look up to the South African Council of Quantity Surveying Profession (SACQSP) for guidance. This body assumes the ultimate responsibility for the registration of professional quantity surveyors and the QS firms, respectively. It is also responsible for ensuring that registered QS professionals ply their trade in the most ethical manner, meting out punishments to erring members (SACQSP, 2011). This is analogous to the situation in Nigeria where the Nigerian Institution of Quantity Surveyors (NIQS) regulate the QS practice in the country. The laws establishing these professional bodies also imbues them with the responsibility to prescribe the fees that are to be charged by members of the professions for services rendered to clients (Oke et al., 2019).

Accordingly, a schedule of Professional Fees is traditionally published by various professional registering bodies in the South African built environment context. These guidelines have remained rigid leaving no room for error. Members of most professions rely heavily on these guidelines to determine the professional fees to charge for the deployment of their skills, expertise, and knowledge towards addressing clients' needs (Aluthwela and Perera, 2016). Recently, the issue of fee setting by professional bodies has come under scrutiny, globally, due to its perceived contribution towards stifling competition among members of a particular professions, and inadvertently denying the client the opportunity to achieve value (Govender et al., 2023). The corpus of relevant literature has been replete with studies debating the credibility of such assertion and the impact thereof on the quality of the professional services rendered.

Taking a cue from the global movement in terms of the prescription of professional fees for the performance of tasks by members of professional bodies, the increasing prevalence of discounted professional fees among members of these professions has been observed (Okonkwo and Wium, 2018). This has been attributed to the desire of most firms to compete favourably to win work from clients and the increasing desire of clients for achieving cost-effectiveness when contracting for professional services. In South Africa, the public sector (reputed to be the biggest client in-country) has mostly deployed competitive tendering for selecting providers of professional services. This has contributed to cut-throat competition among professionals, hence raising fears regarding the impact of such discounted fees (in some cases, up to 40% below the fees prescribed by the relevant guideline tariff) on the quality of services delivered. Different scholars have investigated the nexus between discounted professional fees and arrived at varying conclusions, across various disciplines and within the South African context. Whilst some scholars maintain that it would be baseless to expect that the quality of professional services would be negated by discounted professional fees (Laryea et al., 2020), others opine that this was indeed a possibility (Okonkwo and Wium, 2018; Akampurira and Windapo, 2018). This shows the lack of a consensus on this nexus.

This study seeks to contribute to this ongoing discourse albeit focusing on the impact of QS and the impact of the guideline tariff for professional fees on the ability of QS firms to compete favourably, win work and grow, and the quality of services rendered within the South African context. It is expected that the study will unravel the various specialities of

the QS profession which are mostly affected by adherence/non-adherence to the prescribed guideline fee structure whilst providing insights into the factors that have influenced the growing incidence of discounted professional fees by most professionals within the QS space.

2. LITERATURE REVIEW

Quantity surveying is a profession that blends facets of the engineering, construction, and economics disciplines. To be deemed competent, a QS professional must possess the ability to apply a set of related knowledge, skills and capabilities associated with the discipline (professional services) to perform cost management-related tasks thereby contributing significantly towards engendering successful construction project delivery (Ramdav and Harinarain, 2020). These professional services constitute of an intellectual and advisory nature provided by consultants using their professional skills to study, design, and organize specific projects, advice clients, conduct training, and transfer knowledge (CIDB, 2005). The delivery of these value-added services is rendered under the terms of a professional service agreement between the client and the appointed professional and includes professional tariff fees (Hughes et al, 2015).

The unique characteristics of QS professional services such as intangibility and heterogeneity, (Lehtinen and Järvinen, 2015), makes the determination of their professional fees different from the pricing strategy applied to physical products. The determination of QS professional fees is affected by several factors including the client's need for special knowledge and experience; how much competition there is for clients among QS firms; the QS firm's reputation; and, if known, the benefit to the client of a successful outcome (Adegbembo et al., 2020). In determining the appropriate professional fees to charge clients towards meeting revenue targets and profitability, QS firms often rely on the professional fee scales as set up by the professional bodies for guidance. Accordingly, the fees paid by the clients to consultants are often predicated on a rate that is decided by the profession, using the tariff of fees as published by a statutory council.

Traditionally, in South Africa the fee guidelines are used as a basis to determine the remuneration for professional services (Laryea et al., 2020). However, the increased pressure to achieve sustained growth whilst remaining relevant has led to the reliance on overall price as the main factor in the contracting decisions of construction clients. This has resulted in their request for a consideration reduction of professional fees as charged by QS firms, in the pursuit of competitiveness and job reservation. Therefore, the professional fee to be paid for the salient contribution made by these professionals to successful construction project delivery is largely dependent on the client's willingness to pay (Adesi et al., 2018).

