

**APPROACHES APPLIED BY CHURCH ORGANISATIONS IN MANAGEMENT OF  
REAL PROPERTY IN NAIROBI.**

DUP

14 07. 07.

**RAHAB W W GICHUNGI  
B /50/ P/ 8185/ 2001**

**A PROJECT PAPER SUBMITTED IN PART FULFILMENT FOR  
THE DEGREE OF MASTERS OF ARTS  
IN VALUATION AND PROPERTY MANAGEMENT**

**DEPARTMENT OF LAND DEVELOPMENT  
FACULTY OF ARCHITECTURE, DESIGN AND DEVELOPMENT  
UNIVERSITY OF NAIROBI  
KENYA**

University of NAIROBI Library




0341522 1

**FOR USE IN THE  
LIBRARY ONLY**  
JULY 2004

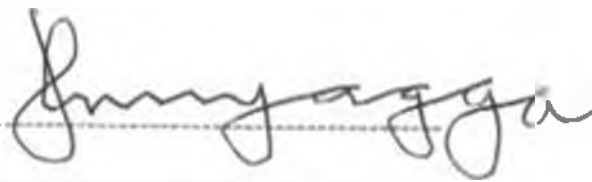
## **STUDENT'S DECLARATION**

I, Rahab W W Gichungi hereby declare that the work contained in this project paper is my original work and has not been submitted to any other college or University for Academic credit.

Signed:   
Candidate

## **DECLARATION BY SUPERVISOR**

This project has been submitted for examination with my approval as university supervisor

Signed:   
PROFESSOR PAUL M. SYAGGA

# TABLE OF CONTENTS

ITEM	PAGE
Title .....	i
Declaration.....	ii
Table of content.....	iii
List of tables.....	v
List of charts.....	vi
Acknowledgements.....	vii
Dedication.....	viii
Abstract .....	ix
<b>CHAPTER ONE.....</b>	<b>1</b>
<b>1.0 PROBLEM STATEMENT AND ITS SETTING.....</b>	<b>1</b>
1.1 Introduction.....	1
1.2 Background to the problem.....	2
1.3 Statement of the problem.....	3
1.4 The objectives of the study .....	4
1.5 Study hypothesis.....	5
1.6 Justification and significance of the study .....	5
1.7 Scope, Limitations and assumptions.....	5
1.8 Research methodology .....	6
1.9 Data collection and analysis procedures.....	8
1.10 Abbreviations.....	8
<b>CHAPTER TWO.....</b>	<b>9</b>
<b>2.0 REVIEW OF RELATED LITERATURE.....</b>	<b>9</b>
2.1 INTRODUCTION.....	9
<b>2.2 PRINCIPLES OF MANAGEMENT AND THEIR DEVELOPMENT.....</b>	<b>9</b>
2.3 ORGANIZATION THEORY.....	13
2.4 MANAGEMENT CONCEPTS.....	19
2.4.1 Planning.....	19
2.4.2 Organising.....	19
2.4.3 Coordination.....	20
2.4.4 Control.....	22
2.3.5 Communication.....	23
<b>2.5 MANAGEMENT APPROACHES.....</b>	<b>23</b>
<b>2.6 REAL ESTATE MANAGEMENT FUNCTIONS.....</b>	<b>24</b>
2.6.1 Marketing.....	27
2.6.2 Leasing.....	27
2.6.3 Record keeping.....	28
2.6.4 Risk management.....	29
2.6.5 Maintenance.....	30

2.6.6	Human Resource management.....	33
2.6.7	Financial Management.....	35
<b>2.7</b>	<b>PUBLICATIONS ON CHURCH PROPERTY MANAGEMENT .....</b>	<b>35</b>
<b>2.8</b>	<b>THEORETICAL FRAMEWORK .....</b>	<b>38</b>
<b>2.9</b>	<b>SUMMARY .....</b>	<b>40</b>
<b>CHAPTER THREE.....</b>		<b>41</b>
<b>3.0</b>	<b>CHURCH AND REAL PROPERTY.....</b>	<b>41</b>
<b>3.1</b>	<b>INTRODUCTION.....</b>	<b>41</b>
<b>3.2</b>	<b>BIBLICAL VIEW OF PROPERTY.....</b>	<b>42</b>
<b>3.3</b>	<b>ESTATE MANAGEMENT AMONG SOME ESTABLISHED CHURCH ORGANISATIONS .....</b>	<b>45</b>
<b>3.4</b>	<b>SHORT HISTORY OF THE PCFA.....</b>	<b>46</b>
<b>3.5</b>	<b>THE ANGLICAN CHURCH OF KENYA .....</b>	<b>46</b>
<b>3.6</b>	<b>ALL AFRICA CONFERENCE OF CHURCHES.....</b>	<b>47</b>
<b>3.7</b>	<b>SHORT HISTORY OF THE NAIROBI BAPTIST CHURCH.....</b>	<b>48</b>
<b>3.8</b>	<b>EXTENT OF REAL PROPERTY OWNERSHIP BY THE CHURCH ORGANISATIONS.....</b>	<b>49</b>
<b>3.9</b>	<b>THE GENERAL MANAGEMENT STRUCTURE OF THE CHURCH ORGANISATIONS, WITH SPECIAL REFERENCE TO PROPERTY MANAGEMENT.....</b>	<b>50</b>
3.9.1	The PCFA Foundation.....	50
3.9.2	The Anglican Church - Church Commissioners of Kenya.....	52
3.9.4	All Africa Conference Of Churches.....	54
3.9.5	Nairobi Baptist Church.....	55
	<b>ORGANISATION CHART OF THE NAIROBI BAPTIST CHURCH.....</b>	<b>55</b>
<b>CHAPTER FOUR.....</b>		<b>58</b>
<b>4.0</b>	<b>PERFORMANCE OF CHURCH ORGANISATIONS IN THE MANAGEMENT OF REAL PROPERTY.....</b>	<b>58</b>
<b>4.1</b>	<b>INTRODUCTION.....</b>	<b>58</b>
<b>4.2</b>	<b>MARKETING.....</b>	<b>59</b>
<b>4.3</b>	<b>LEASING.....</b>	<b>60</b>
<b>4.4</b>	<b>RECORD KEEPING .....</b>	<b>61</b>
<b>4.5</b>	<b>RISK MANAGEMENT.....</b>	<b>61</b>
<b>4.6</b>	<b>MAINTENANCE.....</b>	<b>62</b>
<b>4.7</b>	<b>PERSONNEL MANAGEMENT.....</b>	<b>69</b>
<b>4.8</b>	<b>FINANCE.....</b>	<b>70</b>
<b>4.9</b>	<b>SUMMARY.....</b>	<b>71</b>
<b>CHAPTER FIVE.....</b>		<b>74</b>
<b>5.0</b>	<b>SUMMARY AND RECOMMENDATIONS.....</b>	<b>74</b>
<b>5.1</b>	<b>SUMMARY OF FINDINGS.....</b>	<b>74</b>
<b>5.2</b>	<b>RECOMMENDATIONS.....</b>	<b>78</b>
<b>5.3</b>	<b>AREAS FOR FURTHER RESEARCH.....</b>	<b>82</b>
	<b>APPENDIX.....</b>	<b>83</b>
	<b>BIBLIOGRAPHY.....</b>	<b>88</b>

<b>LIST OF TABLES</b>	<b>PAGE</b>
Leadership styles appropriate to various development levels	21
Maintenance checklist of PCEA Jitegenen flats	63
Maintenance checklist of PCEA Turbo Road Maisonettes	64
Maintenance checklist of ACK Garden Towers	65
Maintenance checklist of ACK Bishops Garden House	66
Maintenance checklist of AACCC Waiyaki Way	67
Maintenance check list of Nairobi Baptist Church offices	68
Maintenance checklist of Nairobi Baptist Court Ngong Road	69
Summary of real estate functions and how the organisations carry them out	71
An Evaluation of Application of Management Concepts in real estate by the Church organisations	73

## **LIST OF CHARTS**

<b>Generalized real property management model</b>	<b>39</b>
<b>Organisation chart of PCTA Foundation</b>	<b>51</b>
<b>Organisation chart of ACK Church Commissioners Of Kenya</b>	<b>53</b>
<b>Organisation chart of AACCC Organisation</b>	<b>54</b>
<b>Organisation chart of NBC</b>	<b>55</b>
<b>Management Approaches by selected Church Organisations</b>	<b>59</b>
<b>Organisation structure of Lloyd Masika</b>	<b>46</b>
<b>Property management cycle by the church organisations</b>	<b>76</b>

## ACKNOWLEDGEMENT.

How does a person say 'thank you' when they're so many people to thank? This column is meant to thank all the people I interacted with during the course of my research.

My husband Henry paid my school fees without grumbling; our children Jeremy, Ken, and Naomi understood my absence even when they needed my attention.

A big thank-you also goes to my classmates, Chege, Monique, Jackie, and Makenna for their constructive criticism

My supervisor professor Syagga did his best. I admire his patience and strictness. It made me think. Thank you professor.

I also take this chance to thank my respondents; they proved their faith by enabling me to get the required data. Many friends gave a hand in typing the manuscripts and even giving comments on the topic of study.

To all of you I say thank you! May God richly bless you!

## **Dedication**

This work is dedicated to the glory of God the Father, Son and the Holy spirit, who causes me to triumph.



## **ABSTRACT**

This study has been devoted to assessing the property management approaches practiced by the church organizations with special reference to the Presbyterian Church of East Africa, Anglican Church of Kenya, All Africa Conference of Churches and Nairobi Baptist Church Ngong Road.

The study deals in detail with the history of the four church organizations and how they got their property and how they are currently managing them.

