THE PERCEPTION OF SERVICE QUALITY BY TENANTS OF SELECTED COMMERCIAL BUILDINGS WITHIN THE NAIROBI CENTRAL BUSINESS DISTRICT, KENYA

BY:

ASAVA GRACE FAITH

A MANAGEMENT RESEARCH PROJECT SUBMITTED IN
PARTIAL FULFILLMENT OF THE REQUIREMENT FOR THE
AWARD OF THE DEGREE OF MASTER OF BUSINESS
ADMINISTRATION, SCHOOL OF BUSINESS, UNIVERSITY OF
NAIROBI

NOVEMBER, 2011

DECLARATION

I declare that this is my original work and has not been presented for a degree in any other university.
Signature Date
NAME: ASAVA GRACE FAITH
Registration Number: D61/73684/2009
This project has been submitted for examination with my approval as university supervisor.
Signature Date
NAME: DR. JUSTUS MULWA MUNYOKI
LECTRURER
DEPARTMENT OF BUSINESS ADMINISTRATION
UNIVERSITY OF NAIROBI

DEDICATION

To my family and friends for their everlasting support and encouragement to complete this course.

ACKNOWLEDGEMENT

I am grateful to God for seeing me through the entire period of my study and research project.

I wish to express my sincere appreciation to my project supervisor Dr.Justus Mulwa Munyoki for his effort, encouragement and guidance.

Through the entire research period, I was in contact with various professionals in the industry. They have given me useful information for me to complete the project. I am thankful to them.

Lastly, my deep gratitude goes to all my family members and friends for all the encouragement and support.

ABSTRACT

Service quality has been the subject of considerable interest by both practitioners and researchers in recent years. Despite the importance of measuring service quality across industries and nationwide, little empirical research has been conducted in the delivery of professional practice of property management services in Kenya. The requirement for high standard of service quality in property management has grown through the years due to the fact that tenants have become more demanding in an increasingly competitive business environment. The purpose of the research was to measure tenants' perception and expectations to determine the perceived service quality. It also determined the level of importance of service quality dimensions.

A frame of reference was developed based on literature review. Five dimensions of service quality were selected to be applied in property management services. The study employed cross sectional survey method. The sample targeted 50 tenants from ten selected numbered commercial buildings within the Central Business District of Nairobi. The SERVQUAL measurement instrument was applied in the study. Data was collected by administering questionnaires. Data analysis and presentation was done by use of average scores and tables.

The findings of this research give an insight into the variables that contribute to perceived service quality of property management services. The reliability dimension emerged as the most critical dimension of the five service quality dimensions looked at. This study recommends that property managers should make attempts to understand tenants' needs and embrace tenant based performance measurement in order to have a competitive edge over competitors. This study has contributed to the body of knowledge in the strategic management of property management services and practice. Areas for further research have also being pointed out.

TABLE OF CONTENTS

Decl	aration	i
Dedi	cation	ii
Ackr	nowledgement	iv
Abst	ract	v
List	of Tables	viii
CHA	APTER ONE: INTRODUCTION	1
1.1	Background of the Study	1
1	.1.1 Perception	1
1	.1.2 Service Quality	2
1	.1.3 Commercial Buildings within Nairobi Central Business District	4
1.2	Statement of the Problem	5
1.3	Objectives of the Study	6
1.4	Value of the Study	6
CHA 2.1	APTER TWO: LITERATURE REVIEW Introduction	
2.2	Service Quality	
2.3	Perceived Service Quality	
2.4	Service Quality Models	9
2.4	.1 Gronroos (1984) Perceived Service Quality Model	9
2.4	.2 Parasuraman et al (1985) Gaps Model (Base of the SERVQUAL)	10
2.5	The SERVQUAL as a Measurement Instrument	11
2.6	Property Management Service Quality Assessment	12
CHA	APTER THREE: RESEARCH METHODOLOGY	14
3.1	Introduction	14
3.2	Research Design	14
3.3	Population	14
3.4	Sample Design.	14

3.5	Data Collection.	15
3.6	Data Analysis	15
3.7	Scope of the Study	15
CHA	APTER FOUR: DATA ANALYSIS AND PRESENTATION	16
4.1	Introduction	
4.2	Relative Importance of Service Quality Dimensions	
4.3	Tenants' Perception of Service Quality	
4.4	Tenants' Expectations of Service Quality	19
4.5	Perceived Service Quality	22
CHA	APTER FIVE: SUMMARY,CONCLUSIONS AND RECOMMENDA	TIONS25
5.1	Summary	25
5.2	Conclusions	26
5.3	Recommendations	27
5.4	Limitations of the Study	28
5.5	Suggestions for Further Research	28
REF	TERENCES	29
APP	PENDICES	33
Appe	endix I: Letter of Introduction from the University	33
Appe	endix II: Map of Nairobi Central Business District and List of	Numbered
Build	dings	34
Appe	endix III: Questionnaire for Tenants in Commercial Buildings	35
Anne	endix IV: Data Response Set	39

LIST OF TABLES

Table 4.1: Importance of Service Quality Dimensions	16
Table 4.2: Perception of Service Quality Attributes	18
Table 4.3: Expectation of Service Quality Attributes	20
Table 4.4: Average Values of the Five Quality Attributes	22
Table 4.5: Gaps between Perception and Expectation of Service Quality Attributes	23

CHAPTER ONE: INTRODUCTION

1.1 Background of the Study

Understanding sources of sustained competitive advantage for firms has become a major area of research in strategic management (Porter, 1985). Conversely, domestic and global competition forces organisations to look into new ways to create and sustain competitive advantage (Porter, 1998). The performance is the most important competitive weapon in service organisations that could distinguish one organisation from another, as an organisation can differentiate itself by satisfying customers' needs better than its competitors (Zeithaml et al ,1990; Porter, 1998).

During the last two decades, academics (Gronroos, 1984; Parasuraman, Zeithaml and Berry, 1985; Cronin and Taylor, 1992; Teas, 1993) have examined the key attributes of service quality, and how to measure them and stressed that for any organisation to compete successfully it needs to understand the customers' expectations and perceptions of service quality as this influences the customers' choice of service provider, satisfaction and loyalty.

The requirement for high standard of service quality in property management has grown through the years due to the fact that tenants have become more demanding in an increasingly competitive business environment. Since the beginning of 1990s, both marketing and management literature and research have witnessed a growing interest in service quality (Parasuraman et al, 1985; 1988; Gronroos, 1998). Delivering service quality is considered an essential strategy for success and survival in today's competitive environment (Parasuraman et al 1985; Schneider and White, 2004).

1.1.1 Perception

Assael (2004) defines perception as the process by which consumers select, organize and interpret stimuli to make sense of them. Stimuli are more likely to be perceived when they conform to consumers past experiences, conform to consumers current beliefs about

1

a brand, are not too complex, are believable, relate to a set of current needs and do not produce excessive fears and anxiety.

