

# THE ROLE OF THE QUANTITY SURVEYING PROFESSION IN THE FAST-MOVING CONSUMER GOODS INDUSTRY IN SOUTH AFRICA: A LITERATURE REVIEW

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## Abstract

This study investigates the role of quantity surveyors (QS) in addressing challenges existing in the South Africa's Fast-Moving Consumer Goods (FMCG) industry, such as decaying infrastructure and lower profit margins. Literature review was the research approach that was used in order to collect data for this paper. Results of the study confirmed that the quantity surveying profession has significant role to play in the FMCG industry by supporting the industry through creation of new and improvement of aging and dilapidated road infrastructure, warehousing facilities and other related infrastructure assets used in the FMCG industry. The study also noted that the quantity profession can assist the FMCG industry to plan and save its infrastructure related costs. Additional roles which were identified that the quantity surveying profession can play in the FMCG industry include: valuations services, adoption of sustainable and environmentally friendly infrastructure development and management practices. Through this contribution, the study noted that the quantity surveying profession can support the FMCG industry to maximise its profit margins and turn it around to become a more efficient and competitive industry towards its customers and the economy at large. The study recommends more engagement between the quantity surveying profession and all stakeholders in the FMCG industry and other relevant sectors in the economy to identify areas of cooperation aimed at improving the FMCG industry.

**Keywords:** Quantity Surveying Profession, Fast-Moving Consumer Goods Industry, Infrastructure, South Africa.

## 1. INTRODUCTION

This study explores the role of quantity surveyors (QS) in the fast-moving consumer goods (FMCG) industry, focusing on how they can address gaps and facilitate the sector's growth. The FMCG industry handles highly perishable goods, household items, and personal hygiene products in the economy (Cooper, 1998; Hart, 1998). As sector, Simba *et al.*, (2017) and Magagula *et al.*, (2020) noted that FMCG industry contributes approximately R1 trillion to South Africa's annual GDP. This contribution accounts to roughly 15% of the nation's GDP. Despite this significant contribution to the economy, the FMCG industry, which is characterized by high consumer demand, rapid product turnover, is facing serious challenges such as inflation and declining profits, that have exerted enormous pressure on businesses financially and operationally (Diehl and Spinler, 2013). Furthermore, the efficiency of the industry has declined over the years due to the shortage of high quality and aging road infrastructure and warehousing facilities (Simba *et al.*, 2017; Magagula *et al.*, 2020). A combination of all these challenges has made FMCG industry less efficient and fail to provide good customer services and satisfaction. Therefore, the purpose and intention of this study is to intervene and identify the roles which the quantity surveying profession can play in the FMCG industry in order to improve its efficiency and customer satisfaction. Traditionally,

quantity surveyors are specialists in cost planning, cost management, procurement, contractual and risk management, tender preparation, contract advice and project valuation services for new and aging road infrastructure and warehousing facilities (Turkington, 2022; ASAQS, 2022). With these specialised skills, quantity surveyors fit in perfectly to support the FMCG industry to solve its existing challenges of inadequate and aging road infrastructure and warehousing facilities. By addressing these gaps, QS can play a pivotal role in enhancing the efficiency and growth of the FMCG industry. To conclude, the study aims to shed light on the dynamic roles of QS and how their expertise can be best utilized to support the FMCG sector's development, ensuring sustainable growth and improved operational efficiency (Turkington, 2022; ASAQS, 2022).

## **2. RESEARCH APPROACH**

This study provides an overview of the FMCG industry. Additionally, the study also provides an overview of the quantity surveyors' roles in the FMCG sector using literature survey as a research approach to collect data for the paper. Justification for this research approach is based on the fact that the reviewed literature will offer broad understanding of the FMCG industry and quantity surveyors' roles in the FMCG industry, hence setting the stage for future research (Cooper, 1998; Creswell, 2014; Hart, 1998). To achieve this, a detailed literature review was conducted in order to identify relevant related studies and documents for the study. After completion of the review of the literature, in total sixteen (16) relevant studies, documents and reports were identified that supported the writing of knowledge gaps and key findings for the paper.