There is a general understanding that one of the key responsibilities of a QS at the construction phase of a project is to help keep costs on track (Mbachu and Frei, 2010). Whereas QSs are not to blame in most cases, the prevalence of cost overruns may have spurred doubts as to the real difference a QS can make in terms of value-addition during project delivery.

The QS profession has faced a lot of challenges that threaten its existence, growth, and success over the years (Ramdav and Harinarain, 2020). The most common one being, the adequate compensation for quality of services rendered. Adequacy of compensation for professionals has been brought under scrutiny, as it involves ethics, professional performance, quality of services rendered and the protection of clients' money (Ojo et al., 2020). With the need for an appropriate structure of fees that is fair to all parties, QSs need to adapt to new and responding client-led demands, acquaint themselves with technological innovations, and uphold the banner of the professionalism in adherence to stated ethical conduct (RICS, 2019).

In a comprehensive study on construction industry development in Ghana, Ofori (2012) identified low professional fees as one of the multifarious problems which negated the

performance of QS firms/professionals in that country. According to that study, low professional fees thwarted thwarts the development of their technical support system and guaranteed insufficient cash flow for operational purposes.

Construction professionals have been described as lacking a continuous improvement culture hence their resistance to change disposition (Ojo et al., 2019). When firms grow, departments need to become more specific and able to cater to only a set number of services. This way, more investment in training on the use of technological tools and software that will improve the competitive advantage of the professional firm in the market. The specificity of this structure results in higher quality of services that will be rendered by highly qualified individuals which will ultimately result in high fees being charged to the client (Ye, 2020). But QS firms mostly rely on primitive or traditional construction practices. According to Darmawan and Azizah (2020), resistance to change at organizational level explains the negative attitude of employees, which is always evident in the implementation of innovative methodologies. This affirms various assertions on the rigidity of construction professionals. For instance, Ojo et al. (2019) opined that the QS profession appears to be one of the few professions that have inadequately utilized and implemented technological advancement to its practices in totality.

2.1 Guideline tariff for quantity surveying professional fees

Each professional council in South Africa is expected to publish a guideline of professional fees in the Government Gazette (Clause 34), based on certain principles, on an annual basis with effect from 2000 when a suite of six newly built environment profession Acts was promulgated (Act No. 49 of 2000). The first principle concerns the need for the guideline professional fee structure to be as simple as possible and well designed to ensure effective market competition. The second principle relates to the division of work among different professions for each project. The different professions can only determine their worth on a project if they know what work they will be responsible for on the project (Ramabodu, 2023). The third principle provided modalities for ensuring that fees were reflective of market-related costs.

The following criteria was listed by the Council for the Built Environment (2008) as needing to be taken into consideration when determining the guidelines on professional fees:

- a clear description of the Scope of Services to be provided;
- the unique characteristics of the profession and current economic environment within which the profession operates;
- discourage market powers which may reduce professional fees;
- encourage registered persons to produce goods and services efficiently and price them competitively;
- fees to reflect an efficient cost base and a reasonable rate of return.

Although the "guideline" and its associated principles provides useful information; it is being misused by clients and professionals alike. Whereas clients are increasingly looking for cost-effective alternatives, basing their control expenditure strategies upon the degree of added value that can be demonstrated by professionals, the QS professional is constrained to maintain its reputation and integrity when providing services towards meeting the client expectations using discounted fees, often to his/her detriment. However, the key to pricing lies in understanding the value that clients place on a service as this portrays a reflection of the worth of anticipated satisfaction to be derived from that service (Zhilin and Robin, 2004). Therefore, the fundamentals of every firm's pricing strategy should depend on cost, profit, demand, and competition (Adesi, 2015).

Market competition has led QS professionals/firms to provide discounted fees that are way too low when compared to the suggested rate. Muller and Cumberlege (2018) revealed that the discounting of professional fees by QSs was becoming a cause of concern, as they

now exceeded 40% of the recognizable lower fees prescribed by the guideline tariff. The market competition does not take cognizance of whether the discount will support operational sustainability of the firm that is appointed or not (Claasen and Cumberlege, 2014). Manu et al. (2015) analysed the inherent risks associated with subjecting the pricing of QS professional services to competition. Conclusions reached in that study highlighted the drastic fees reduction as a challenging outcome of this process (Manu et al., 2015). The discounted fee challenge was further articulated by Adesi et al. (2023) in a study into the pricing of QS professional services in Ghana.