Perception is therefore a process made up of several inter related activities which results in the individual giving meaning to the environment from experience and varies from one person to another since different individuals 'see' the same thing in different ways (Harold, 1978). The quality customers perceive will typically differ, depending on what strategy a firm uses. According to the model of total perceived quality developed within the Nordic School of Services (Gronroos, 1982, Lehtinen, 1986, Gumesson, 1993) the customer perceived quality is basically a function of the customer perceptions of two dimensions: the impact of the outcome or the technical solution (what the customer receives), and an additional impact based on the customer's perception of the various interactions with the firm (how the so called "moments of truth" [Normann, 1984] are perceived). The former quality dimension is sometimes called the technical quality of the outcome or solution, whereas the latter dimension is called the functional quality of the interaction process (Gronroos, 1982).

1.1.2 Service Quality

Service quality is an abstract and elusive concept because of the well-known distinctive features of services—intangibility, perishability, heterogeneity, and inseparatability of production and consumption (Zeithaml et al, 1985; Rust et al, 1996; Kotler and Armstrong, 2001). It is due to these features that definition of quality can vary from person to person, and from situation to situation (Kandampully, 2002).

Service quality has two distinct constituents, the technical and the functional (Gronroos, 1984). Many researchers argue that, given their frequent inability to judge the technical quality of a service, customers may see the functional service quality as the most important factor in a service transaction. On the other hand much discussion about service quality measurement has evolved around the concept of dimensions of service quality where dimensions refer to a set of attributes which consumers use in evaluating the quality of service provided (Asubonteng, McCleary & Swan, 1996).

Similarly, many of the definitions of service quality revolved around the identification and satisfaction of customer needs and requirement (Cronin and Taylor, 1992; Parasuraman, Zeithaml and Beryl, 1985). Parasuraman, Zeithaml & Beryl, 1985 argue that service quality can be defined as the difference between predicted or expected service (customer expectation) and perceived service (customer perceptions). If expectations are greater than performance, then perceived quality is less than satisfactory and a service quality gap materializes. This does not necessarily mean that the service is of low quality but rather that customer expectations have not been met and hence customer dissatisfaction occurs and opportunities arise for the better fulfillment of customer expectations.

In the service industry, the primary challenge is to truly satisfy customer needs. Meeting this and or maintain this challenge is always difficult as human needs are rapidly changing. With this in mind, the service sector has been undergoing some revolutionary changes in which the established ways of doing business continues to be shunted aside. Research has shown that organizations that are innovative and continuously improving on their services will continue to offer new standards of services in markets where established competitors have failed to please today's demanding customers (Kotler, 1997). With these challenges and demands worldwide, service quality has been gaining a lot of prominence in research in recent years (Schneider and White, 2004). There is a dearth of research into service quality in the property industry. This supports the much needed research of service quality in the property management practice.

Delivering quality service has many benefits including achieving and sustaining a competitive advantage (CEL and Associates Inc, 1996; Lee and Dean, 1998) and as a barometer of corporate performance (Javitch et al, 1995). In the service industry like the property management, quality and perception of quality is essential. Thus, the need to deliver quality service is imperative in order to retain tenants as services is the criteria upon which clients, customers and users of real estate product and services differentiate one organisation from another (CEL and Associates Inc, 1996).

1.1.3 Commercial buildings within the Nairobi Central Business District

According to Harris and Ullman (1947), the Central Business District is the focus of commercial, social and civic life and of transportation in its downtown retail district with its department stores smart shops of office building, club, bank, hotel, theater, museum and organizational headquarters. Here one finds the greatest concentration of offices and retail stores reflected in the cities highest land value and its tallest buildings.

Commercial buildings include offices, shops and car parks. Offices traditionally offered what was considered to be the leading type of property investment mainly because of the rental growth and flexibility of use provided by office premises (Syagga & Aligula, 1999).

Provision of parking space within the building is regarded as attractive convenience for tenants in comparison to any other parking provision. Shops usually ensure the growth of consumer expenditure albeit at a diminishing rate and while the number of shops and amount of shopping floor space steadily falls the average size of shops and their relative performance unremittingly increases. The factors that influence the quality of retail investment includes the direction and volume of pedestrian flow, availability and regularity of public transport, respective balance of other retail and non retail uses in terms of competition and complimentarity, potential for expansion and availability of parking space (Syagga & Aligula, 1999).

Factors that affect investment in commercial property include location, design and lettable area. The location of a building both regionally and locally is of increasing importance (Syagga & Aligula, 1999). Generally, commercial buildings are required as a means of production or as a commodity to consume. Ordinarily, landlords view it as a means of production and tenants as a commodity to consume. Tenants as consumers estimate value of buildings not for revenue, but satisfaction obtained in terms of comfort, convenience, prestige and delight as it undertakes its economic activities. In acquiring a commercial building, for investment a landlord gives prominence to revenue generation and cost incurred in the generation of that revenue (Stone, 1980).

1.2 Statement of the Problem

Tenants are now increasingly aware of and concerned about the level of service they receive. Therefore in order to remain competitive, property managers must listen and respond to tenants' needs, concerns and expectations, as well as opinions, and use this information to quantify their performance and compare them with best practice (Muhlebach, 1998). Chin & Poh (1999) argued that due to the increase in expectations of tenants and the growth in the economy, there is a growing awareness of the need among buildings owners, professionals, and the authorities to raise the standard of property management practice.

Property management has been preconceived by many to mean only prompt collection of rent and maintenance of buildings. This, however, is not the case as property management is the direction and supervision of an interest in landed property with the aim of securing optimum returns. The returns need not always be financial, but may as well be in terms of social benefits, status, prestige political power, or some other goal or group of goals (Stapleton, 1986; Syagga and Aligula, 1999). The property managers have been forced to measure end results as opposed to the incremental processes that actually combine to make up the end result. These measurements tend to explain 'what' but provide little insight into the 'why'. As a result, the manager can only hypothesize or make guess regarding the actual cause (Schwenker, 1999).

Managers need more useful performance data to help answer the 'why'. Thus, to answer the 'why', the property manager needs to focus on tenant-based performance measurement in order to set themselves apart from their competitor. It is imperative for the owner to attract and retain satisfied tenants for their property investments. In order to retain tenants, the property manager needs to pay more attention to the tenants, and that starts with a solid analysis of the company's performance (Muhlebach, 1998). Without this clear vision and correctly defined business practices and processes, an organization is doomed to lackluster performance and loss of business.

Despite the importance of measuring service quality across industries and nationwide, little empirical research has been conducted in the delivery of professional practice of property management services in Kenya. Murugu (2003) studied the perceived quality of service in the mortgage sector. This study differs from the aforementioned in that it focuses on property management services in the real estate industry. This research therefore, sought to determine the perception of service quality by tenants of commercial buildings within the Central Business District of Nairobi. The study was guided by the following research question, what are the tenants' perceptions, expectations and level of importance on dimensions of service quality provided by property managers?