## **3. FAST-MOVING CONSUMER GOODS INDUSTRY**

### **3.1 Overview of the FMCG Industry**

Fast-Moving Consumer Goods (FMCG) are products with frequent sales and short shelf life (Kenton, 2021). Kenton (2021) defines the FMCG sector as encompassing a wide range of consumer items sold at low prices and consumed quickly, including food, personal care products, and household cleaning materials. The sector has experienced significant global growth, partly driven by technological advancements such as e-commerce, which have reshaped consumer behavior and purchasing patterns (Research and Market, 2021). Consequently, FMCG firms must swiftly adapt to these evolving economic dynamics to maintain competitiveness (Research and Market, 2021). The FMCG industry faces various risks, notably supply chain disruptions from infrastructure and facility challenges (Agigi *et al.*, 2016). Quantity surveyors are crucial in mitigating these risks through their expertise in infrastructure cost management and risk reduction strategies tailored to the FMCG sector (Agigi *et al.*, 2016; Turkington, 2022). ASAQS (2022) underscores the importance of quantity surveyors as infrastructure cost specialists capable of addressing cost-saving and improvement challenges within the FMCG industry (Turkington, 2022). This strategic involvement enhances industry performance competitiveness and contributes significantly to economic growth (Agigi *et al.* 2016).

The South African FMCG industry contends with volatility in consumer demand and economic instability, exacerbated by outdated technical systems and inadequate infrastructure (Simba *et al.*, 2016; Magagula *et al.*, 2020). Magagula *et al.* (2020) advocate integrating quantity surveyors to effectively manage these infrastructure and facility threats, stabilizing supply chains and bolstering economic resilience. This collaborative effort enhances industry stability and supports nationwide economic growth initiatives (Magagula *et al.*, 2020). According to Simba *et al.* (2016) and Magagula *et al.* (2020), the FMCG sector's resilience in navigating economic shifts and technological advancements hinges on effective risk management and infrastructure development facilitated by quantity surveyors. Their specialized skills in cost management and infrastructure planning are pivotal in addressing FMCG industry challenges, ensuring sustainable growth, and fostering economic stability on both local and global scales (Magagula *et al.*, 2020).

### **3.2 Challenges in the Fast-Moving Consumer Goods Industry**

According to Turkington (2022), the FMCG industry faces diverse challenges, and the study focuses on the relevance of quantity surveyors (QS) in addressing these. ASAQS (2022) defines QS as specialists in cost management. Therefore, QS expertise and training equip them to effectively tackle cost-saving challenges within the sector, enhancing performance and competitiveness. Turkington (2022) identifies supply chain sourcing as a primary challenge in the FMCG sector, with 44% of respondents viewing suppliers as critical assets. Ensuring timely access to essential raw materials poses significant challenges in today's competitive market environment (Turkington 2022).

Global interest in procurement management has expanded beyond traditional boundaries to encompass diverse services such as marketing, IT, logistics, and purchasing (Oke *et al.*, 2018). However, Oke *et al.* (2018) noted that while supply chain management garners attention, less focus is placed on implementing procurement laws and strategies. This oversight underscores the need for procurement professionals with global competencies to navigate evolving market dynamics effectively. Spellacy *et al.* (2020) indicated that quantity surveyors contribute valuable insights into the construction industry, particularly regarding end-user preferences. This expertise is crucial in the FMCG sector, where marketers must consider various factors when selecting products to promote amidst shifting consumer preferences (Olanrewaju and Anahve, 2015). Cost management remains a critical issue in the FMCG supply chain, with inflationary pressures affecting the food and beverage industries. Customers increasingly prioritize value over brand loyalty, prompting businesses to maintain competitive pricing amidst regulatory changes and supply chain disruptions (Turkington, 2022).

FMCG firms must comply with regulations to uphold consumer trust and brand reputation (Perchanidis, 2023). Additionally, Perchanidis (2023) reported that non-compliance can lead to severe consequences, including health risks and financial losses, emphasizing the importance of adherence to industry standards. Furthermore, Perchanidis (2023) indicated that traceability is a significant concern in the FMCG sector, impacting consumer safety and regulatory compliance. Stakeholders increasingly prioritize accurate tracking methods to ensure product safety and regulatory compliance (Turkington, 2022). Inventory optimization and management

are crucial in the FMCG industry, where perishable goods and rapid product turnover necessitate efficient inventory practices (Nemtajela and Mbohwa, 2017). Quantity surveyors contribute to waste minimization strategies, offering practical solutions for stakeholders in the construction sector (Saka *et al.*, 2019). Demand forecasting remains a challenge in the FMCG supply chain, where accurate predictions are crucial for optimizing resources and enhancing operational efficiency (Dachyar *et al.*, 2021). Historical sales data alone may not suffice, prompting the exploration of advanced forecasting techniques like machine learning to improve accuracy (Kilimci *et al.*, 2019).

