Editorial

Welcome to the *Journal of Financial Management of Property and Construction* (*JFMPC*), Volume 23, Issue 2. At the time of preparing this editorial, so many key events have recently or are continuing to unfold around the world that relate very closely to our editorial remit.

Within the UK, for example, we have recently witnessed the demise of a major contractor Carillion, which – following a profit warning in July 2017 – went into compulsory liquidation on 15 January 2018 (Mor *et al.*, 2018). Carillion was a key international player with interests in property, construction and just about every other supply chain related thereto. They were also a major supplier to the UK public sector infrastructure programme, having delivered approximately 450 government contracts in 2016, representing 38 per cent (almost equal to GBP£2bn/US$2.78bn at March 2018 exchange rates) of their turnover. They were comprehensively involved in UK Private Finance Initiatives (PFI), with a dozen or so PFI direct equity stakes expecting to yield a combined revenue of GBP£106m (almost equal to US$147m) in 2017/2018. Questions stemming from this situation are almost infinite – How could this happen? What was the cause? What can we learn from this? (*Ad-infinitum*).

At the European level, we have Brexit: heated debates of tariff-free market access, populist policies, protectionism, selective membership, workforce movement, the construction skills base and worker shortages – to cite but a very few possible examples – look set to continue with enthusiasm for some time. Specific views concerning the impact of Brexit on property and construction are equally plentiful, with many of the leading UK professional bodies offering dedicated online content and commentaries on their websites (for example, RICS, CIOB, ICE, RIBA and CIBSE). Perusal of these confirms that presently there are many more questions than answers.

Global financial systems have equally "made the news" of late. Leading markets suffered shock falls middle-to-late January and continued into early February. These were attributed among other things to concerns of possible interest rate rises this year, while concerns are growing for a possible "trade war" given the USA's decision to impose sanctions on imported steel (Whitehouse.gov, 2018). In contrast, so to speak, the Organisation for Economic Co-operation and Development has forecast global economic expansion of an average circa 4 per cent for the period 2018/2019 (OECD, 2018).

Given this rich backdrop of financial turbulence and its associated broad ramifications for property and construction sectors, we warmly welcome submissions on these and associated subjects. In harmony with *JFMPC* editorial policy, these submissions may take the form of research paper, viewpoint, technical paper, conceptual paper, case study or literature review (journal *Instructions for Authors* on the *JFMPC* website for definitions of these). We also welcome informal discussion of authors' ideas, with the relevant subject Editor ("Editorial team" also on website).

This issue of *JFMPC* presents a blend of subjects on both property (first group of three papers) and construction (second group of four papers) themes.

The opening submission is by Mintah, Higgins and Callanan, who develop a "real option approach" optimal investment strategy for investment in residential development (in a mixed-use setting). The authors identify that assessing the cost of flexibility is more straightforward than assessing the economic benefits, meaning this decision is fraught with difficulty. It is demonstrated that in the Australian example at least, economic benefits of flexibility outweigh the upfront economic cost and that an option pricing approach outperforms an approach based on discount rate adjustments. This innovative paper offers

Journal of Financial Management of Property and Construction
Vol. 23 No. 2, 2018
pp. 130-132

1366-4387
DOI 10.1108/JFMPC-08-2018-058

international interest and relevance, particularly given the present expansion of the residential rented sector.

Konno and Itoh author the second paper. They come from the perspective of corporate finance and governance to deploy a pooled binary logit model that investigates the reasons why construction and real estate sector managers decide to delist their companies from a stock exchange. The study presents five main reasons for voluntary delisting and examines whether these are relevant, focussing on wealth effect, cost reduction and undervalue elimination factors. Common aspects are highlighted that appear unique to each sector, providing knowledge on this issue for both market participants and security market regulators.

Paper 3 is by De Silva, Weerasinghe, Madhusanka and Kumaraswamy, who return to two key *JFMPC* themes: investigating the financial implications of facilities management strategies and the project management phase to provide a more seamless integration across the construction and use lifecycle. Their research considered contributions throughout the supply chain to better understand relationally integrated value networks. Factor analysis and principal component analysis identified 11 key value aspects and 4 key enablers, all of which could be adopted to add value across the PM and FM phases, to drive better asset performance.

In Paper 4, Alao, Jagboro and Opawole change the theme to construction and study the cost and time implications of abandoned project resuscitation. Their analysis of survey and secondary project data shows that significant effects of project abandonment are disappointment of populace and over-stretching of existing facilities. They conclude with a directly proportional and an exponential effect of period of abandonment on percentage cost overrun of resuscitated projects; a linear relationship between period of abandonment and percentage time overrun; and a maximum economic threshold at which abandoned projects can be resuscitated, of 16 months.

Yogeshwaran, Perera and Ariyachandra author Paper 5. They delineate the gap between competencies of graduate quantity surveyors (QS) and the competencies that industry expects from them, in Sri Lanka. They reveal several areas where QS competencies are in excess of what industry needs, including cost planning, strategic planning, risk management, value management, lifecycle cost analysis, sustainability, surveying and levelling. However, the majority of competences held fall short of industry’s expectations. They conclude with a need for (re) designing quantity surveying degree programmes to better cater to industry needs in this country.

Paper 6 is by Osei-Kyei, Chan, Dansoh, Ofori-Kuragu and Owusu. In their work of motivations for adopting unsolicited proposals for public–private partnership project implementation, inter-rater agreement analysis, mean significance index and independent two-sample *t*-tests analyse data to reveal four “very critical” motivations for governments’ interest in said proposals. These include enhancing private sector innovation and creativity; addressing a lack of public sector capacity to prioritise and procure projects; and achieving rapid project implementation. Further, developing and developed countries view the significance of these motivations differently.

Babatunde, Awodele and Adeniyi conclude this issue. Their study looks at opportunities and challenges of foreign direct construction investment (FDI) in developing countries. The authors identify eight opportunities of using foreign direct investment and group these under three principal factors of knowledge spillovers; capital for new investment; and resilience during financial crises. Identified challenges were grouped in terms of loss of ownership advantage and additional costs; crowding-out of national firms; and administrative bottlenecks and overdependence. They conclude that a significant relationship exists between the contributions of FDI inflows in the construction sector and the total GDP of the host country.

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