1.3 Objectives of the Study

- i. To measure tenants' perception of service quality in property management of commercial buildings within Nairobi Central Business District
- ii. To determine tenants' expectations of quality of services provided in property management of commercial buildings within Nairobi Central Business District
- iii. To determine the importance placed on dimensions of service quality by tenants

1.4 Value of the study

This study will make a major contribution into the property management practice. Through the assessment result, areas for potential improvement can be explored to facilitate a property manager in making better strategic decisions through a better understanding of the priority of service quality attributes as perceived by property users. Stakeholders' satisfaction can be raised, both to retain existing property users and attract more potential property users and investors.

Secondly, little empirical research has been conducted in the delivery of professional practice of property management. This study will make a major contribution into the body of knowledge and research conducted in the delivery of professional practice of property management. This will also prompt further research on service quality in practice of property management.

CHAPTER TWO: LITERATURE REVIEW

2.1 Introduction

This chapter discusses what service quality means from different academic points of view, why it is important for organisations to understand service quality, how customers evaluate it and perceived service quality. In addition, it discusses why service quality needs to be measured to understand the customers' expectations and perceptions in order to gain competitive advantage. It also discusses service quality conceptual models. Finally, this chapter will lead to an understanding of service quality measurement, specially the SERVQUAL instrument.

2.2 Service Quality

Service quality is determined by the differences between customer's expectations of service provider's performance and their evaluation of the services they received (Parasuraman et al., 1985, 1988). Service quality has been the subject of considerable interest by both practitioners and researchers in recent years. Definitions of service quality hold that this is the result of the comparison that customers make between their expectations about a service and their perception of the way the service has been performed (Caruana & Malta, 2002; Gronroos, 1984; Parasuraman et al., 1985, 1988, 1994)

Most of the products available in the market are made up of a combination of tangible goods and intangible services. In some businesses, service is the essential part of business activity; in other businesses, service is simply supporting the tangible goods (Dale,1999). Zeithaml and Bitner (2000) identify the services as deeds, processes and performances. Therefore, services have their own intrinsic qualities which distinguish them from goods. Parasuraman, Zeithaml and Berry (1988) highlight that knowledge about goods quality is insufficient to understand service quality due to three intrinsic characteristics of services namely intangibility, heterogeneity, and inseparability.

Parasuraman et al (1988) further explains that services are performances or experiences and therefore intangible. The personal qualities of service providers often lead to variable levels of services and therefore heterogeneity. Quality in services mostly occurs during the service delivery and therefore services are inseparable from production and consumption. Zeithaml and Bitner (2000) introduce perishability to the list by arguing that services cannot be saved, stored, resold or returned.

Bearden and Teel (1983); Buzzell and Gale (1987) found a positive relationship existing between high-perceived service quality and customer satisfaction. The positive relationship between perceived service quality and customer satisfaction creates true customers, increases efficiency and benefit from increased market share and profit, heavy sales volume, higher revenue and reduces costs by economies of scale (Anderson and Sullivan, 1993; Zeithaml, Parasuraman and Berry, 1996).

Satisfied customers do not switch their service providers and therefore costs of retaining existing customers are significantly lower than attracting new customers. These customers spread their satisfaction by positive word of mouth which influences non-existent customers' desires to engage with the organisation and work as free promotional agents (Gronroos, 2007; Zeithaml and Bitner, 2000).

2.3 Perceived Service Quality

Service quality is defined as the result of the comparison that customers make between expectations about a service and perception of the way the service was delivered (Lehtinen and Lehtinen 1982; Gronroos 1984; Parasuraman, Zeithaml & Berry 1985). Gronroos (1982) states that customers compare the service they expect with the perception of service they receive when evaluating the service quality. In an exploratory research of service quality, Parasuraman et al (1985) noted that a perceived service quality is the result of a comparison between what consumers consider the service should be and their perceptions about the actual performance delivered by the service provider. Parasuraman et al (1988) defined perception as customers' beliefs concerning the service received and the expectation as desires or wants of customers perceived.

2.4 Service Quality Models

Peter Drucker, a leader in management practice and theory, once said, "If you want it measure it. If you can't measure it - forget it." This statement suggests that a manager can impact only those processes which can be measured (Schwenker, 1999). Understanding the key ingredients of service quality and the best way to measure and fulfil it is a keenly debated area in service marketing and as a result there are some 'service quality models' especially the 'Perceived service quality model' (Gronroos 1984) and the 'Gaps model' (Parasuraman 1985) which have emerged and evolved within the past two decades.

2.4.1 Gronroos (1984) Perceived Service Quality Model

According to Gronroos (1984), the service quality experienced by a customer has two dimensions; namely technical quality and functional quality. Functional quality describes how the service is delivered and technical quality describes what the customers received during a service delivery.

The organisation's image works as a filter and can thus positively or negatively modify the customers' perception of service quality. Gronroos (2007) acknowledged that the model was intended to offer a conceptual framework to understand the features of service and is not a measurement model.

Gronroos (2001) identifies a list of determinants of good service quality and argues that the list needs to be short but comprehensive for it to be useful for managerial purposes. By expanding the argument, Gronroos (2007) emphasises that the following 'seven criteria of good perceived service quality' are the determinants that need to be considered when evaluating the service quality of any organization: Professionalism and skills, attitudes and behaviour, accessibility and flexibility, reliability and trustworthiness, service recovery, serviscape, reputation and credibility. However the above 'seven criteria of good service quality' concepts have very similar characteristics to the Parasuraman et al (1985) 'Ten Determinants of service quality' which were identified from a series of focus group discussions.

2.4.2 Parasuraman et al (1985) Gaps Model (Base of the SERVQUAL)

Parasuraman et al (1985) views perceived service quality as a gap between the customers' perception of the received service quality and the customers' expected level of service quality (Service quality = Perception - Expectation). The central focus of the Gaps model is the 'customer gap'. Zeithaml and Bitner (2000) and Parasuraman et al (1988) have devised an instrument known as the SERVQUAL instrument (a questionnaire) to measure it. Parasuraman et al (1988) cited that the nature of the characteristics customers use to evaluate the quality of goods is different when they evaluate the expected service and perceived service quality and stress the necessity of identifying the characteristics that represent the evaluative criteria customers use to assess service quality.

Therefore in earlier research Parasuraman et al (1985) identified 10 characteristics (determinants) which customers used to evaluate service quality based on a series of focus group sessions: tangibles, reliability, responsiveness, communication, access, competence, courtesy, credibility, security, understanding/knowledge of customer. Later Parasuraman et al (1988) reduced the ten determinants into five specific dimensions after discovering that there was a considerable correlation among the original ten determinants. Parasuraman et al (1990) claimed that those five are distinct dimensions of service quality which the SERVQUAL instrument is based on-reliability, responsiveness, empathy, assurance and tangibles. Reliability means ability to perform service dependably and accurately. Responsiveness means willingness to help and respond to customer needs. Empathy refers to the extent to which caring and individualised service is given. Assurance indicates ability of staff to inspire confidence and trust. Tangibles refer to physical facilities, equipment, staff appearance, etc

Berry and Parasuraman (1991) have found that reliability has repeatedly emerged as the most critical dimension when measuring the relative importance of the five dimensions using the SERVQUAL questionnaire in ten studies and claim that the 'Reliability' dimension is the essence of service quality or the very core of service marketing excellence. However, there are some concerns for this claim. (Babakus and Boiler,

1992) argue that the most critical dimension and the number of dimensions are dependent on the industry in which service quality is being measured. This study is also to test whether this is true or false in property management context.