There are five chapters in the study. Each of the four case studies portrays unique problems and attributes related to the size of the Church organisation in terms of represented congregations, the numbers of commercial properties owned, policy of the organisation and to some extent the age of the organisation.

The first introductory chapter covers the general introduction to the study, the problem statement, study objectives, significance of the study, the research methodology and the scope of the study.

Chapter two consist of a review of literature related to study of management, the management theories, organisation structures, their development and the management aspects as applied in real property management. A study of estate management practice and recorded literature in view to property owned by other churches is also part of chapter two, which then develops a model relating management concepts with real estate management functions.

Chapter three describes the Church view to real property, the Biblical teachings on property, history of the four church organizations, the property owned and their organization structures, which reflects on the management on decision making concerning the properties and therefore effectiveness in management

Chapter four deals with data analysis on the findings of the study. The data collected in the field was analysed in relation to the principles of management discussed in chapter two, thus the researcher was able to evaluate the management approaches how effective they are and what their weaknesses are.

Finally chapter five gives the study conclusions and recommendations for further research.

## CHAPTER ONE

### 1.0 PROBLEM STATEMENT AND ITS SETTING

#### 1.1 INTRODUCTION

Management is the technique, practice or science of managing or controlling (Syagga, 1999). It is best understood as a process, a continuous series of actions carried out in a definite manner and subject to a single purpose. An approach in this study refers to a way of dealing with an issue or a thing (Oxford Learner's Dictionary, 1989). Generally the management of real property or otherwise, involves a number of functions, which include marketing and leasing of space, selection of tenants, pre-occupancy education, preparation and interpretation of leases, rent collection, lease administration, maintenance and repair of buildings, cleaning, insuring the property, fire protection, security, record keeping and accounts among others (Kiama, 1995). This calls for proper forecasting, planning, commanding, co-ordinating, and controlling if the process is to meet its objectives.

Real estate refers to things and objects capable of ownership that can be used, controlled or disposed by an owner. Real estate and real property are terms used inter-changeably and are treated as synonymous. They consist of physical land as well as structures and other improvements permanently attached to land, and also legal rights, interests and benefits inherent in ownership of real estate.

Church organisations own various types of real properties that require management. These include commercial buildings, residential buildings, hotels, guesthouses and sanctuaries. Sanctuaries are special purpose non market properties mainly used for public use and service and are not for profit and will rarely come into the market for sale. The church buildings and other properties owned by the church organisations require special skills in management and may also present some unique problems bearing in mind the vision and mission of the church, the goals and aims of the investments and therefore the management approaches applied. This will be the subject of study of this project.

However it is important to note that since the properties are at the general disposal of public use they are subject to:

- ❖ Wear and tear
- ❖ Vandalism and theft
- ❖ Fire and other risks

- ❖ They are operated in a competitive environment despite the church being non-profit making body
- ❖ They are institutionally owned thus any management decision has to follow protocol

A church is a sophisticated organisation, which demands management skill and insight that are far greater than those required for profit making business and is bound on one hand by both task and need. However for efficient production of revenue or well being of the property users, a cohesive management system must be an integral part of the estate owned by the churches.

## 1.2 BACKGROUND TO THE PROBLEM

From early Biblical times the church's role has been that of ensuring the spiritual health of its members who in return were to support the church workers and church activities through tithes and offerings. The priests, choir members and other church workers were expected to concentrate on ministering to God and to his people while the congregation or church members took care of them through tithes and offerings. This scenario was set even when the Israelite tribes shared their inheritance, the tribe of Levi, which was the priestly tribe, was not given any land inheritance but were to be supported by the other tribes. However with time the church organisations realized the need for investing the gifts and offerings through acquisition of real property, to boost the church in providing funds necessary to maintain the church buildings, run the church programs and activities.

Many church organisations have been particularly involved in investments aimed at raising funds to support the less privileged and other Church activities. It is with such a background that various mainstream churches like the Presbyterian Church of East Africa, the Methodist Church of Kenya, All Africa Conference of Churches, Anglican Church of Kenya and the Nairobi Baptist Church, began to invest in real property. Today some Churches in Nairobi city own various types of real property, ranging from church buildings, residential properties, hotels, commercial properties and even special purpose properties like schools, hospitals, guesthouses and universities. The properties are used for several purposes, some for lease, occupation by institutional staff, for public use and for businesses.

Generally the problems of management of real estate emerge from the nature of the individual estate i.e. its physical identity, its economic condition, its legal status and its managerial character.

- Physical identity: size and shape of an estate, degree of improvement from its natural state and its influence on its environment, will dictate the approach of management to be applied.
- Since estate management is also an economic process the economic features like its use-rental or owner occupation, level and extent of development, its income and return, debt loading of the estate, availability of further credit and the trend towards physical or functional obsolescence, will largely govern the course of management
- The basis of management will also depend upon the pattern of rights, privileges and obligations that are comprised in the estate, and these must be clearly understood if they are to be employed to maximum advantage. These legal rights are likewise influenced by the social, ethical, religious, economical, political and other pressures, which govern the choices and decisions of society as a whole (Thomcroft, 1965).

The management approaches by church organisations applied in the acquired property is the subject of this study.

### 1.3 STATEMENT OF THE PROBLEM

Property management especially of land and buildings has always been a challenge even to the people specialising in management of real estate. Organisations or individuals dealing with estate management must therefore formulate their own management strategies or policies based on their vision and mission statement. Such policies will enhance consistency and uniformity in real estate management in any organisation including church organisations. It is also noteworthy that effective aspects of property management have to be applied if the various buildings and landed properties are to be protected from deterioration and to provide the expected returns.

The church organisations acquire their properties through direct purchases, allocations by the Government or through gifts. These properties are then left to the church leaders to develop and to manage them not withstanding the fact that most of the preachers are not

trained property managers and the fact that the church is a charitable organisation and not recognized by the authorities as a business enterprise. Through discussions with Church leaders and also personal observations a number of problems facing the Church organisations in the management of their real estate were noted.

On a first time visit to Church administration offices there is a clear indication that the buildings have been neglected. The grounds and flower lawns are unkempt. Hence some Church properties although located in prime areas have not been able to compete with privately owned properties.

The church is also not a business entity, its core mission is to evangelise, to uncover God's strategy to the world, and make Christ known to the masses, yet this cannot be done without finances. This necessitates the church to raise funds to support its programmes and activities and one of the ways to raise the funds is investing in real estate though in the real sense the Church organisations are not allowed to carry out business. The said property requires management and as is commonly known, many challenges arise in the course of any type of management. Church organisations have had to strategize on how to manage the said properties without breaking the law of the land.

Some of the property management tasks are done in-house while others are contracted. In some cases the Church Organisations have formed registered companies to manage the said properties. The said companies are not able to attend to all the management aspects of the Church owned properties and this has resulted into some essential aspects of property management like asset registration, repair and maintenance, remitting of property taxes, property insurance, receiving very little attention to the detriment of the church properties.

The aim of this study is to explore the approaches that the church uses to retain its identity and mission, as well as do property management like any other organisation, the challenges faced and how to address them. Other aspects that the study will seek to investigate are: since the church is more of a donor-oriented entity guided by the principles of giving to the poor and needy if this in any way influences the management approaches; also since the top leaders of church are not trained property managers, investigate how they make or who makes the management decisions related to church property.

#### **1.4 THE OBJECTIVES OF THE STUDY**

The aim of this study is to explore the approaches used by the church organisations in the management of real property as compared to the generally known approaches of estate

management, the challenges they face in the process and how to overcome or minimize their effects. The specific objectives are:

- i) To determine extent of real property ownership by the church organisations.
- ii) To explore the management approaches and evaluate the performance of church organisations in the management of real property.
- iii) To make appropriate recommendations for the management of church property.

## **1.5. STUDY HYPOTHESIS**

The management style of the Church Organisations is the cause of the poor state of their real estate properties.

## **1.6. JUSTIFICATION AND SIGNIFICANCE OF THE STUDY**

The reason for carrying out the study was because this is an area in which very little light has been shed and so will be of assistance to the church leaders who professionally are not trained property managers. It shed light on the importance of applying general management principles irrespective of the property type or owner. The study findings will guide the church leaders in meeting the challenges experienced in real estate management and even reduce the effects these would have in the performance of the properties. The churches could use this study to increase efficiency of managing church properties. It will also add knowledge and sharing of information concerning the management challenges and how to solve them.

## **1.7. SCOPE, LIMITATIONS AND ASSUMPTIONS.**

- i) The study focused only on the management aspects of the real estate properties owned by the PCEA, ACK, AACCC and NIBC church organisations.
- ii) In the study some churches did not want to have their inner information published this limited the research findings.
- iii) The available time was very short; hence, some information was not got especially because of the busy schedules of the people having the information.

- (v) The assumption of the study was that there exists a set up system in church organisations outlining the management of church properties and that the churches being researched own real properties.

## **1.8 RESEARCH METHODOLOGY**

Case study method was applied because it enabled the researcher to unravel things that would not otherwise be apparent in large samples. It produces a more accurate analysis of things on the ground. This type of field research offers the advantage of probing social life in its natural habitat according to Babbie.

The study involved data collection through observations and interviews. The researcher interviewed the people in-charge of overall Church Administration and the executives' in-charge of property section or property officers where applicable. In some cases property committee members and other senior employees of the church were also interviewed especially where there was no property officer.

Reference was made from web-based reports, from mother churches in other countries, while general management and property management literature formed the theoretical framework.

The case study method was chosen because it was easier to deal with in greater detail, and to recognize the complexities and challenges involved in managing Church properties, than collecting data from the over five hundred registered Churches in Nairobi, some of which do not even own commercial properties.