Furthermore, the continuous practice of discounted fees has led QS firms towards accepting the reality that they will need to work longer hours for a reduced fee, create innovative techniques to deal with a problem and not charge for it, and undercut when working at risk (Muller and Cumberlege, 2018). This situation reveals that the quality of services will be impacted when fees are discounted as QS firms will have less chances to communicate with the client and even lesser time and money to invest in training, development, and mentoring candidates. To meet clients' expectations within reasonable limits of profitability, QS firms are developing better client focus to determine the ways in which a particular client perceives or even measures value (Perera, 2016).

To mitigate the shortcomings of discounted fees, and in conformity with the global practices on the same phenomenon, the Competition Commission intervened and abolished the mandatory use of the government gazetted fees scale (Report on Competition in Professional Services; 2016). Despite this, most QS firms have continued to offer discounts benchmarked against the SACQSP fees scale as demanded by clients. The capacity for any firm to deliver high quality professional services that meets the client's expectation, professional and ethical standards when working at low fees constitutes one of the biggest challenges facing the profession today. Different authors allude that the practice of discounting fees goes deeper than just a reduction in fees (Liebenberg and Wilson, 2011; Malinda, 2017; Okonkwo and Wium, 2018; Akampurira and Windapo, 2018), insisting that the discounting of fees will not only lead to a lower project quality but may lead to one that may be more expensive than the savings made on professional fees (Weidemann, 2014). Summarily, when a QS firm lowers its professional fees to strive for competitive edge, this inadvertently results in a lowering of standards and delivered value.

2.2 Limitations to the utility of the fee guideline

Traditionally, Quantity Surveyors and other professionals have depended on the recommended range of professional fees published by the various professional and regulatory bodies (Awal, 2010). Many authors have frequently maintained the inability of the professional fees rates as published to achieve the desired value (Cruywagen and Snyman, 2005). Despite the perceived ease of accessing and utilizing such published professional fees rates, the fees guidelines have remained obsolete and unresponsive to the dynamics of the marketplace. This is the case in several instances where relevant parties responsible for updating the rates have failed to do so on a frequent basis (SACQSP, 2011). This leads to lack of interest in the fees guidelines by most professionals who do not depend on the fees guidelines but rather fix their professional fee rates arbitrarily, and subsequently being exposed to under-pricing which in turn, poses existential threats to them.

Comparing the contemporaneous nature of the fees guidelines as presented by the QS council (SACQSP) and the Engineering Council of South Africa (ECSA), the South African Council for the Architectural Profession (SACAP) and the South African Council for Project and Construction Management Professions (SACPCMP), respectively, it can be easily discerned that the QS professional fee percentage is based on the 2015 fee guideline while the fees charged by the other professions are predicated on fee guidelines issued in 2019, thereby signifying a four-year lag. This is perhaps responsible for the widening professional fees variability existing between these professions on projects (Ramabodu, 2023).

Based on the foregoing, it is evident that the QS profession in South Africa is not adjusting to the changes in industry and the broader society. While the other councils have been updating and adjusting their fees according to the changes of time, complexity and assurance of quality, the 2015 QS fee guideline tariff fails to make any differentiation between the different types of buildings, or the complexities associated with such buildings and, furthermore, the methodology of construction (SACQSP, 2015). The 2019 SACPCMP fees guidelines allow for project complexity as it states in Section 6.4 that the professional and client should come to a fee that is indicative of the degree of complexity associated with the intended project. The Section further defines project complexity as any application of new, unusual, and untried techniques or designs or applications of complex project delivery. The clause not only allows for the adjustment of fees taking into consideration project complexity, but it also explains what project complexity connoted, thereby leaving no space for misinterpretation (SACPCMP, 2019).

Similarly, in 2020, the SACAP modified its fee guidelines to cater to project complexity as a condition for adjusting fee tariffs. Project complexity was applied to the two methods recommended for the calculation of professional fees by Architects according to the three distinct levels highlighted below (SACAP, 2019).

- Low complexity refers to simple buildings or groups of buildings in an uncomplicated grouping with a low impact on the environment.
- Medium complexity refers to the building of a group of building in a relatively uncomplicated grouping with a medium impact on the environment.
- High complexity refers to a building or group of buildings in a large or complicated grouping with a significant impact on the environment.