2.5 The SERVQUAL as a Measurement Instrument

The SERVQUAL instrument has been widely used in measuring service quality in many research studies (Babakus and Mangold, 1992; Carman, 1990; Cronin and Taylor, 1992; as cited by Parasuraman et al, 1993). According to Brown, Churchill and Peter (1993) also the SERVQUAL is the most popular measure of service quality, which involves the calculation of the difference between expectations and perceptions on a number of specified determinants. After an evaluation of four alternative service quality models, Brady and Cronin (2001) state that the SERVQUAL instrument appears to be distinct from the others as it uses one or more determinants to measure the service quality. Parasuraman et al (1994b) acknowledged that the SERVQUAL instrument has been used productively and widely for measuring service quality in many published studies examining service quality in a variety of contexts, including Banking, Pest control, Dry cleaning and Fast food (Cronin and Taylor 1992); A Gas and Electricity Company (Babakus and Boiler 1992); Discount and Department Stores (Finn and Lamb 1991; Teas 1993).

Taylor and Miyazaki (1995) argue that some measure of perceived performance is important in assessing service quality; but it is difficult to obtain accurate data especially for services where the customers are unable to evaluate the key attributes of the service. Another argument concerns the difficulties of measuring service quality because it is inherently subjective, due to its intangibility, heterogeneity, inseparability (Parasuraman et al 1985) and perishability (Zeithaml and Bitner 2000). However Deming (1998) argues that accuracy, speed, dependability and care in handling are important characteristics of service quality and are as easy to quantify and to measure as the quality of manufactured products.

2.6 Property Management Service Quality Assessment

It has been discussed that service quality could be measured more broadly by not only functional dimensions, but also technical dimensions. Moreover, the popular service quality assessment tool SERVQUAL apparently does not provide adequate assessment criteria for the assessment of property management service quality. A modified model should therefore be suggested for more thorough assessment on the services provided by property management companies for the principal reason that property management, as a primary key to upkeep and maintain the property as well as creating a better living environment, is far more anticipated to generate additional value for property to reimburse the property users. According to Edington (1993), market changes for example globalization, competition, corporate downsizing, new technology and world class expectations have taken place and all these force changes in the property sector to a more customer focused approach. As time goes by, it is believed that property management has to focus more on customer-focused approach, and get away from a separate problemsolving silo. Moreover, intangible relationship between stakeholders of the property has been given more emphasis. This recalls use of the value of functional service quality. A total of five service dimensions have been developed in this study to examine the perceived quality of service provided by the property management company in the eyes of the respondents. The five service dimensions are assurance, responsiveness, empathy, tangibles and reliability.

Functional service quality is the quality measuring the service delivery performance of the property management company. How the property management services offered are actually delivered and experienced by the property users of the targeted buildings is assessed by this quality. The choice for functional attributes has been mainly referred to SERVQUAL; while for the sake of the study, the original dimensions and items of SERVQUAL have been revised and modified.

Summary

This chapter has discussed the nature of service quality and identified it as the customers' comparisons of what is expected and what is delivered from a service provider and how the organizations could benefit in numerous ways by providing good service quality. The chapter identified the different service quality models. Gronroos (1984) laid the foundation for a greater understanding and debate of service quality by introducing the 'perceived service quality model'. Later Parasuraman et al (1985) introduced a new model known as the 'Gaps model' and a service quality measuring instrument known as the 'SERVQUAL'. However, both perspectives agree on the difficulty of measuring service quality due to four intrinsic characteristics of service itself. The next chapter will discuss the methodology that the researcher adopted to answer the research question and objectives.

CHAPTER THREE: RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents how the research was conducted to answer the research question. This includes research design followed by sampling design and data collection methods. Finally, the chapter ends with a discussion on how data was analyzed and scope of the study.

3.2 Research Design

The research was carried out through cross sectional survey method. The survey strategy is a popular and common strategy in business research that is usually associated with the deductive approach. Survey allows the collection of large amount of data from a sizeable population in a highly economical way. Questionnaire, structured observation and structured interviews often fall into this category (Thornhill et.al., 2003).

3.3 Population

The study was conducted to tenants in numbered commercial buildings within Nairobi Central Business District. Numbered buildings were selected because according to the City Council of Nairobi Planning Director the essence of the physical numbering exercise is to facilitate e-commerce (Ngigi, 2010). E-commerce has opened up tremendous opportunities in internet based services for its users. The population of numbered buildings within the central business district as demarcated by Uhuru Highway, Haile Selasse Avenue, Moi Avenue and University Way was established by the researcher to be 102 (See Appendix II).

3.4 Sample Design

Tenants from numbered commercial buildings were selected using the simple random sampling method. The numbered commercial buildings from which tenants were selected were selected based on street location by use of stratified sampling method. Ten buildings were selected. A list of tenants from each of the ten buildings was obtained from a tenancy schedule and five tenants were selected. The selected tenants were occupying

large floor areas of more than one thousand square feet since they constitute major tenants in a commercial building.

3.5 Data Collection

The study made use of primary data that was obtained by administering questionnaires to tenants of the buildings that were selected. The questionnaire was divided into three parts. Part I was designed to capture the level of importance placed on dimensions of service quality by tenants. Part II was designed to capture tenants' perception of service quality offered by property management companies. Part III was designed to capture tenants' expectations of service quality offered by property management companies. The structure of the questionnaire followed a 5 point likert scale. The respondents were asked to choose the level which represents their level of agreement with the statement provided.

3.6 Data Analysis

Data analysis was conducted using descriptive statistics including tables based on the data compiled. Statistical tools of Microsoft excel were used for data input and analysis. An average score for each of the dimensions of service quality was obtained in order to determine tenants' perceptions, expectations and level of importance of each of the dimensions.

3.7 Scope of the study

This study focused on the Nairobi Central Business District, delineated by Uhuru Highway, Haile Selasse Avenue, Moi Avenue and University Way. Ideally, the study should consider the whole country but for manageability and thorough analysis, it was restricted to this area. The restriction to Nairobi was informed by the fact that it is the capital city of Kenya and most important commercial city as the volume of economic activity exceeds that of all towns in the country and thus is representative.

CHAPTER FOUR: DATA ANALYSIS AND PRESENTATION

4.1 Introduction

This chapter presents results of the study. In the first part data was analysed to identify the importance placed on dimensions of service quality by tenants. Then data was analysed to measure tenants' perception and determine tenants' expectations of service quality in property management services. Finally the results of findings were then compared to establish the gap thus identifying the perceived service quality.