### **Research design**

Survey method of research design was used for this study because it involved direct observations and interviews with church leaders or workers in the particular church organisations in an attempt to assess the management strategies applied by the churches in comparison with generalized management principles.



## **Population and sample**

The study started with a review of literature related to general management concepts and theories zeroing on estate management, with a view to having a clear understanding of what it entails and the general principles involved.

The documentary research was done in the University of Nairobi Libraries, Daystar University Library and other Libraries within the City of Nairobi. The main sources of information were books, Church Bulletins, manuals and manuscripts, magazines, daily newspaper articles, published and unpublished works on property management and from the websites.

The researcher collected data and information from Church Administrators, property officers or the executives dealing with properties in the selected Organisations. Only one interview was carried out in each organisation.

The researcher first carried out a pilot study on ten purposively selected Church organisations. Enquiries revealed that three of the said organisations did not own commercial properties, one organisation owned massive properties but was unwilling to give information, another one, required a long bureaucratic process before any information could be released for the study, while the sixth one had already been taken as a case study by a former University student. The researcher was therefore left with four Church Organisations that were willing to give information and owned commercial properties.

The following church organisations were taken as case studies and are representatives of various other churches in the country; the Presbyterian Church of East Africa (PCEA), Nairobi Baptist Church Ngong Road (NBC), All Africa Conference of Churches (AACC), and the Anglican Church of Kenya (ACK). Except for Nairobi Baptist church that is custodian for only its branch real properties, PCEA, AACC, and CPK church organisations,

hold real property as custodians for various other church branches, thus in essence various churches are actually represented in this study

## **1.9 DATA COLLECTION AND ANALYSIS PROCEDURES.**

### **Primary data**

This was obtained through direct interviews from structured questions and by the use of questionnaires with open-ended questions. The researcher did the interviewing to ensure the questions were well understood by the respondents and also that the answers were well recorded for analysis purposes.

### **Secondary data**

This was obtained from existing publications by the churches like bulletins, procedure manuals and other related literature like minutes of various committees, financial reports, and journals.

### **Data analysis procedures**

Since this is an exploratory study, descriptive analysis of data was applied.

## **10.0 ABBREVIATIONS**

- P.C.E.A. - Presbyterian Church of East Africa.
- N.B.C - Nairobi Baptist Church, Ngong Road.
- A.A.C.C. - All Africa Conference of Churches
- A.C.K - Anglican Church of Kenya

## **CHAPTER TWO**

### **2.0 REVIEW OF RELATED LITERATURE**

#### **2.1. INTRODUCTION**

This chapter is a review of the basic theories, concepts and principles of management, their origins and organisation theories. It also discusses the various aspects of management, the real estate functions, what the Bible teaches about property, recorded problems and challenges being faced by the church organizations in the process of managing real properties and how they have been addressed. In view of the generally accepted practice in business management, the management principles are linked to the estate management functions to come up with a model that will be used in assessing the management approaches applied by the church organisations in managing real estate.

#### **2.2 PRINCIPLES OF MANAGEMENT AND THEIR DEVELOPMENT**

Management thinking and practice has been evolving since antiquity and as an art, has been practised since the early beginning of time, however a lot of development in the management field has taken place in the twentieth century.

Although there are traces of managerial concepts in the Bible, in the writings of the Greeks and Roman philosophers and in the works of early political economists, no systematic or comprehensive approach for the study of management was developed until relatively recently (Greenlaw 1973). The foundations of probability theory now applied to analysis for decision-making were developed by Cardan (1501-1578) and Pascal (1623-1662), but were not systematically incorporated into business decisions at a practical managerial operating level until the middle of the twentieth century.

The middle of eighteenth century Industrial revolution was a stimulus to management thought since prior to this time most business enterprises were small and required little

attention on problems of management. During this period the environment was characterised by the protestant ethics, which held that "what was best for the individual coincided with God's will as well as the general social welfare". This gave encouragement to business promoters and owners while at the same time it silenced business critics. The ethical philosophy of individualism was mirrored in the political economic philosophy of laissez faire which postulated that the greatest social good is realized when individual business firm attempts to maximize its profits. These management theories make it easier for us to decide what we must do to function most efficiently as managers.

Four broad models of management exist, the traditional model, the behavioural, the management science model and the systems approach

The traditional model is a broad body of knowledge, which was put forward by early management thinkers to replace the rule of the thumb method, which was used prior to the formation of a coherent body of management knowledge. It had various aspects: Scientific management formulated by Taylor in the 19<sup>th</sup> based on scientific analysis of work and work processes. Taylor's scientific management contributed on using scientific methods for employee selection and assignments, compensation based on incentive i.e. payment based on what is produced and on centralized communication. He has often been referred to as the father of scientific management school of thought. His contributions emphasized planning, standardizing and improving human effort. These developments in management were successful in improvement of tools, equipment and skills.

In 1908 Henri Fayol a French industrialist conceived of the job of managing as consisting of several distinct functions or processes: Planning, organizing, commanding, coordinating and controlling. His work was based less upon detailed research than upon generalizing his observations and experiences as manager. His work was translated into English in 1925 and used in the US in 1949. Fayol developed administrative management theory

(Thornetto 1965). He observed the absence of a well developed and accepted theory of management. He believed that organisation would make easy the practice of management. His contributions were: principles of organization structure rather than the structure of work, unity of command - each employee reports to one supervisor, centralization should be flexible and the subordination of individual goals. This is usually referred to as the classical approach to management. This is the foundation of the management model applied by most corporate bodies and organisations, estate management being one of them.

The bureaucratic model came up with Max Weber between 1864-1920. Weber a German sociologist formulated the basic concepts identified with bureaucratic organizations and administration. He attempted to develop a normative rational management structure to deal with administering large organisations. An empirical analysis of church, Government, the military and business, in the 19<sup>th</sup> century, led Max Weber to believe that the exercise of authority based on position is the most rational means of carrying out control over human beings. His model proposed the establishment of authority and responsibility relationships in an organization as a means of making management more effective. Weber's main contributions were: clear division of labour and hierarchy, complete and exhaustive job descriptions and organizational rules, impersonality in human relationships and selection and promotion based on technical competence alone.

Behavioural and management science approach grew out of the development and interaction of various classes of knowledge and technology. One behavioural science model, through the Hawthorne studies of the 1920s (Greclaw, 1973), seeks to understand, explain and predict human behaviour in the same way the scientists understand explain and predict the behaviour of physical forces or biological factors. Although this approach has potential to increase productivity by influencing the behaviour of workers towards the achievement of

organizational goals, the exactitude of prediction of human behaviour envisaged by the model is not achievable

The management science approach is an improvement on Taylor's scientific management, with the addition of more sophisticated technology. It is quantitative in nature and has little to offer in the management of social problems

The Systems approach has various concepts. The open and closed systems input - output system, feedback control systems and environment.

The above theories formed most of the management approaches existing today including those being appropriated by various Church organisations. The scientific/ classical theories emphasized the task and how to motivate employees through economics, and human relations movements (shown by the Hawthorne studies in the 1920s), illustrated importance of human interaction and social needs in motivating employees, which led to the Human Resource Development theories as is discussed by Maslow in 1954. In actual fact management theories have continued to develop. In 1969 Lawrence and Lorsch came up with the contingency theory that concluded that:

- There is not one best way to organize or manage
- Situational factors (the task, the people, the environment) influence organisational performance
- Open communication may result in overload, unrealistic expectations and lack of needed structure.

Since none of the theories can be said to be perfect the organisations have borrowed concepts from each theory and applied them as they think appropriate. What may now be lacking in most institutions is failure to adopt the newly discovered knowledge and thus improve in the area of organisation management. However the administrative management theory by Fayol

and the bureaucratic model by Weber seem to have made the greatest contribution to the general concepts of business management being practiced today even in the churches organisations and especially in the estate management practice.

However before the general concepts of management are put in place an organisation has to be in existence and how that organization is structured will also affect its performance.

### 2.3 ORGANIZATION THEORY

Robbins (1983) defines an organization as a system of consciously coordinated activities of two or more persons who are functioning on a relatively continuous basis, through division of labour and a hierarchy of authority that seeks to achieve a common goal or set of goals. The task of creating a performing organization is difficult (Burton 1984). According to Burton, the important organizational features are hierarchy, bounded rationality, localized information, information collection exchange and transformation and goals.

Normally a firm has non-independent subsystems- the transformation system, the administrative system and the social system. The transformation or productive system of flows and form changes of materials and goods; administrative system coordinates and controls activities while the social system includes individual believes attitudes, motivations and attitudes. No organisation can exist without all the three subsystems.

Chandler (1962) as reported by Burton (1984), states that structure can be defined as the design of organisation through which an enterprise is administered. This design whether formally or informally has two aspects it includes first lines of authority, communication between different administrative offices and officers and secondly the information and data flow. Such lines are necessary to assume the effective coordination, appraisal and planning

necessary in carrying out, the basic goals and policies and knitting together the total resources of the enterprise.

Organizations are unique yet each is patterned after some general models. Generally an organization will have the overall overseer as the board, then the Chief Executive Officer, then the different departments of finance, Administration, procurement, marketing and Human resource. These are then subdivided into sections and finally build-up to the subordinate levels. The organization structure determines and sets in place the methods of vertical and horizontal coordination.

Planning charts, major organization directions, and effective means must be in place to carry them out. Managers therefore in organizing, allocate and arrange both human and non human resources in ways that enable plans to be achieved. In the process, the organising function provides a variable tool for fostering innovation and facilitating needed changes.

Organisation charts, job designs, types of departmentalisation and methods of vertical and horizontal coordination are very important parts of a well-structured organisation.