Having established the shortcomings associated with the QS professional fees guidelines which has contributed to the prevalence of discounted fees with dire implications for the profitability and growth of QS firms in the South African context, it has become pertinent to review the effect of these shortcomings on the quality of services rendered by QS firms and the degree of competitive advantage achieved by these firms. Thus, the need to examine how the current structure of the fee guidelines affect the competitiveness of QS firms and the quality of their service outputs has become imminent.

A lack of consensus exists in relevant literature concerning the impact of discounted professional fees on the quality of service rendered by professional QS firms in South Africa. This lack of consensus is further fuelled by the paucity of studies seeking to establish the QS services that have been worst hit in terms of quality, due to the preponderance of discounted fees. This is the gap which this study seeks to address. Furthermore, the study seeks to elicit the perspectives of QS professionals as it relates to the reasons why they engage in discounted fees within the South African construction industry and particularly within the Gauteng province

3. RESEARCH METHODOLOGY

The study adopted a positivist stance and deductive reasoning that culminated in the use of the quantitative approach. The quantitative approach involves the use of numbers and statistical procedures to collect and analyse data (Henson et al., 2020). Based on the tenets of the quantitative approach, data was elicited through the survey research design. The choice of survey questionnaire for data collection was to ensure the validity and reliability of the information gathered (Al-Ababneh, 2020). Accordingly, questionnaires were administered to representatives of a sample size of 35 QS firms selected using non-probability sampling. To be exact, purposive sampling was used to choose firms within the Gauteng Province to participate in the survey. This resulted in the choice of 35 potential respondents. The questionnaires were administered by one of the authors to these respondents over a duration of two months. The use of self-administered questionnaires guaranteed a 100% response rate

as the authors obtained permission with the representatives of the QS firms before the administration of the questionnaire. Also, the respondents were encouraged to complete the survey during the visit of the second author to their business premises.

The questionnaire consisted of a series of questions and associated scales seeking to establish the significance of different variables as one is wont to do during a quantitative study. A pilot study was undertaken by administering the survey questionnaires to 5 academic staff members who are registered with SACQSP. This pilot survey led to the refinement of the questionnaire in terms of clarity; choice of words; speed of completion and suitability of variables.

The survey questionnaire was in two sections. The first section comprises of questions relating their consideration of the scale of professional fees, as prescribed by the guideline tariffs, in the pricing of their services to clients. This implied an elicitation of how much above or below the prescribed rates, they had pitched their professional fees on a regular basis.

In the same section, questions were posed concerning the extent to which the respondents opined that the discounted fees impacted on the quality of the services being rendered to clients. To gain an unbiased perspective, the questions were posed in manner that enabled the identification of the services wherein the most significant decline in quality because of the discounted fees, had been witnessed.

The second section consisted of questions seeking to elicit the significant factors which had contributed to the incidence of discounted fees among QS firms in the Gauteng province.

Whereas a 5-point Likert scale was used to measure the extent to which the discounted fees charged by QS firms fell below market prices (in percentages): 1 = below 45%; 2 = below 50%; 3 = below 65%; 4 = below 75% and 5 = below 85%, other questions posed in the questionnaire relied on a 5-point Likert scale to measure the extent to which the discounted fees impacted on the quality of specific QS services and the extent to which certain events had contributed to the rising incidence of discounted fees. The Likert scale used for the latter questions was predicated on 5=Very Significant, 4=Significant, 3=Moderate, 2=Less Significant, 1= Not Significant.

The responses were subsequently analysed using descriptive statistics. The Mean Item Score was deployed towards ranking of the variables in the third and fourth questions respectively.

4. FINDINGS

The results of the study are presented and discussed in a thematic manner. As such, subsequent sections will consist of a presentation and discussion of results relating to the assessment of the degree of prevalence of discounted fees among QS firms in South Africa; the extent to which such discounted fees fell beyond the professional fees as prescribed in the relevant guidelines; the identification of the QS services that had witnessed the most decline in quality due to discounted fees, and; the significant causes of the incidence of discounted fees being experienced among the respondent firms.

4.1 Prevalence of discounted fees

The lack of enforceability of the fee tariffs has provided clients with a leverage to negotiate fee discounts that often exceed 40% when dealing with professional QS firms in South Africa. Scholars have continued to debate the impact of these discounted rates on the ability of the QS firms to survive and compete. However, this would depend on how low the fees are pitched below the prescribed minimum of 40%.