The study targeted 50 tenants from selected commercial buildings within the Nairobi Central Business District. From the study, 46 respondents (92%) responded to the questionnaires. Appendix IV gives the set of data responses.

4.2 Relative Importance of Service Quality Dimensions

One of the objectives of this study was to identify the importance placed on dimensions of service quality by tenants. Subsequently, the respondents were asked to rate the extent to which service delivery dimensions of reliability, responsiveness, empathy, tangibles and assurance were important to them. A rating of 5 was regarded as most important while rating of 1 was regarded as not at all important. Appendix IV shows the answers given by each of the respondents. The results are given in Table 4.1.

Table 4.1: Importance of Service Quality Dimensions

	Ratings Frequency							
Service Quality Attribute	5	4	3	2	1	N	Sum	Mean Score
Reliability	27	18	1	-	-	46	210	4.57
Responsiveness	29	13	4	-	-	46	209	4.54
Empathy	20	13	12	-	1	46	189	4.11
Tangibles	22	17	7	-	-	46	199	4.33
Assurance	26	17	3	-	-	46	207	4.50

The results in Table 4.1 indicate reliability as the most important service quality dimension with mean score of 4.57. A mean score of 4.54 indicates responsiveness as most important service quality dimension to the respondents. Empathy dimension of

service quality is important to the tenants since it received a mean score of 4.11. The tangible dimension of service quality is also important to the tenants since it received a mean score of 4.33 as shown by table 4.1. Assurance dimension of service quality is important to the tenants as it received a mean score of 4.50

The difference between the reliability and responsiveness dimensions mean values is minimal (Mean difference 0.03). Therefore responsiveness dimension has an almost equal importance to the reliability dimension in property management context. These findings are consistent with Berry and Parasuraman (1991) findings. Berry and Parasuraman (1991) found out that reliability has repeatedly emerged as the most critical dimension when measuring the relative importance of the five dimensions using the SERVQUAL questionnaire in ten studies within different industries. Therefore, while recognizing that reliability is the most important service quality dimension it is also necessary to point out that responsiveness also has a similar importance in property management context and therefore also needs much attention as compared to the other dimensions.

4.3 Tenants' Perceptions of Service Quality

Among the objectives of this study was to measure tenants' perception of service quality in property management services. A five point likert scale rating was used. 5 referred to excellent, 4 referred to good, 3 referred to average, 2 referred to poor and 1 referred to very poor. The results are shown in Table 4.2. Individual service quality attributes scores from each of the 46 respondents were summed up to obtain overall scores for each service quality attribute. The overall scores were then divided by 46 to obtain mean scores for each of the attributes.

Table 4.2: Perception of Service Quality Attributes N=46

Service Quality Attribute	Perception Autosum	Perception Mean	Standard Deviation
Reliability	Tutosum	1/1cum	Deviation
Providing services as promised	177	3.85	1.01
Performing services right the first time	170	3.70	0.94
Providing services at the promised time	171	3.72	0.96
Responsiveness			
Giving quick response to tenant requests	189	4.11	0.95
Showing willingness to help	199	4.33	0.97
Offering prompt service	177	3.85	0.97
Empathy			
Being attentive to tenant needs	182	3.96	1.13
Dealing with tenants in a caring manner	180	3.91	1.13
Showing understanding to tenant needs	177	3.85	1.11
Tangibles			
Appearance of physical facilities and equipment	171	3.72	0.93
Appearence of personnel	200	4.35	0.77
Physical presentations of the service	203	4.41	0.88
Assurance			
Personnel friendliness to tenants	207	4.50	0.66
Politeness of personnel to tenants	201	4.37	0.74
Respect and consideration of personnel to tenants	195	4.24	0.82

As indicated in Table 4.2 the attributes considered were reliability, responsiveness, empathy, tangibles and assurance. Reliability is an important service quality dimension. The service quality attributes of reliability were all generally rated as good. However, the attribute of 'providing services as promised' was rated the highest with a mean of 3.85 and a standard deviation of 1.01. 'Performing services right the first time' attribute had the lowest rating with a mean of 3.70 and standard deviation of 0.94. The results indicate that property managers should perform services right the first time in order to be deemed as reliable.

Responsiveness is another important aspect of service quality. Most respondents on average rated the attributes of responsiveness as good. 'Showing willingness to help' had the highest rating with mean of 4.33 and standard deviation of 0.97. The attribute of

'offering of prompt service' had the lowest rating with mean of 3.85 and standard deviation of 0.97. Thus, the findings indicate that property managers should offer their services promptly in order to improve on the responsiveness dimension of service quality.

Attributes of the empathy dimension of service quality were rated as generally good. 'Being attentive to tenant needs' was regarded to have the highest rating by the respondents with a mean value of 3.96 and standard deviation of 1.13. 'Showing understanding to tenant needs' had the lowest rating of the three attributes with mean of 3.85 and standard deviation of 1.11. Therefore, property managers should improve on the attribute of 'showing understanding to tenant needs'.

The attributes of the tangibles service quality dimension were also rated as good. The service quality attribute with the highest rating is 'physical presentations of the service' with mean value of 4.41 and standard deviation of 0.88. 'Appearance of physical facilities and equipment' had the lowest rating of 3.72 and standard deviation of 0.93. Subsequently, the findings imply that the appearance of physical facilities and equipment should be considered by property managers.

As for assurance, 'personnel friendliness to tenants' attribute was rated as excellent while the other attributes were rated generally as good by the respondents. Thus 'personnel friendliness to tenants attribute had the highest rating with mean of 4.50 and standard deviation of 0.66. 'Respect and consideration by personnel to tenants' had the lowest rating with a mean of 4.24 and standard deviation of 0.82. These results imply that property managers should ensure that personnel respect and give consideration to tenants.

4.4 Tenants' Expectations of Service Quality

The study sought to measure tenants' expectations of service quality in property management services. The respondents gave their opinion on features of excellent service as described by statements based on a 5 point likert scale. 5 referred to strongly agree, 4 referred to somewhat agree, 3 referred to neutral, 2 referred to somewhat disagree and 1 referred to strongly disagree. Table 4.3 gives a summary of the findings.