Some of the recommended means of achieving effective vertical coordination are:

- Formalization i.e. the degree to which written policy, rules, procedures, job descriptions is adopted. These are advocacies of Weber although they have been noted that too much formalization can actually stifle an organization.
- Span of management i.e. number of subordinates reporting to a manager
- Centralization versus decentralization i.e. the extent to which power and authority are retained at top organisation levels.



- Delegation
- Line and staff positions. This involves promoting of innovation through horizontal coordination by encouraging the lateral relations between staff, slack resources and direct contacts.

Organisation structure is a formal pattern of interactions and coordination designed by management to link the tasks of individuals and groups in achieving organisation goals. It should have four elements (Bartol & Martin, 1991):

- Assignment of tasks and responsibilities that define the jobs of individuals and units. This involves job design i.e. work specialization or the degree to which the work necessary to achieve organizational goals is broken down into various jobs. Job design involves specification of tasks, activities associated with a particular job, the task.
- Clustering of individual positions into units and units into departments and larger units to form organisations hierarchy. According to Bartol and Martin, there are four types of departmentalisation's that can be adopted by an organization: the functional structure, divisional structure, hybrid structure, or matrix structure. In the functional structure positions are grouped according to their main functional or specialized areas in terms of skills, work activities, common functions e.g. Human resource, production, finance, research and development etc. the major advantages of a functional structure are its in-depth development of expertise, clear career path within function, efficient use of resources, possible economics of scale, ease of the coordination function and potential advantage over competitors. Nevertheless the functional structure has the disadvantages of slowness in response time to problems, backlog of decisions at top of hierarchy, bottlenecks

due to sequential tasks, restricted view of organization among employees, inexact measurement of performance and narrow training for potential managers. Most organizations and especially Church organizations have adopted this type of organization structure, but the unfortunate thing is that property management is not the core function of the church so it receives very little attention.

Divisional structure is a form of departmentalisation in which positions are grouped according to similarity of products, services or markets. In this structure each division contains major functional resources. It needs to pursue its own goals with little or no reliance on other divisions. The division structures can be grouped according to product, geographical location or customer types. This type of organisation structure has the advantages of fast response to environmental change, simplified coordination across functions, strong orientation to customer requirements simultaneous emphasis on division goals accurate measurement of performance and broad training in general management skills. The major advantages of this type of structure are the duplication of resources in each division reduction of in-depth expertise, heightened competition among divisions, limited sharing expertise across divisions, restriction of innovation to divisions and neglect of overall goals.

Hybrid organisation structure is also another form of departmentalisation that adopts parts of both functional and divisional structures at the same level of management. It has several advantages since an organisation can achieve specialized economies of scale in major functional areas, can adapt and be flexible in handling diverse products or services and can easily align corporate

and divisional goals. On the other hand it has disadvantages of possible conflicts between corporate and divisions, excessive administrative overhead and are slow in responding to exceptional situations.

The fourth type of organisation departmentalisation is the matrix structure. It superimposes a horizontal set of divisional reporting relationships onto a hierarchical functional structure. There are two chains of command one vertical and the other horizontal. The employees who work under this system report to two matrix bosses since there is a system of dual authority that violates the classical principle of unity of command. The matrix has the advantages of decentralized decision making, strong project or product coordination, improved environmental monitoring, fast response to change, flexible use of human resources and efficient use of support systems. It however faces the disadvantages of high administrative costs, potential confusion over authority and responsibility, heightened prospects for interpersonal conflicts and excessive focus on internal relations and over emphasis on group decision making and possible slow response to change (Bartol & Martin, 1991).

- Various mechanisms to facilitate vertical coordination such as number of people reporting to any given managerial position and delegation of authority.
- The various mechanisms needed to foster horizontal coordination such as task forces and interdepartmental teams

Organisation charts facilitate understanding the overall structure of the organisation. They provide a visual map of the chain of command i.e. the unbroken line of authority that ultimately links each individual with the top organisation position through a managerial position at each successive layer in between. An organisation needs to understand its

complex situation before they adapt any of the available organisation structures for these will determine the performance of the particular organisation.

According to Bartol (1991) organizations have four life cycles and these cycles affect their performance in the long run. The evolution through each stage requires certain changes in order for organisations to survive otherwise they can easily face termination.

The first stage is the entrepreneurial stage when the organization is formed. This is mainly a one-man show. Very little planning and coordination is involved since it is in its infancy stage. The prime inventor or entrepreneur makes the decisions, work progresses but continued need for resources creates a crisis. At this point the entrepreneur usually fails or moves to next stage. This stage is the collectivity stage whereby a few dedicated people who believe in the idea join the entrepreneur and though the returns are low have the hope of reaping benefits in future. The organisation is now in its youth and there is total commitment from members. The crisis in this stage is caused by accelerated growth and the informal management systems, which do not allow for adequate leadership direction and control. The entrepreneurs realize their inability to run the institution and so end up employing a professional manager. The next stage is the formalization and control stage. At this time the organisation has taken on a more formalized structure with departments, rules and procedures in place. There is centralised control and innovation is replaced by a conservative stance that discourages risk taking and future innovation. However increased market competition causes the organisation to move the next and last stage i.e. elaboration. Managers at this point realise the risk of extinction and begin to seek ways to streamline the excess bureaucratization that cropped up at the formalization and control stage (Bartol & Martin, 1991). It is of major importance that the leaders of an organisation recognize the stage at which they are as they make decisions on the management approach or style to employ.

Consequently management has been defined based on Fayol and Weber's theories as the process of:

- Planning
- Organising
- Coordinating
- Communicating
- Controlling

These have been described as the general concepts of management that are a necessary ingredient to every organisation.

## **2.4 MANAGEMENT CONCEPTS**

### **2.4.1 Planning**

One of the main concepts of management, is defined as deciding in advance what is to be done, who is to do it, how and when it is to be done (Kithinji, 1998). Planning ensures the economy of time expense and energy. It involves the formulation of policies, execution of budgets, scrutinizing best methods to raise finance and allows for proper leasing, sale and acquisition of property (Karingithi, 1987). Plans can be short term, medium term or even long term but have to fit within the set targets or goals of the organisation. Planning is necessary in all management functions due to scarcity of resources as compared to demand for them. It aims at maximizing efficiency and regulates the flow of resources. In planning there is need to set goals and objectives, generate alternative approaches to achieve them, choose suitable alternatives, draw a detailed plan of action and convert plans into budgets.

### **2.4.2 Organising**

Organising is putting plans to work. For efficient implementation of plans, it is necessary to define the duties of the workers in the organizations, which involves the process of

building a framework to achieve goals (Kithinji, 1998). An organization structures the relationship of members of the organization, hence lays down the proper procedures for communication and delegation of tasks. This influences workers' performance and is very important in property management especially where many workers are involved. It is through organising that managers determine which tasks are to be done, how tasks can best be combined into specific jobs and how jobs can be grouped into various units that make up the structure of the organization. Staffing jobs with individuals who can successfully carry out plans is also part of the organising function. Resources are allocated on the basis of major company goals (Martin and Hartal). Weber's contribution to the management theory of the bureaucratic model is very useful in establishing this type of set up. According to Banning (1992) organising involves paying attention to detail as already described above on issues on organisation theory.

#### 2.4.3 Coordination

This involves the integration of effort, for smooth interrelation between staff and departmental heads. After planning and setting up an organisation, for its implementation, human effort has to be directed and expended on the tasks required. Planning and organising effort would go to waste if participants do not carry out their duties with the amount of zeal necessary to produce results (Kithinji, 1998). This calls for directing that involves channelling of the organisations human resources towards achievement of the goals of the organisation. It may be self-directing i.e. where employee goals and organisational goals are compatible, specific, realistic, achievable and measurable. Forces that interactively determine employee performance are situational, individual and motivational factors. Situational forces refer to the environmental and frame-work of relationships within a place where person works e.g. supervision, organisational structure and climate while individual forces refer to the innate acquired characteristics usually acquired through training, attitude, aptitudes; abilities (limits, needs, experience, determination and hard work. Motivational factors also determine enthusiasm with which an individual does work. The leader/director largely does worker motivation. The most widely recognized motivators are money, positive

reinforcement, participation and job enrichment. In coordination also comes in the need for proper leadership. Mullins defines leadership as a relationship through which one person influences the behaviour of other people. This may be through emulation, suggestive persuasion and coercion. Leadership influence depends on the subordinate's perception of a certain power residing in the leader e.g. power to reward. According to Blanchard, (1986), the leader needs to recognize the level or attributes of a worker to know the style of management to apply. This has an impact on the performance of the worker.

The following is a table that indicates the style of management the supervisor should apply in leading

**Leadership styles appropriate to the various development levels.**

Development level	Appropriate leadership style
D1 Low Competence High Commitment	S1 Directing structure control and supervise
D2 Some Competence Low Commitment	S2 Coaching direct and support
D3 High competence Variable commitment	S3 Supporting, Praise, Listen and facilitate
D4 High competence High commitment	S4 Delegating turn over responsibility for day to day decision making

Source: Blanchard, Page 56

#### 2.4.4 Control

This is the process of making events conform to plans. Controlling is a function of laid down procedures and requires structuring of duties to facilitate performance (Kihara, 1987). Plans lose their influence without follow up control (Kithinji 1988). Control in management involves checking or verifying, regulating, comparing with set or existing standard, curbing or restraining, and exercising authority over the estate being managed. The essence of controlling lies in checking existing action against some desired results determined in planning process. Essential elements of control are; a predetermined goal or yardstick means of measuring current activity, comparing it with the set goals and correcting deviations. According to Kithinji, (1998) a good control system should conform to organisation structure, information given to those with responsibility must be understood and well interpreted, deviation should be reported immediately and system must be flexible and consistent to objectives

*Control* will be required in every activity of estate management including enforcement of lease covenants, establishing standards of accountability, measuring work in progress, interpreting results and taking corrective action. The principle means of financial control is the budget. This is a planned forecast of future income and expenditure that is usually made annually but can be projected for any given period. Budgets help to define financial objectives, they help to provide a measure of achievement by setting a standard against which actual performance can be compared and so serves the management function of control. It also acts as a standard of measuring the manager's success in meeting objectives and in regulating cash flow. Periodic inspections are also an essential part of management control. They depend mainly on the length of the lease, value of the reversion to the landlord and the class of tenant. Inspections also ensure there is no breach of covenants especially with regard to the state of repair and use of the property. They also forge links between landlord and tenant partnerships.