Firstly, all the respondents maintained that they were currently using discounted fees for the purposes of winning work from clients. The questionnaire results indicated that although some of the respondents use the tariff of professional fees to determine their fees

for some projects, 65% maintained that they use these tariffs on less than 60% of their projects thus highlighting the increasing levels of insignificance of this tariff among QS firms. Furthermore, the respondents indicated that they prefer using alternative methods over the tariff of professional fees as they believe that it provides a better reflection of the costs they incur when delivering services to the client. Thus, this response further questions the relevance of the SACQSP fee scale. To buttress the increasing attractiveness of alternative fee setting strategies to QS firms, 70% of respondents indicated their preference for alternative methods such as quoting a fee per unit or per month without reference to the fee scales.

4.2 Impact of discounted fees on quality of QS services

As prospective QS firms secure tenders through heavily discounted fees in their bids, making these cuts affects their profits. In turn, the cuts are on experienced personnel who can perform the services better.

Table 1 shows the significant services rendered that influence most QS firms to give discounted fees to clients, under broad groupings.

The 5-point rating scale used for eliciting these responses is shown below.

Table 1: Services mostly affected by discounted fees

No.	Services mostly affected by discounted fees	*Levels of Significance										MS	Rank
		VS		S		MS		LS		NS			
		5		4		3		2		1			
		No	%	No	%	No	%	No	%	No	%		
1	Cost control of projects	15	64	2	32	2	4		0		0	4.583	2
2	Preparing tender documents	17	71	2	29		0		0		0	4.592	1
3	Valuation of variations	8	43	5	25	3	16	3	16		0	3.873	7
4	Claims preparations	10	55	9	45		0		0		0	3.933	6
5	Advice on procurement methods	12	58	2	8	3	26	2	8		0	4.117	5
6	Value management	4	22	4	22	4	22	6	30	1	4	3.545	10
7	Risk management	7	40	3	16	9	44		0		0	3.624	9
8	Contract administration	13	62	5	34	1	4		0		0	4.408	3
9	Negotiating contract prices	7	41	2	8	5	34	2	8	3	9	3.645	8
10	Final account preparation	13	62	4	34	2	4		0			4.267	4

5=Very Significant, 4=Significant, 3=Moderately Significant, 2=Less Significant, 1= Not Significant.

As hinted previously, the prevalence of discounted fees among the construction industry professionals has been noted as impacting on the quality of services rendered by these professionals. The QS professional is no exemption. The lower the fees charged for the project; the less time will be allocated to certain activities which in turn has a negative impact on the quality of services to be rendered.

According to Table 1, the preparation of tender documents proved to be service that was mostly impacted by discounted fees with an MS of 4.592. This ranking is rather obvious

as the patterns evident on Table 1 indicate a decline in the quality of time and labour-intensive services rendered by QS firms.

The majority indicated the reason for excessive discount as, lack of work. This once again proved that clients are seeking the lowest possible bid, which ultimately forces consultants to cut fees to unacceptable levels.

From the results, it is thus obvious that these discounted fees have resulted in low quality of service. Laryea et al. (2020) acknowledged that a professional needs to have a certain level of financial independence. This creates a need for professionals to develop a better understanding of how to build up prices for their services and offer their services above cost. This was further elucidated in Laryea and Hughes (2011) in their study which focused on the relationship between cost, price, and value.

4.3 Factors influencing the prevalence of discounted fees

Table 2 shows the different reasons why firms decide to provide discounted fees beyond the project value, client type, valuation method used in the pre-contract and post-contract stages.

Table 2: Factors influencing the QS firm to give discounted fees.

Factors	Mean Scores	Ranks
Market Conditions	3.96	3
Duration of Project	3.48	4
Project Complexity	4.14	2
Innovation	4.52	1
Strategy Formulation	3.05	5

Based on Table 2, the quest to innovate was a major determinant of a QS firm's decision to provide discounted fees to their clients. Innovation (implementation of new or significantly improved processes, a new marketing method, or a new organizational method in business practices, or external relations), an approach adopted in carrying the firm's goals and to gain competitive advantage influence the choice for the firm to reduce fees or not. Although market conditions ranked 3rd, most firms require agility and flexibility to effectively operate in non-traditional sectors such as mining, oil and gas. A focus strategy will also enable the firm to provide differentiated services to meet the expectations of clients and improve business processes (Adafin et al. 2022). The services that quantity surveyors provide situates them as process managers.

4.4 The way forward fees

The survival and eventually the growth of the firms depend on the number or continuity of projects they secure without interval. This financial security is also dependent on the firms' response to emerging services the industry poses. The ability to respond to new opportunities enhance the competitive edge but raises a challenge to the pricing of these services.