Table 4.3: Expectation of Service Quality Attributes N=46

Service Quality Attribute	Expectation Autosum	Expectation Mean	Standard Deviation
Reliability			
Providing services as promised	212	4.61	0.58
Performing services right the first time	200	4.35	0.71
Providing services at the promised time	207	4.50	0.62
Responsiveness			
Giving quick response to tenant requests	209	4.54	0.66
Showing willingness to help	214	4.65	0.53
Offering prompt service	200	4.35	0.77
Empathy			
Being attentive to tenant needs	214	4.65	0.57
Dealing with tenants in a caring manner	205	4.46	0.84
Showing understanding to tenant needs	213	4.63	0.61
Tangibles			
Appearance of physical facilities and equipment	208	4.52	0.55
Appearence of personnel	204	4.43	0.75
Physical presentations of the service	206	4.48	0.72
Assurance			
Personnel friendliness to tenants	205	4.46	0.81
Politeness of personnel to tenants	206	4.48	0.81
Respect and consideration of personnel to tenants	210	4.57	0.69

The service quality dimensions considered were reliability, responsiveness, empathy tangibles and assurance as shown by Table 4.3. For reliability, on average most respondents strongly agreed with the service quality attribute that 'excellent property management companies should provide services as promised' while they somewhat agreed with the other two statements. The respondents strongly agreed with the statement that 'excellent property management companies should provide services as promised' with mean value of 4.61 and standard deviation of 0.58. Most respondents somewhat agreed with the statement that 'excellent property management companies perform services right the first time' with lowest mean of 4.35 and standard deviation of 0.71

Regarding responsiveness, most respondents strongly agreed with statements that 'excellent property management companies give quick response to tenants' requests and

show willingness to help. However, the respondents somewhat agreed with statement that 'excellent property management companies offer prompt service'. The statement 'excellent property management companies show willingness to help' had the highest expectation with mean of 4.65 and standard deviation of 0.53. 'Excellent property management companies offer prompt service had the lowest expectation with mean of 4.35 and standard deviation of 0.77.

As for empathy dimension, the tenants strongly agreed with statements that 'excellent property management companies are attentive to tenant needs and show understanding to tenants needs. The statement 'excellent property management companies' deal with tenants in a caring manner' was somewhat agreed on. The statement 'excellent property management companies are attentive to tenant needs' had the highest expectation with mean of 4.65 and standard deviation of 0.57. 'Excellent property management companies' deal with tenants in a caring manner' had the lowest expectation with mean of 4.46 and standard deviation of 0.84.

Regarding tangibles dimension, tenants strongly agreed with statement that 'appearance of physical facilities and equipment of excellent property management companies should be visually appealing. The statements 'appearance of personnel of excellent property management companies should be neat' and 'physical presentations of the service should be visually appealing' were somewhat agreed on by the tenants. 'Appearance of physical facilities and equipment' had the highest expectation with mean of 4.52 and standard deviation of 0.55. 'Appearance of personnel' had the lowest expectation with mean of 4.43 and standard deviation of 0.75.

Regarding assurance, the statements that 'excellent property management companies personnel are friendly and polite to tenants were somewhat agreed on. The statement that 'excellent property management personnel have respect and consideration for tenants' was strongly agreed on. The statement 'excellent property management personnel have respect and consideration for tenants' and the highest expectation with mean value of 4.57 and standard deviation of 0.69. The statement that 'excellent property management

companies personnel are friendly tenants' had lowest expectation with mean value of 4.46 and standard deviation of 0.81.

Table 4.4 gives the average values for each of the service quality dimensions. The average scores were obtained by adding up the mean scores for each of the attributes which were then divided by three.

Table 4.4 Average values of the five service quality dimensions

Service Quality Attribute	Perception Mean	Expectation Mean
Reliability	3.75	4.49
Responsiveness	4.09	4.51
Empathy	3.91	4.58
Tangibles	4.16	4.48
Assurance	4.37	4.50

The reliability dimension of service quality had the lowest perception mean of 3.75 while the assurance dimension had the highest perception mean of 4.37. This means that the respondents perceive reliability to have the lowest rating and thus making it a critical dimension since it is also rated as the most important service quality dimension by the respondents. The empathy dimension had the highest expectation mean of 4.58 and the tangibles dimension had the lowest expectation mean of 4.49.

4.5 Perceived Service Quality

According to Parasuraman et al (1985) perceived service quality is a gap between the customers' perception of the received service quality and the customers' expected level of service quality (Service quality = Perception - Expectation). The higher the positive score the better the service quality. Table 4.5 summarizes the gaps found between perceptions and expectations of service quality attributes.

Table 4.5: Gaps between Perception and Expectation of Service Quality Attributes

	Perception	Expectation	SERVQUAL
Service Quality Attribute	Mean	Mean	score
Providing services as promised	3.85	4.61	-0.76
Performing services right the first time	3.70	4.35	-0.65
Providing services at the promised time	3.72	4.50	-0.78
Reliability	3.75	4.49	-0.74
Giving quick response to tenant requests	4.11	4.54	-0.43
Showing willingness to help	4.33	4.65	-0.32
Offering prompt service	3.85	4.35	-0.50
Responsiveness	4.09	4.51	-0.42
Being attentive to tenant needs	3.96	4.65	-0.69
Dealing with tenants in a caring manner	3.91	4.46	-0.55
Showing understanding to tenant needs	3.85	4.63	-0.78
Empathy	3.91	4.58	-0.67
Appearance of physical facilities and equipment	3.72	4.52	-0.80
Appearence of personnel	4.35	4.43	-0.08
Physical presentations of the service	4.41	4.48	-0.07
Tangible	4.16	4.48	-0.32
Personnel friendliness to tenants	4.50	4.46	0.04
Politeness of personnel to tenants	4.37	4.48	-0.11
Respect and consideration of personnel to tenants	4.24	4.57	-0.33
Assurance	4.37	4.50	-0.13

Table 4.5 shows that most of the service quality attributes had negative scores except for 'personnel friendliness to tenants' which is part of the assurance dimension of service quality that had a positive score. Therefore, majority of the service attributes do not exceed the expectations of tenants. This indicates that tenant expectations are higher than perception levels on the fifteen service quality attributes. Personnel friendliness to tenants had the highest score (0.04) while providing services at the promised time and showing understanding to tenant needs had the lowest score (-0.78).

The average score for each of the dimensions of service quality is also indicated on Table 4.5. The reliability dimension had the lowest score (-0.74) while the assurance dimension had the highest score (-0.13). This shows that property managers have failed to deliver the tenants expectations on reliability dimension while attempts have been made to deliver on the assurance dimension. Subsequently, reliability is the most critical

dimension as supported by the findings that it is the most important service quality dimension and it had the highest perception expectation gap. Therefore, this should be an area to be considered for improvement in property management practice. The range mean value for expectation is 0.10 which is a small value that indicates that tenants' level of expectations of services is relatively the same.

Summary

This chapter looked at the answers to the three parts of the survey questionnaire based on statistical analysis. It presented the tables based on the data compiled using Microsoft Excel program. Through the data analysis, it identified the most important service quality dimensions and the gaps between service quality perception and expectations. The next chapter will present the summary, conclusions and recommendations to the study.

CHAPTER FIVE: SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Summary

This study found that tenants placed more importance on reliability dimension of service quality followed closely by responsiveness which had an almost equal importance. The assurance, tangibles and empathy dimensions are also regarded as important.