## 2.4.5 Communication

Communication provides a link among all functions of management, and also links all parts of the organisation together (Nguyn, 1988). It involves the transfer of information between sender and receiver. Through communication, behaviour is modified, change is effected, information made productive and goals are achieved. Communication facilitates the managerial functions and relates an organisation to its external environment. In an organisation there are both vertical and horizontal channels of communication. The vertical one is communication through authority lines while horizontal is communication between managers on same level. With reference to the outlined basic management concepts by Fayol and Weber, there has been the general practice of real property management, of which a number of writers have written with regard to real property management. This practice of real property management should also encompass the outlined concepts of planning, organising, coordinating, communicating and coordinating of activities of those who own, lease, and finance or occupies real estate, in order to realize a predetermined objective (Ndeti, 1997).

## 2.5 MANAGEMENT APPROACHES

To manage real estate property an organisation may do in-house management where it employs its staff and does the management without the assistance from outside the organization. This has the advantage of ensuring organization secrets are not leaked out, but is also expensive in the long run because of staff maintenance especially if the property portfolio is small. It has limitations in that a firm can only afford a limited number of skilled persons.

Outsourcing or contracting the services through appointing an agent is also another approach. This involves signing a management contract with an estate agency that then manage the property on behalf of the owner. Such an agency has a wide range of activities and maintains a highly motivated staff. The disadvantage of this approach is that there is no exclusivity in management since the agency is committed to too many people so it is not able to attend widely spread properties. The agencies services may be delayed even in issues like letting, advertising, remitting of rents to landlords resulting into strained relationships with the property owners. On the other hand, the property owner may delay scheduled capital expenditure jobs and this may cause an agent to be discredited by his tenants while he is not to blame resulting into a dissatisfied agent.

Hierarchical-1 employing an in-house manager to supervise contracted services. In this case the property owner employ's a property manager who supervises the contracted the service providers. The manager directs, sets goals and appoints agents to do the jobs and he/she is left to do the budgeting planning and other in-house decisions. The property owner has greater control in this arrangement.

A combination of in-house and contracting specialized services. This has the advantage of being low cost because simple tasks are done in-house while complex ones are contracted. Through these approaches or management styles the property manager is able to attend to the imperative real estate management functions.

## **2.6 REAL ESTATE MANAGEMENT FUNCTIONS**

Estate management as a profession is basically concerned with one type of asset and this is landed property. Thorncroft, (1965) defines estate management as the direction and supervision of an interest in landed property with the aim of securing the optimum return, which may be financial, social benefit, status, prestige, political power or some other goal.

Thus it embraces both direction and supervision. It is the skill of managing real estate property by using available resources such as money, men, material and human labour, to make the estate give its fullest potential value (Kinna, 1995). It involves making decisions as to the best use of the properties and the best method of putting them to use i.e. development lay out, provision of services, collection of rents, insurance, maintenance, security etc (Chomba, 1997). It is concerned chiefly with the planning and control of landed property, bound up with the various specialist skills and experience related to land in all its circumstances (Thomson, 1965)

Property management was conceived in Britain in 1860 and 1864 when Octavia Hill discussed with John Ruskin the possibility of changing the landlord-tenant relationship from an endless feud into a human partnership; enriched with mutual respect and common gear towards preserving and improving the brick and mortar, so that they could become a home instead of just a house (Macey, 1965). After the study of condition, in St. Marybelone in 1864, Octavia Hill came up with the British principles of housing management. The landlords were obliged to carry out repairs while tenants paid regular rent. This arrangement reduced conflicts between landlords and tenants. This background also formed a basis for property management today applied by different organisations.

The management of different type properties is fairly similar in principle but obviously there are certain differences between the management of say a factory, residential house and a commercial property. There are various types of landed property:-

Residential properties are real estate properties constructed and used as homes and dwellings. They can be flats, town houses, sectional title or time- share units, condominiums or apartments. The residential properties can either be owner occupied or investment properties. The management of investment units also differs depending on

the different needs to be addressed. For example in the management of individual flats the personal relationship between manager and tenants can be crucial in maintaining high occupancy. A residential property also attracts a shorter lease period than a commercial property.

Commercial properties are all properties involved with commerce. Most commercial properties fall in the categories of apartments, retail outlets, offices or entertainment and hospitality complexes. In these case studies the concentration will be on management of this class of properties.

Other types of landed properties are agricultural properties like farms -aquaculture facilities, timber supply forests, grazing lands and ranches; industrial properties-utility plants, wire- houses, factories and railroad lands and Government properties- state houses, county properties, schools etc.

The aims and objectives of property management are:

- To satisfy an economic and social need by preserving and prolonging the building fabric so as to make it more useful to earn more profit.
- To provide a social benefit by protecting the welfare of tenants through provision of required services and amenities
- To protect the environment against pollution (Environment Act)
- To ensure the compliance with legal objectives. For example the Landlord and Tenant Act, Public health Act, contractual obligations concerning sales, leases, agreements, renewal clauses maintenance and repair agreements all of which must be observed.

These aims and objectives are achieved when proper estate management principles are applied and studying how the functions are carried out can assess the performance of an organisation in regard to property management.

Estate management activities or functions may be grouped into seven main tasks: Marketing, Leasing, Record keeping, Risk management, Maintenance, Human resource, Financial.

The following will be a description of what is involved in the estate management activities as outlined above.

These aims and objectives are achieved when proper estate management principles are applied, and studying how the functions are carried out, can assess the performance of an organisation in regard to property management. Estate management activities or functions may be grouped into seven main tasks:

- Marketing,
- Leasing,
- Record keeping,
- Risk management,
- Maintenance,
- Human resource and
- Financial management.

The following will be a description of what is involved in the estate management activities as outlined above.

### **2.6.1 Marketing**

This involves advertising and promotion of the properties. For successful marketing there is need to identify the target market, note the available media avenues for advertising and to have a budget for marketing the properties especially when they fall vacant. There should also be a way of evaluating results.

### **2.6.2 Leasing**

The way the management responds to tenant's requests for service is instrumental in determining tenant landlord relationship. Each party should be informed of their

responsibility in maintaining the property. If lease is silent, reference should be to Landlord and tenant Act. An organization invests in real estate because it expects periodic amounts of spend-able cash income from the property. This income comes in the form of rents and its collection is of utmost importance [Chomba, 1990]

The existing methods of rent collection that can be used by the property owners are: -

- a) Office collection – Tenants informed of place and time to pay. Have clerks who have other jobs.
- b) Door to door collection – property owner or representative physically calls on tenant to collect rent.
- c) A combination (a) and (b).
- d) Payment by credit transfer and bankers order.

However it is imperative to state that maintaining a good tenant relationship is also crucial in property management since it amounts to satisfying the customer. This is achieved through attending to tenants complains and providing essential services, maintaining tenancy rules and regulations, settling tenant disputes and exercising authority, fairness and diplomacy.

### **2.6.3 Record keeping:**

Proper inventory records should be kept for the property owner. Inventory is a descriptive list in which are enumerated systematically, item by item, the personal and real property, rights, titles, papers or documents of a person an estate or any institution. Inventories are prescribed by law to control effectively the management of any trust, inheritance, and guardianship etc. by an executor or administrator. This is a very important measure and useful for administration of institutional property. Records of income and other outlays are also essential to assist in the preparation of financial statements and tax returns. The manager is also responsible for reports required by the government authorities. With computerisation, there now exists a program like Microsoft Access, which makes record keeping manageable even for big organisations owning massive properties.

#### 2.6.4 Risk management:

Risk management is also an important aspect in real property management. It helps prevent incidents to begin with, and permits a rapid response to those that do occur. Property owners perceive risks differently and so address or react to it differently. They may see risks as the voids in the buildings, reduced rental values, thefts, fires or natural catastrophes like earthquakes and floods. Some of the ways of managing or eliminating risk are: health and safety regulations, security and fire precautions through provision of fire equipment, having safety procedures in terms of handling equipment and ensuring compliance with Government regulations.

Risk response can be by setting up compliance funds, setting up emergency procedures, risk comments, legal safeguards, safety installations, setting apart contingency funds, and or buying an insurance policy.

Insurance is an economic device where there is creation of security against loss. It does not reduce the uncertainty of loss but it does reduce the loss connected with an event (Ndibo1997). It is necessary that each property should have the appropriate type of coverage and the appropriate amount of each. Insurance covers the property and its owner for financial losses after one has satisfied the deductible. Insurance policies that a property manager should take in regard to the property are: fire insurance, burglary, consequential loss, public liability, plate glass, cash in transit, motor vehicle lifts insurance.

Tenants have the responsibility to insure their own property. In Kenya building owners insure their buildings at 0.3% of the capital cost of building. Where the property is under mortgage the owner takes a mortgage protection policy. Insurance covers are necessary but precautions are also very important. However insurance cannot compensate the guilty feelings, emotional scars or negative publicity that can result from a nasty incidence (Bachner, 1991).