### 3.3 Adversity in the Fast Moving Consumer Goods Industry

Agigi *et al.* (2016) highlight that the FMCG sector encounters various risks, such as supply chain disruptions, price volatility, and regulatory shifts. Quantity surveyors employ adequate risk management strategies to identify and mitigate these threats (Agigi *et al.*, 2016). Globalization and outsourcing, as noted by Simba *et al.* (2017), have been adopted by companies to cut costs and boost competitiveness, leading to increased connectivity and interdependence. However, this strategy has also heightened risk exposure due to shorter product life cycles and greater reliance on external suppliers and entities within the supply chain. These factors have adversely affected supply chain performance by disrupting the smooth flow of materials and information, resulting in financial losses (Simba *et al.*, 2017). Supply Chain Risk Management (SCRM), as detailed by Breuer *et al.* (2013), involves employing a range of strategies to handle the diverse risks—both anticipated and unforeseen effectively—that arise within the supply chain. SCRM entails continuous risk assessment to reduce vulnerability and ensure uninterrupted operations (Breuer *et al.*, 2013).

### 3.4 Competitiveness in the Fast Moving Consumer Goods Industry

Due to the considerable volatility in consumer demand, the South African FMCG sector is susceptible to disruptions such as economic instability (Simba *et al.*, 2017). Additionally, challenges like inadequate infrastructure, unreliable electricity, and outdated technical systems significantly impact operations within this industry. Despite these challenges, the FMCG supply chains play a crucial role in supporting economic growth and stability across the country (Magagula *et al.*, 2020). Azabagaoglu *et al.* (2011) state that competition within the FMCG sector is intense, driven by production costs, delivery standards, and marketing (Udokporo *et al.*, 2020). Focusing on one or a combination of these factors is crucial for maintaining competitive advantage in dynamic and price-sensitive markets. Becoming a low-cost producer and efficient time management are particularly significant drivers of competitiveness (Al Serhan *et al.*, 2015). Reducing production costs is essential for gaining a competitive edge in FMCG. Strategies aimed at cost reduction significantly enhance manufacturing performance by effectively managing overheads, inventory, and value-added costs (Hansen *et al.*, 2015). Furthermore, it involves optimizing production line efficiencies, including material handling costs and reconfigurations. The strategic purchasing of resources and efficient processing methods are also highlighted as effective cost-cutting measures (Thomas and Gilbert, 2014).

Sustainability practices within the FMCG industry, as advocated by Aggarwal (2023), are increasingly recognized for their potential to enhance growth, profitability, and procurement efficiency. Stewart and Niero (2018) emphasize the role of sustainable practices in aligning business operations with environmental goals, such as sourcing environmentally friendly materials and adopting sustainable packaging solutions. These practices cater to consumer preferences for eco-friendly products and contribute to reducing waste and energy consumption across production and distribution processes. FMCG firms must comply with industry regulations to uphold standards and ensure consumer and environmental protection. Ogunlela (2018) stresses the importance of transparent communication about environmental certifications and proactive measures to build consumer trust. Effective compliance management enhances market competitiveness and fosters a positive corporate image (Perchanidis, 2023).

## **4. QUANTITY SURVEYING PROFESSION**

### **4.1 Overview of the Quantity Surveying Profession**

The historical trajectory of the quantity surveying profession illustrates its foundational evolution and adaptive responses to economic, technological, and industry-specific changes (Stroebel, 2023). Additionally, Stroebel (2023) indicated that beginning with its establishment in England in 1785 under Henry Cooper and Sons, the profession initially lacked standardization and faced diverse, ununiform functions. However, quantity surveyors swiftly filled this void by introducing frameworks to manage costs, quantities, and project risks, thus establishing themselves as indispensable professionals in the construction sector (Stroebel, 2023). The profession's growth in South Africa during the economic shift from agrarian to mining sectors further solidified its importance. The influx of UK-trained architects into cities like Johannesburg and Pretoria bolstered quantity surveying practices, leading to the arrival of the first formally qualified quantity surveyor in 1896 (Stroebel, 2023). This historical context underscores the profession's foundational role in shaping the built environment and managing the financial aspects of construction projects. Throughout the decades, quantity surveying has faced significant transformations, particularly in response to changing procurement procedures and contract forms during the 1970s and 1980s (Langford and Male, 2008). These shifts redefined the profession's role within design teams and necessitated adaptation to new client demands and competitive pressures from consulting firms and other professions.