The five service quality dimensions were rated to be generally good by the respondents. The study revealed that tenants perceived the assurance dimension as the best since it was rated the highest. Among the three attributes of assurance, 'personnel friendliness to tenants' received the highest rating while 'respect and consideration of personnel to tenants' received the lowest rating. The tangibles dimension was second where the 'physical presentation of the service' attribute received the highest rating and 'appearance of physical facilities and equipment' received the lowest rating. Responsiveness dimension was rated third where 'showing willingness to help' attribute received the highest rating while 'offering prompt service' received the lowest rating. Empathy dimension was fourth where 'being attentive to tenant needs' attribute received the highest rating while 'showing understanding to tenants needs' had the lowest rating. Finally, reliability dimension was rated the lowest where 'providing services as promised' attribute had the highest rating and 'performing services right the first time' had the lowest rating.

The findings of this study on tenants' expectations revealed that tenants strongly agreed with attributes on empathy dimension of service quality while they had higher expectations for 'being attentive to tenant needs' attribute. Similarly, the respondents strongly agreed on responsiveness dimension and they had higher expectations on 'showing willingness to help' attribute. The assurance dimension was somewhat agreed on by the tenants and the 'respect and consideration of personnel to tenants' attribute had higher expectations. Reliability dimension was also somewhat agreed by the respondents as the 'providing services as promised' attribute was given higher expectations.

Expectations on tangibles dimension were somewhat agreed on by respondents and 'appearance of physical facilities and equipment' attribute having higher expectations.

The study found that there was a perception expectation gap where the tenants' expectations were higher than their perceptions. The study also found out from the perception expectation gap that reliability is the most critical dimension of service quality since it had a wider gap and was the most important dimension for the tenants. This was followed by empathy, responsiveness and tangible dimensions respectively. Assurance dimension had the least gap.

5.2 Conclusions

The first objective of this study was to measure tenants' perception of service quality. Subsequently, from the findings and discussions in chapter four the study concludes that tenants perceive the five service quality dimensions to be generally good. However, the assurance dimension which had the highest score and is perceived to be delivered the best of the five dimensions while reliability which had the lowest score is perceived to have the worst delivery.

The second objective of the study was to determine tenants' expectations of quality of services provided. From the findings the respondents generally agreed with the various statements on all dimensions of service quality. Expectations on assurance dimension had the highest score while the tangibles dimension had the lowest score. Thus this study concludes that tenants expect excellent services to be provided for the five dimensions of service quality and especially the assurance dimension. The tenants also have high expectations of the services provided to them.

This study also found out that the perception expectation gap was wide for the reliability dimension of service quality. This implies that the tenants' perceptions are lower than their expectations. Thus this study concludes that the services provided have not met tenants' expectations especially for the reliability dimension of service quality. Therefore, accepted service quality standards are not being delivered to tenants. In order to remain

competitive, property management firms should strive to meet or exceed the tenants' expectations.

The third objective of this study was to determine the importance placed on dimensions of service quality by tenants. From the findings all the service quality dimensions were regarded as important with reliability and responsiveness dimensions being more important. Consequently, this study concludes that all the five dimensions of service quality are important to tenants of commercial buildings but of more importance are the reliability and responsiveness dimensions.

5.3 Recommendations

The researcher recommends that property managers should identify and make attempts of understanding tenants' needs to enable them provide the required services. The services provided should be created to suit the needs of the tenants. This means that market research should be undertaken frequently in order for the property managers to remain competitive and relevant in the market.

Secondly, the researcher recommends that as property managers measure their performance they should also consider the functional aspects of service quality. This will enable them identify the priority areas that need improvement in the delivery of their services. As mentioned in the literature review, many researchers argue that, given their frequent inability to judge the technical quality of a service, customers may see the functional service quality as the most important factor in a service transaction. The findings also show that all the five dimensions of the functional aspect are important to tenants. In a rapidly changing business environment where customer needs are constantly changing, tenant based performance measurement should be focused on as this will enable the property managers to have a competitive edge over their competitors.

5.4 Limitations of the Study

Due to time and financial constraints, the study was limited to tenants in numbered commercial buildings within Nairobi Central Business District. The findings of perceived service quality attributes could be different for other commercial buildings in Nairobi. Therefore, the capability to generalize the findings beyond numbered commercial buildings within the Central Business District is limited.

5.5 Suggestions for Further Research

To begin with, this study should be tested to other property sectors like residential and industrial property and outside the Central Business District. The research should also go beyond the service dimensions mentioned in this research.

Secondly, research should be done to measure the perceived service quality of both tenants and property managers. This is important in understanding the perceptions and expectation of tenants and property managers and identification of the tenant property manager perception gap.

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Appendix I: Letter of Introduction from the University



UNIVERSITY OF NAIROBI SCHOOL OF BUSINESS

MBA PROGRAM – LOWER KABETE CAMPUS

Telephone: 020-2059162 Telegrams: "Varsity", Nairobi Telex: 22095 Varsity

P.O. Box 30197 Nairobi, Kenya

DATE Ralestanu

TO WHOM IT MAY CONCERN

The bearer of this letter . Grove . Fauth . A.save
Registration No: DELL 73404.3409.
A Martinage to the court of the

is a Master of Business Administration (MBA) student of the University of Nairobi.

He/she is required to submit as part of his/her coursework assessment a research project report on a management problem. We would like the students to do their projects on real problems affecting firms in Kenya. We would, therefore, appreciate if you assist him/her by allowing him/her to collect data in your organization for the research.

The results of the report will be used solely for academic purposes and a copy of the same will be availed to the interviewed organizations on request.

Thank you.

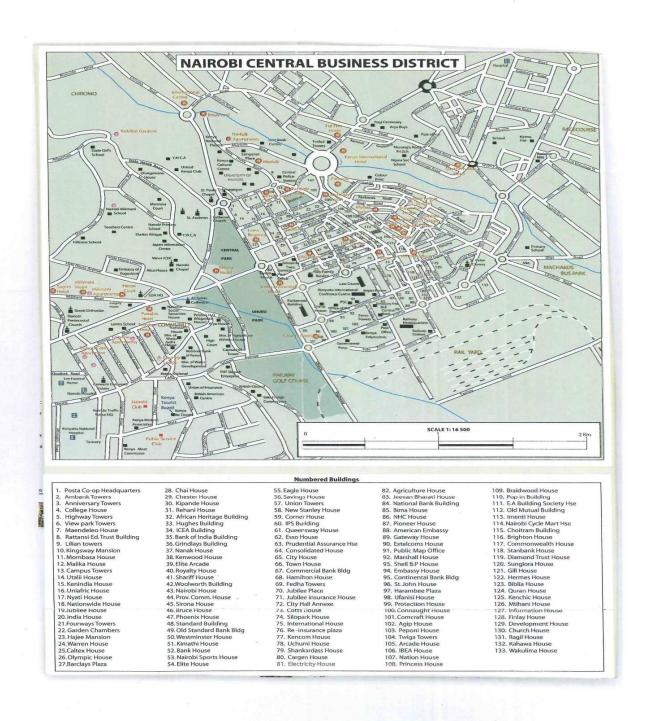
DR. W.N. IRAKI

CO-ORDINATOR, MBA PROGRAM

MBA OFFICE
P. O. Box 30197

NEEDS OF STREET

Appendix II: Nairobi Central Business District Map and List of Numbered Buildings



Source: Kenya Tourists Map 2011

Appendix III: Questionnaire for Tenants in Commercial Buildings

Dear Sir/Madam,

I am a Master of Business Administration student at the University of Nairobi undertaking a study on the "The Perception of Service Quality by tenants of commercial buildings within the Nairobi Central Business District. This exercise is a part of the project towards fulfilling the requirements of the management course. I would be obliged if you could provide me with some of your valuable time to answer a few questions.