Fire protection is also important in property management as a way of managing risks. The risk of fire exists in every residential and commercial building. Common causes of fire especially in buildings are; undetected gas leaks causing an explosion, bust gas cylinders,

dropped lighted cigarettes, faulty electrical wiring, arson and/or malfunctioning of heating appliances. One of the ways of ensuring safety from fire is ensuring compliance with fire safety designs, ensuring fire detection, and control. This is done through:

- Providing escape routes
- Installing fire fighting equipment
- Ensuring frequent inspections of the fire fighting equipment like alarms, hose reels, fire extinguishers, water buckets portable and manual pumps etc.
- Training of the occupants and the use of equipments, first aid fire fighting and carrying out of drills is also important.

Security measures are also becoming more important with rising crime rates and acts of terrorism. It is not only for the safety of the property and its occupants but also for its reputation in the leasing market. A security survey, which begins with the inspection of the perimeter of the premises and also the thorough inspection of the building interior for possible security problems, must first be carried out before providing security measures.

Some of the widely used methods of providing security in buildings include; provision of security guards; security lighting, traffic control, closed circuit, television system, security dogs, padlocks, warning signs and /or alarm systems. The methods may be used in combination or singly depending on the intensity of security required.

#### **2.6.5 Maintenance**

Maintenance can be defined as work undertaken to keep or restore every facility i.e. every part of a site, building and contents to an acceptable standard. It is a crucial function in the management of real estate. According to the Registered Land Act cap 300 of the Laws of Kenya (section 55). Maintenance has been defined as “ where an agreement is contained or implied to keep a building in repair, it shall in the absence of an express provision to the contrary mean in such state of repair as that in which a prudent owner might reasonably be expected to keep his property, due allowance made for age, character and locality of the building at the commencement of the lease.”

The attitudes and views of those who live work or own the building will be important in deciding when maintenance is deemed necessary. The financial success of any building depends mainly on the quality of maintenance. Hence maintenance requires attention from



building owners, occupiers, contractors, architects and the estate managers themselves. Delayed maintenance work leads to rapid deterioration of the building structure. Maintenance is also determined by policy decisions, laying down certain levels of service and providing for the carrying out of certain categories of maintenance within set times. This is done for the satisfaction of tenants and the need to present a high quality image of the organisation to clients and public. Some budgetary systems also influence the level of maintenance by limiting necessary expenditure or enabling money to be transferred to and from the maintenance fund. A comprehensive maintenance programme is important for the preservation and enhancement of the property value because neglected maintenance can cause the greatest loss an owner can suffer on a real estate investment. It is also important for tenant retention, which reduces vacancy rates and reduced expenses for turnover of rental space. The magnitude of maintenance necessarily depends on rate of depreciation or deterioration, which in principle increases progressively with age. This is important for property owners to note so that as the buildings grow old, the maintenance fund should rise. The intensity of use also accelerate rate of building deterioration (number of persons per room or floor area per person) this affects mainly the fittings and finishes.

A good maintenance policy should endeavour to set aside funds for maintenance work. According to Syagga, (1979) at least 15% of rents collected should be set aside annually and deposited in a maintenance fund. Cultural, economic and social factors also reinforce maintenance practices. According to psychologists most of our activities are goal directed and the goals are the felt needs of individuals or society. In the case of a large number of people property maintenance is not a felt need.

Maintenance works comprises of;

- **Cleaning Maintenance** - cleaning encompasses the cleaning and maintenance of virtually every surface inside a building, replenishment of exhaustible supplies and general clean up and removal of litter and debris .The principle forms of cleaning include: dry and wet mopping, spray buffing, top scrubbing, dry buffing and carpets care. Most of these types of cleaning utilize manual cleaning equipment like bowl brushes, counter brushes, deck scrub brushes, hand scrub brushes and fountain brushes. Other manual equipment includes safety signs, lambskin applicators, detergents guns, dustpans, gloves, and sponges among others. In well-developed

organisations, use of power equipments for cleaning purposes also improves work performance. These include: vacuum cleaners, floor machines, which can be used for scrubbing, buffing, sanding and scarifying floors as well as rug shampooing. It is noteworthy that for proper maintenances of buildings the use of cleaning chemicals should be checked.

- **Grounds care** – this is also an important aspect of property maintenance. A well-kept ground improves a project appearance, image and increases or maintains its value. It creates sense of pride in occupants. It eventually may reduce turnover, enhanced rent ability and justification for higher rents. Grounds maintenance yields many benefits whose value exceeds the investment required to attain them (Bachener, 1991). This can be in-house or by contract. It is more advantageous, less expensive and less troublesome to rely on a contractor for most services. It avoids problems of paper work, less than satisfactory results by seasonal employees and investment in equipment, storage and maintenance.
- **Pest control** - this also helps preserve the property value by preventing or minimizing damage by pests. The damage by pests need not only be physical but it can also cause tenants to move from the building thus reducing the income stream and in turn reducing the building value. Pest control services can be either in-house or outsourced depending on the magnitude of the attack and the training level of the artisans doing the work. Some of the toxic chemicals being used will automatically call for expertise thus requiring the use of experienced contractors. Pest control should start as early as possible preferably during the design stage. The building should be surveyed to identify areas where small animals could enter and be closed with materials that the animals like rodents cannot chew. Out door trash receptacles should be sealed from the animals.

All the above-mentioned maintenance works can be done in-house or can be contracted.

Various types of contracts exist in property maintenance which may be applied these are:

- **Fixed price contract**- the contractor provides a fixed service for a certain predetermined cost. Such contracts are determined and executed on a case-by-case basis.
- **Cost plus contract**. - Also described as cost reimbursement or prime cost programmes. This type of contract is especially useful in an emergency where there is insufficient time to prepare detailed schemes of work.

- Unit price contract- these are contracts for specific measurable services for example excavation, concrete work, painting etc. They are written with compensation based on the amount of work done.
- Target cost contracts- These are contracts designed to encourage the contractor to finish as cheaply and as quickly as possible. A basic fee is calculated as part of an agreed cost. for example for lifts, there are various types of service contracts e.g. inspect and report, Paint oil and grease or Paint, oil, grease and service contract.

#### 2.6.6 Human Resource management

This aspect addresses the issue of staff, their recruitment, training, motivation and even placement. Management depends on people and planning cannot work alone. The Estate management Act gives the personnel manager power to appoint and terminate staff under his management. This power is necessary so that staff rules and responsibilities can be enforced. Personnel planning determine the staff required to meet the management requirements. The organisational structure will be determined by the size and diversity of the portfolio, while the size of management staff depends on number of staff to be served, number of clients to be served, area and size of the properties to be handled, and the number of physical accounts involved. The division of functions, claim of command and span of authority will vary from case to case. Management can centralize or decentralization these functions.

Allocation of responsibilities will depend on the skills of various executives. Each managerial activity impinges upon all others. The chief executive in this case coordinates individual actions by having a standardised procedure and regular management meetings. In property management the chief executive should be a trained property manager. The functions and duties of a property manager are enormous depending on the type of client, size of the portfolio, and the objectives of the client. The manager starts by stating his objectives, which he then sets out to fulfil. For instance if the objective is to prolong the life of a building, one of the main functions will be to ensure proper repair and maintenance, improvement of renovations, so that the building will be to the required standard (Kiama, 1995). If the objective is to secure maximum financial benefit then the manager has to ensure the building is fully let and retentions of the sitting tenants by avoiding high turn over. The manager also has to administer his office through proper training of employees and

retention of accurate records and accounts to show expenditure and receipts. Kiama, (1995) further states that the functions of the estate manager include the general administration and process of establishing objectives, planning to achieve them, organising resources and controlling operations. He also plans for space allocation, marketing of property services, conserving of property and the surrounding environment, and maintenance of records. The manager has three main parties to take care off namely the property owner, the tenant and the investor. In the case of new buildings the property or estate manager is required to prepare a rent schedule through valuation and interpret statutory documents. Other functions of the manager include leasing, letting, rent collection, building maintenance, insurance of property, valuation and may be involved in any development work required. The manager is also expected to keep the owner of the property informed regarding property and its operations and to consider with him any significant changes in policy. The property manager will be expected to handle letting in a professional way by vetting the capacity of prospective tenants by asking them to furnish him with bank references to determine ability to pay.

- To check in the case of companies if they are legally registered hence, in a position to making a contract and to determine if the business [prospective] is in line with Christian principles.
- The manager will ensure the signing of letters of offer, which a qualified property manager is well able to design even without involving costs of a legal counsel.
- The property manager will understand even the technical language of agents or contractors and so will negotiate better terms for the Church organization where maintenance work, valuation insurance or any management service is required and even supervise the work where necessary.

An experienced and qualified property manager will also assist in drawing leases appropriate to the property type and nature. Although lawyers draw leases they rarely visit the premises, hence the need for a qualified person to give all relevant details necessary in drawing the necessary lease.

Generally all the duties of property management that includes letting, rent collection, maintenance, insurance, advertising, promotion, accounting and record keeping, ensuring tenant satisfaction and initiating good tenant relations will be better handled by a fully qualified property manager than a clergy or person of another line of profession.

### **2.6.7 Financial Management**

This refers to the way the revenues are collected and expensed. There are also the capital accounts that deal with major expenditures or sales of the organisation. Operation expenses, rates, taxes, insurances and mortgage payments must be paid when due. In Kenya two Acts of Parliament deal with the payments of rates for properties these are: Valuation for rating Act Cap 266 that empowers the city authorities to value land for purposes of levying rates and for purposes incidental to or connected there with and the Rating Act Cap 267 that provides for the imposition of rates on land and buildings in Kenya. It provides in section 3 that the rating authorities shall levy rates to meet all liabilities for which provision is not otherwise made. Section 4 of the Rating Act provides that for purposes of levying rates, various forms of rating have to be adopted.