Some firms demonstrate different characteristics in the market through experience and expertise. This has been useful in the growth of small firms who cater to a smaller clientele and would ideally like to target that small group. This benefits these small firms as they cannot offer discounts at a rate which would enable them to compete with larger firms.

Also, construction clients are becoming increasingly impatient with their investments in the construction industry. They are increasingly expecting better customer-focused, added-value services, requiring greater awareness of management and finance issues, such as project management, taxation and private / public partnership funding.

While all this is happening, the changing requirements brought by emerging markets are further complicating the construction business' environment for QS firms. For sustained growth, the low quality of work has resulted in a lack of key personnel. Mbachu and Frei

(2011), also found that lack of flexibility and versatility of service are sources of threats for the Australasian quantity surveying profession. Even today, the profession is still unwilling on change. The rigidity of QS firms to adapt is due to lack of strategic vision to explore opportunities in new markets and sectors. Even though the fee guidelines still serve several important purposes, such as providing a basis from which to determine and evaluate the fees, protecting the public and the profession by providing a basis of what the fees should be and by setting out certain standards and regulations of how the fees should be determined and paid under different circumstances, stages and for different types of projects. The supply of QS professional services will be largely dependent on the price level of services and the willingness of clients to pay. For that reason, QSs will now be required to learn and acquire how to better position themselves to manage the demand side in the supply chain. The firms must learn to work with expatriates as some of the projects are procured under joint ventures with other countries that bring with them a different construction culture and pricing competence.

Shayan et al. (2019) claim that the top five future challenges for professional quantity surveyors are changes in technology, lack of knowledge in sustainable development, professional services pricing, demands for diversified services and the competitive job market. The QS profession needs remarketing to reflect this new climate, ways of pricing for QS consultancy services and the market specializations that QSs are developing. Similarly, Mashegoane and Khatleli (2018) contended that the quantity surveying profession has to evolve to keep abreast by filling the gaps value-based pricing strategies in service contracts and how these may help companies generate sustainable advantages.

5. CONCLUSION AND RECOMMENDATION

The purpose of this paper is to examine how the current structure of the fee guidelines affects the quality of the service outputs of QS firms and by extension their competitiveness. This study has become imperative due to the need to properly appraise the impact of the extant fee structures on the profitability and sustenance of QS firms in South Africa.

The study's results highlight increasing levels of non-reliance of QS firms on the prescribed tariff during fees setting due to the emphasis by construction clients on the competitive tendering as a means of selecting professional service providers. However, there is still a need for the recommended tariff of professional fees to be published to provide a basis for QS fees which is determined by the council for the profession, and which cannot be disputed by clients. Although the supply of QS professional services will continue be dependent on the price level of services and the willingness of clients to pay; there is still a need for standards and regulations. But there is a need for more research to be conducted on how a suitable fee scale ought to be formulated and how the fee committee must be comprised.

Also, results indicate that different QS services are impacted differently by the prevalence of discounted fees. Services which require extensive inputs in terms of resources (time, manpower etc), suffer the most decline in quality under significantly discounted fees. As such, services like the preparation of tender documents, project cost control and contract administration ranked as the first three services to be impacted by discounted fees in terms of quality of offering whilst the quality of services like value and risk management were established as being minimally impacted upon by discounted professional fees.

Summarily, it has become clear that the factors such as the innovative potential of a QS firm and the project being tendered for, as well as the degree of project complexity and the nature of prevailing market conditions impact significantly on the firm's willingness to provide their clients with discounted professional fees which are often below the prescribed minimum thereby endangering the profitability and sustenance of the firm.

Summarily, the study's result indicates the preponderance of discounted fees among QS firms in the Gauteng region of South Africa for various reasons. Also evident is the potential

of such discounted fees to post an adverse impact on the quality of services rendered by QS firms, some more than others. Accordingly, to ensure that QS firms are protected from the lowering of quality of the services rendered, there is need for QSs and the SACQSP to provide a framework for rectifying the unhealthy relationship between fees and professional service quality.

Whilst the limited number of participants is considered to be a limitation, it does not detract from the results of the study and the contributions thereof to the sustained debate on the suitability of the current fee structure charged by built environment professionals in the country. However, further studies focusing on this theme are encouraged as they would assist in deepening the discourse and providing a veritable pathway towards engendering desired levels of sustainable competitive advantage among QS firms in South Africa.

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