Name of Commercial	building occu	ipied	

Part I: Your Requirements on Property Management Services

Based on your experience as a tenant in a commercial building, please rate the extent to which the following aspects of property management services are important to you. Circle 5 if it's most important. Circle 1 if it's not at all important.

5=Most important

4=Important

3= Neutral

2=Less important

1=Not at all important

Service Quality Dimensions	Prio	rity ratii	ıg		
1.Reliability	1	2	3	4	5
(defined as the ability of a property management					
company to perform service dependably and					
accurately)					
2. Responsiveness	1	2	3	4	5
(defined as the willingness of a property					
management company's staff to help					
occupants and provide prompt service)					
3. Empathy	1	2	3	4	5
(defined as the caring, individualized attention the					
property management company's staff provides to					
the occupants)					
4.Tangibles	1	2	3	4	5
(defined as the appearance of physical facilities,					

equipment, appearance of personnel, and					
communication materials of the property					
management company)					
5.Assurance	1	2	3	4	5
(defined as the knowledge and courtesy of the					
property management company staff and their					
ability to inspire trust and confidence)					

Part II: Your Comments on Quality of Property Management Services

For the following sets of questions rate the extent to which your property manager provides the service aspect described. Circle 5 if it's very good. Circle 1 if it's very poor.

5=Excellent

4=Good

3=Average

2=Poor

1=Very poor

Service Quality Dimensions	Ran	king			
Reliability					
1.Providing services as promised	1	2	3	4	5
2.Performing services right the first	1	2	3	4	5
3. Providing services at the promised time	1	2	3	4	5
Responsiveness					
4. Giving quick response to your requests	1	2	3	4	5
5.Showing willingness to help	1	2	3	4	5
6.Offering prompt service	1	2	3	4	5
Empathy					
7.Being attentive to your needs	1	2	3	4	5
8.Dealing you with a caring manner	1	2	3	4	5
9. Showing understanding to your needs	1	2	3	4	5
Tangibles					
10.Appearance of physical facilities and	1	2	3	4	5
equipment					
11.Appearance of personnel	1	2	3	4	5
12. Physical presentations of the service	1	2	3	4	5
such as rent statements					
<u>Assurance</u>		•	•		•
13.Personnel being friendly to you	1	2	3	4	5

14. Politeness of personnel to you	1	2	3	4	5
15.Respect and consideration of personnel	1	2	3	4	5
towards you					

Part III: Your Comments on Expected Quality of Property Management Services

For the following sets of questions please show the extent to which you think a property management company would possess the feature described by each statement. If you feel a feature is absolutely essential for excellent property management services such as the one you have in mind circle 5. If you feel a feature is not at all essential for excellent property management services circle 1.

- 5=Strongly Agree
- 4=Somewhat Agree
- 3=Neutral
- 2= Somewhat disagree
- 1= Strongly disagree

Service Quality Dimensions	Ran	king			
Reliability					
1.Excellent property managers will provide services as promised	1	2	3	4	5
2.Excellent property managers will perform services right the first	1	2	3	4	5
3.Excellent property managers will provide services at the promised time	1	2	3	4	5
Responsiveness					
4.Excellent property managers will give quick response to your requests	1	2	3	4	5
5.Excellent property managers will show willingness to help	1	2	3	4	5
6.Excellent property managers will offer prompt service	1	2	3	4	5
Empathy					
7.Excellent property managers will be attentive to your needs	1	2	3	4	5
8.Excellent property managers will deal with you in a caring manner	1	2	3	4	5
9.Excellent property managers will show	1	2	3	4	5

understanding to your needs					
Tangibles					
10. The physical facilities and equipment in	1	2	3	4	5
an excellent property management					
company will be visually appealing					
11.Personnel of an excellent property	1	2	3	4	5
management company will appear neat					
12.Physical presentations of the service	1	2	3	4	5
such as rent statements of an excellent					
property management company will be					
visually appealing					
<u>Assurance</u>					
13.Personnel of an excellent property	1	2	3	4	5
management company will be friendly to					
you					
14. Personnel of an excellent property	1	2	3	4	5
management company will be polite to					
you					
15. Personnel of an excellent property	1	2	3	4	5
management company will respect and					
be considerate towards you					

Appendix IV: Response Data Set

Part I Part II

Response	Q1	Q2	Q3	Q4	Q5	Q1	Q2	Q3
1	4	5	4	5	5	4	3 3	3
2 3	4	3	3	4	5	3		4 3
	5	5	4	3	5	3	4	
4	5	4	4	4	5	5	4	4
5	5	4	5	5	5	4	5	4
6 7	5 5	5 5	5 5	5 5	4 5	4	4 5	4
8	5 5	5 5	5 5	5 5	5 5	5 4	3 4	5
8 9	3 4	3 4	3 4	3 4	3 4	4	4	4 3 5 5 3 5
10	4	5	5	4	5		5	<i>5</i>
11	5	5	5	5	5	5 5	5	5
12	5	5	3	4	5	3	3	3
13	5	5	5	5	5	5	5	5
14	5	5	5	5	5	4	4	4
15	3	4	5	4	5	4	4	
16	4	5	3	3	5	3	2	3 3 4
17	5	5	4	4	5	3	4	4
18	4	4	5	3	4	4	3	
19	4	5	5	5	5	4	4	3 4
20	5	5	3	5 5	5	i	1	1
21	4	3	4	3	4	2	2	2
22	5	4	1	5	3	5	3	3
23	4	4	4	4	4	3	3	2 3 3 2
24	4	4	5	4	5	1	3	2
25	5	5	5	4	4	4	4	4
26	4	4	3	4	4	4	3	4
27	5	5	5	5	5	4	4	4
28	5	5	4	4	4	3	3	3
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Part II

Q4	Q5	Q6	Q 7	Q8	Q9	Q10	Q11	Q12	Q13 5 5 4 5 5 5 4 4 5 5 4
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7	7	5	3	5	- J		5	7	3

Part II	Part III

Q14	Q15	Q1	Q2	Q3	Q4	Q5	Q6	Q 7	Q8
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5 5 5 5	4 4 5 5 5 5 4	5 5 5 5 5 4	5	4 5 5 4 5	5	5	5	5	5
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Part III

Q9	Q10 5	Q11	Q12 5 5 5 5 5 4 5 5 5 5 5 4 5 5 5 4 5 4 5	Q13	Q14	Q15 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5 5
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1	4	3	3	2	3	<i>J</i>
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