Other rates imposed on the property are electricity bills, water rates and telephone bills. These activities when carried out according to the laid policies and plans in a well-coordinated system and a controlled set up will produce the best results in the organisation. Good and well-organized estate management has important impacts on costs and consequently returns. Its success is gauged not only on returns but also by the economy of effort, money and material with which the aims are secured. It is by these criteria that the quality of estate management may be judged (Thorncroft, 1965).

## **2.7 PUBLICATIONS ON CHURCH PROPERTY MANAGEMENT**

In Kenya we have very hardly any publications or studies done on Church property. One study on the Methodist Church of Kenya indicates that the Church has invested in massive land properties, one of the prime properties being the Methodist Guesthouse that is a well-known resort in Nairobi city. (Ndibo, 1987).

In the United Kingdom, the Anglican Church with an aim of developing an effective management approach for the Church's properties, established a corporation, the Church Commissioners that has its origin in the Irish Church Act of 1869. The effect of this was to disengage the Church formal relationship with the state. The corporation's legal structure is that of a charitable trustee or trust corporation, governed by the church of Ireland and accountable to both the General Synod as the chief legislature of the Church and the civil authorities in relation to its trustee. The said company holds property on behalf of the church of Ireland as a trustee with perpetual succession. Its main activities include the management of investments, administration of trusts and deed, payments of clergy stipends and pensions, property and legal transactions and loan financing. The Church commissioners are also empowered to acquire the following by way of gift (including the gift by will) or purchase, a church or a part of a church or any other building fit to be used as or to be converted into a church, land as a site for a new church or for a church to be substituted for an existing church or to provide parking space, land for providing anew or extending an existing church yard or burial ground or land required for providing access to or improving the amenities of any such church, churchyard or burial ground. Hence the commissioners act as the acquiring agency but on completion of the acquisition the property vests in the incumbent of the benefice for the time being in his corporate capacity. This arrangement must have contributed to the Kenyan Church organisations idea of forming companies.

In Germany the State leaves many welfare duties to the Church but heavily subsidizes it through public funding (45%), sales and services (47%) and philanthropic giving (11%) (Bertelsman & Maecenata, 1999). According to proposed changes to reduce on tax for Church support, the Church organisations in Germany might also turn to investing in real estate to increase the required funding.

A number of challenges have been sighted in the process of managing church property, these are:

- Lack of proper documents or evidence of land ownership by some churches and this has reflected on some of the problems the organisations are facing.
- None Christian Communities also have been threatening the church organisations with threats to confiscate the land or property arguing that that is not the highest and best use.

Problems of the church losing her property have been common in Kenya, Africa and the world at large. In Khartoum it was reported that the government was eyeing another church property. On September 24<sup>th</sup> 2002, leaders of the Sudan Presbyterian Evangelical church (SPEC) confirmed that the Sudanese government was questioning their ownership and use of a plot of land deeded to them 35 years ago. On 15<sup>th</sup> September of the same year, the Federal Minister of Agriculture wrote a letter to the church demanding proof of ownership of land and declaring that the plot may only be used for agricultural purposes. Fortunately the land is freehold land purchased in 1964 by an American Mission and then donated to the church. SPEC has all the documents to proof this.

In a similar case earlier in the year a freehold property owned by the Episcopal Church in Omdurman since 1925 was ordered confiscated by Khartoum's National Islamic Front (NIF). In California there was also a reported case of the city trying to seize land belonging to the church (Mandi Steele, 2002 worldnetdaily.com.) In this case the city of Cypress argued that the house of worship was not the "best and highest use" for the property, so they intended to seize the property through eminent domain. The argument was that a commercial development will generate jobs for many citizens but the church won't generate taxes for the city like the business would. Some of the arguments used to justify the seizing of church property are that the churches are rich but empty. According to research the church in US is worth over four billion dollars and is increasing rapidly in value and this is especially because of exemption from taxes. Nevertheless the majority of church users are women and children.

In Kenya, in 1999, riots erupted between Christians and Muslims and two Churches were destroyed in Nairobi West. One of the Churches was insured while the other one was un-insured and it cost the members an overwhelming thirty five million Kenya shillings to reinstate it to its proper state. In another case a church split and the Pastor in charge left an overwhelming eighteen million shilling debt for the congregation members to pay while he took off even with vehicles given to the Church for ministry. It has also been reported of a case where some pastors register church plots in their names to the effect that if differences arise, a thing that is common in this nation, the pastors throws out the uncooperative members and is left with the property. This has been observed in one Church in Homa-bay where the pastor had given a church, a plot to build its developments in his compound but never gave them the title. When differences arose, the church leader threw the congregation members out of the developed property since he was the sore owner of the plot.

With these types of challenges in the pipeline it is imperative that the management approaches applied should be examined with a critical eye, in view of improving on any shortcomings in the management approach, to ensure that the property owned by the Church organisations is fully secured.

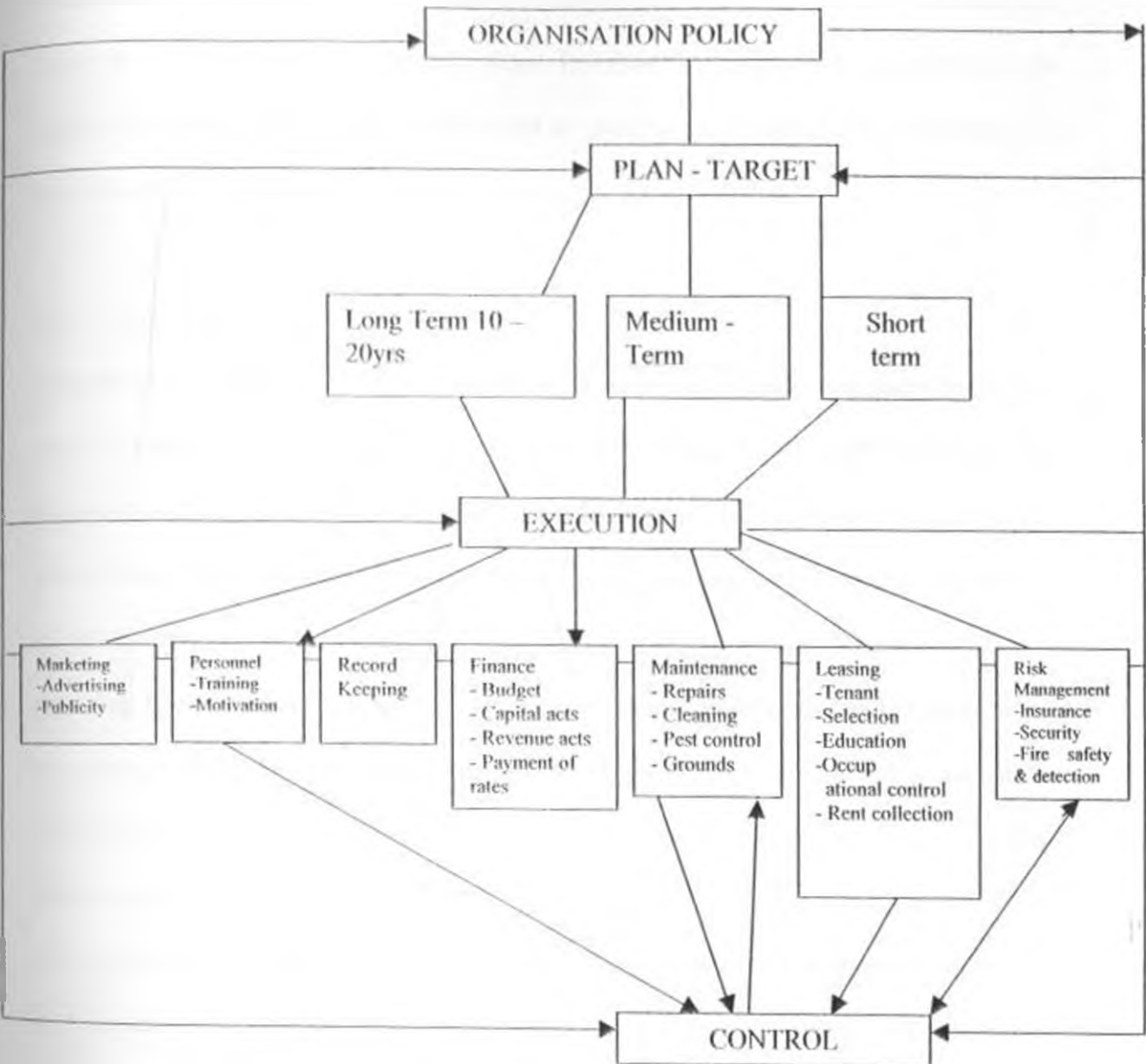
The following conceptual model that integrates the functions of estate management into the general principles of management developed by Fayol and Weber will be applied to evaluate the management approaches by the selected Church organisations.

## 2.8 THEORETICAL FRAMEWORK

Essentially this study is an assessment of the approaches applied by churches in management of their real property. The study used the following generalized estate management conceptual model, as a frame-work, within which to study how estate management, as it fits into the management theory, is applied by the church organisations.

The model outlines the general management principles of planning, organising, coordinating, and controlling. Planning can be either long-term, medium term or short term. The plans depend on the laid out policies of the organisation. The plans are then executed through the set out procedures in the various estate management functions of marketing, leasing recording maintenance, financing and risk management. There is need to ensure that all estate management functions are carried out according to the organisational policy, plans and procedures and are therefore coordinated and controlled to fit the laid out organisational goals.





Generalized Istate Management conceptual model.

Source: Researcher 2004

The above model outlines the general management principles of planning, organising, coordinating and controlling.