Establishing the South African Council for the Quantity Surveying Profession (SACQSP) under the Quantity Surveying Profession Act (Act 49 of 2000) provided regulatory oversight and set professional standards. This framework encompasses education standards, accreditation of institutions, registration criteria for professional quantity surveyors, and a Code of Conduct to ensure ethical practices (ASAQS, 2022). Modern quantity surveyors have diversified their roles beyond traditional construction domains, incorporating expertise in sectors like Fast-Moving Consumer Goods (FMCG). Their cost estimation, planning, and project management skills have proven adaptable and essential in diverse industries (Seeley, 1997; Cartlidge, 2017; Lee *et al.*, 2011; Olanrewaju, 2016). This adaptability reflects their capability to engage from

project inception, offering services such as project and facilities management, arbitration, and value management (Hanid *et al.*, 2007). Economic developments, technological advancements, and changing client expectations drive the profession's evolution. Research by Salleh *et al.* (2020) highlights the expanded roles of quantity surveyors in procurement, design cost planning, risk management, and other specialized areas. This evolution underscores the profession's capacity to innovate and remain relevant in an increasingly complex global landscape.

#### **4.2 Roles of the Quantity Surveying Profession in the Fmcg Industry**

Spellacy *et al.* (2020: 423) described quantity surveyors as construction professionals whose principal responsibility is to bring value to cost management, controlling cost estimations and any cost plans, including budgeting and cost control during project implementation. However, Seeley (1997: 240), Cartlidge (2017: 1), Lee *et al.* (2011: 1) and Olanrewaju (2016: 352) have argued that quantity surveyors today also offer a wide range of services outside of the building industry as long as the other sectors can also use their services, for example in the FMCG industry. Furthermore, Seeley (1997: 240), Cartlidge (2017: 1), Lee *et al.* (2011: 1) and Olanrewaju (2016: 352) highlighted that just like the building industry, the FMCG industry also requires construction approximation, estimation and cost planning. As a consequence, a quantity surveyor working in the FMCG adapts by analysing FMCG infrastructure and knows the materials, tools and procedures that can be used to the related problems (Seeley 1997: 240; Cartlidge 2017: 1; Lee *et al.* 2011: 1; Olanrewaju 2016: 352).

More significantly, Hanid *et al.* (2007: 1) indicated that when a new development project is being considered, a quantity surveyor may be involved from the beginning and may even be the client's initial point of contact. Based on this it is clear that the quantity surveyors of the 21<sup>st</sup> century continue to diversify their areas of competence, allowing them to engage in a new range of services including project management, value management, arbitration, adjudication, and facilities management (Hanid *et al.* 2007: 1).

### **5. CONCLUSION AND FURTHER RESEARCH**

The findings provide a historical overview of the evolution of quantity surveying, emphasizing its foundational role in cost management and project governance. It discusses the profession's adaptation to economic shifts and technological advancements, expanding its services beyond construction to sectors like FMCG. The analysis highlights challenges posed by the construction industry changes, such as increased competition and evolving client expectations. The findings underscore the profession's resilience and innovation in response to these dynamics, projecting future roles in diverse sectors like procurement and green building, driven by technological advancements and evolving client needs. Additionally, the study noted that the field of quantity surveying continues to evolve, driven by technological advancements, economic shifts, and changing client expectations. Addressing these changes will deepen scholarly understanding and enhance the quantity surveying profession's capacity to innovate, adapt, and contribute effectively to sustainable development and construction excellence on a

global scale. It is important for the quantity surveying profession to embrace these challenges and opportunities to shape the future of the profession positively.

The study also found out that the FMCG sector is facing multifaceted challenges requiring innovative solutions and specialized expertise. Quantity surveyors play a crucial role in cost management, compliance, waste reduction and strategic decision-making. Their involvement in the FMCG industry would enhance operational efficiency and competitiveness in the sector. Future research should focus on integrating emerging technologies, enhancing procurement strategies and improving demand forecasting accuracy to optimize FMCG supply chain operations and ensure sustainable growth in the industry. Furthermore, future research should also explore further on regulatory frameworks, and international collaboration to optimize quantity surveying contributions

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