Planning can be either long-term i.e. over 10 years, medium term or short term i.e. less than five years. The plans depend on the laid out policy of the organization.

The plans are then executed through the set up procedures in the various estate management functions of marketing, leasing, recording, maintenance financing and risk management. There is need to ensure that all the estate functions are carried out according to the organization policy, plans and procedures and are therefore coordinated and controlled to fit the laid out organization goals.

## 2.9 SUMMARY

From the above section it has been realised that for successful returns in an enterprise there is need for management principles to be applied as discussed by Fayol. There is need for the organisation to have a policy on planned developments, which should be reflected in the plans either short term, medium term or long-term. The management plans should embrace the estate management functions and there should be a system of ensuring the execution of the same. These functions coordinated and operated within set out plans through applying the necessary controls. The organisation should also apply only the necessary bureaucracy as described by Weber, to enforce authority in the decisions. We live in an era of accelerating global competition and pressures from foreign companies are causing many managers those of real estate not excluded, to reassess their approaches as they strive to deal effectively with a formidable competitive environment. More than ever managers operating both domestically and globally require the best practice that the field of management has to offer in order to gain a competitive edge (Bartol and Martin 1991). One of the important means of gaining an edge is through innovation, making the major and minor improvements that ultimately add up to an outstanding performance. Church organizations are not exempted from the competition.

## CHAPTER THREE

### 3.0 CHURCH AND REAL PROPERTY

#### 3.1 INTRODUCTION

As discussed in Chapter two the understanding of management and organisation theories helps us understand the approaches the Church adopts in managing its real estate properties. Studying the vision and mission of the organisations, the organisation structure of property department/function and their stage in the organisation cycle can also help us focus on changes that could be necessary while addressing the present performance of the Church Organisation in real estate management.

The church is an institution of the Christian religion (long-man dictionary, 1995). It is the assembly of believers in Christ, which He Himself calls everyone to join. Christ is the head of the Church. The church has a divine and a human organism life, it offers a continuous ministry to God and people. The variety of gifts in the Church is manifested in a special way in her social ministry. The church is not a business entity, and its core mission is to evangelise, to uncover God's strategy to the world, and make Christ known to the masses, yet this cannot be done without finances, hence the resultant need to invest in real property.

Church organisations are also considered to be different from other organisations because:

- They believe to be part of what God is about in the world. Their legitimate goal is to seek to uncover Gods strategy to the world and to become part of it.
- Christian organisations are made up of people who have a special relationship with one another. They have a set of values and priorities based on the Bible and have the assurance that one, day the ultimate purpose of their work will be recognized.
- Since they are not business organisations they are not authorized by the Government to do business even that of real estate management.

According to Church History, from early Biblical times the church's role has been that of ensuring the spiritual health of its members who in return were to support the church workers and church activities through tithes and offerings. The priests, choir members and other church workers were expected to concentrate on ministering to God and to his people while

the congregation or church members took care of them through tithes and offerings. However with time the church organisations realized the need for investing the gifts and offerings through acquisition of real property, to boost the church in providing funds necessary to maintain the church buildings, run the church programs and activities.

Presently, Churches hold various types of real property in the country, ranging from church buildings, residential properties, hotels, commercial properties and even special purpose properties like schools, hospitals, guesthouses and universities how ever the Kenyan Law does not recognize the Church as a business enterprise, the Church has to look into ways of managing her properties without breaking the law of the land. The properties are used for several purposes, some for lease, occupation by staff, for public use like the case of churches and for businesses. The church organisations acquire their properties through direct purchases, allocations by the Government or through gifts. The decision on how to manage these properties is made by the Church leadership

### 3.2 BIBLICAL VIEW OF PROPERTY

The Bible, which is the main guide to the Christian fraternity, is not silent on property ownership and forms a basis to the Christian view of property ownership and management today. We find the opening chapters of Genesis set important principles where the universe is revealed as God's creation and human beings are to manage and care for what God has entrusted to them. However, greed and the desire to possess disrupt the good order God intended. God intended that Abraham and his descendants should possess a land (genesis 12:1-3). This is the promise, which caused Abraham to leave his original land. The story of the patriarchs and, later, of Moses and the exodus, is a story about this promise coming true. The land was God's gift as part of the covenant. When Israel possessed the land, managed and cared for it, they would be blessed and the blessing would also come to the nations.

The gift of the land came to be focussed in Jerusalem, when David conquered this Jebusite city in 1000BC. It became the political and, over time, the religious centre of Israel. With the focus on Jerusalem, buildings became important; it housed the king's palace. Second Samuel recounts how David after completing his city wanted to build a house of God in Jerusalem and the remarkable reply conveyed to David through the prophet Nathan. "That night the word of the lord came to Nathan saying, go and tell my servant David, this is what the lord

says: are you the one to build me a house to dwell in? I have not dwelt in a house from the day I brought the Israelites up out of Egypt until this day. I have been moving from place to place with a tent as my dwelling place. Wherever I have moved with all the Israelites, did I ever say to any of the rulers whom I commanded to shepherd my people, Israel, why have you not built me a house of cedar?" (2 Sam 7:4-7)

As a concession, God grants to David's son, Solomon, the right to build a temple, a house of God. The prophet reminded the people and the kings, that the temple was to be a place for worship and prayer, a place for blessing, ultimately, for all peoples (Jeremiah 7:1-7). The building, as property, like the land, was to serve a purpose. When it failed to serve this purpose, it lay open to abuse and was expendable. People loved the temple and believed it would stand forever. In 586 B C the temple was destroyed and the leaders taken away from their land into Babylon. The maintenance work took time but in the years of Nehemiah we see the Temple being rebuilt. There were also priests appointed to take care of the Temple and all the facilities in the temple.

Jesus was notable for his attitude towards possession and property. He called some to leave it all behind, as he had done. They left all and followed him (mark 1: 16-20; 10: 17-22). Abandoning property and possession was a statement of protest against the values prevailing at the time. Jesus called his followers to live according to God's priorities. He announced the kingdom of reign of God that will be good news for the poor, hungry, the broken hearted and the oppressed (Luke 4: 16-19; 6:20-26). By selling all and giving to the poor, the disciples made a real statement about wanting to live by God's priorities. Even those who believed in Jesus but did not sell up and move out were to handle their property and possessions in this light (Mathew 6: 19-23). In some ways Jesus was bringing people back to God's original priorities: land, property, possessions are God's gift, not to be used for personal greed, nor to be kept from being a blessing to others. This should be the attitude of the Church toward property.

For the first two centuries of its life the Christian church had few if any building of its own. Instead people met in houses large enough to accommodate worshiping groups (Acts 20: 9). Householders made available their properties to be a blessing for the others. It was not until after emperor Constantine in the fourth century that Christianity received official status and that the building of churches began in earnest. Churches buildings, have become a symbol of

Christianity in many parts of the world. In the course of its mission, the church has accumulated considerable wealth, especially in land and buildings. Like Israel, what it possesses is a gift in trust to be used for the blessing of the peoples. In our generation, escalating property values and cost of building maintenance mean that a considerable amount of the church's resources is tied up in land and buildings, far more than is reasonably required to ensure investment security for future. Such resources are tied up at a time when the church seeks to respond to the call for ministry in new developing suburbs, and in needy areas of city and country. An imbalance is emerging between significant wealth bound up in buildings serving few, on the one hand, and people crying out for help with little or no resource, on the other.

Our possession, which we have received on trust, are not able to be the blessing that God intended unless we act responsibly to review our handling of the property in the light of gospel priorities. It is however necessary to note that the church would never have got off the ground had it not been for people who owned upper rooms and made them available, but it does mean radically rethinking our current use of resources, so that they can be made to serve gospel priorities more effectively. This is an urgent need; it is also a call to responsible compassion. It means facing an issue, which Israel faced, of old, and an issue with which Jesus confronted his contemporaries.

Needless to say Christian social actions and indeed all Christian conduct is grounded in the grace of God which calls for ethical approaches in all the deals of the church and the property is not excluded from this despite the many challenges and loop holes in the property market. The golden rule in almost every religion is doing unto others what you would have them do unto you. Jesus in one of his summons summarized the commandments into two: love the Lord your God with all your heart...and your neighbour as yourself. This is the basis of Christian faith.

In Proverbs 8: 18 God promised unending riches honour and justice to his followers if they love him, search for him, while in verse twenty He promises that those who love God inherit wealth and God fills their treasuries. True humility and fear of God leads to riches (proverbs 22:4) However the bible warns the believers that riches will not help in the day of judgement but right living is a safeguard against death. Proverbs 11: 4) In the Old Testament,

righteousness was synonymous with prosperity. Those people who were said to be close to God were wealthy and prosperous.

In Deuteronomy 5:29 when God gave the commandments to Moses to give to the Israelites, he made it clear that “---if they fear me and obey all my commandments, they and their descendants would prosper forever.” In Deuteronomy 6:10 the lord promised the Israelites a land filled with large, prosperous cities they did not build, the only condition given was continued obedience to God. Therefore it is right to conclude here that it is Biblical for church organisations to own property no matter the magnitude so long as this property is well managed. In Kenya there is little information on management of church property. However web based research has reviewed that most of the developed nations have a lot of updated information on management of Church property.

### **3.3 ESTATE MANAGEMENT AMONG SOME ESTABLISHED CHURCH ORGANISATIONS**

In order to be able to access the management practice in each church organization, the theoretical model developed earlier was used as a basis of formulating open-ended questions. The resultant questionnaires were first given to the respondents before the date of interview. Information was obtained through interviews with senior people working for the organizations dealing in property matters. An inspection of a property owned by the institutions was also carried out to observe and record actual condition of the buildings.

The study examined the estate management practice in four Church organizations The PCFA; NBC; AACCC and the ACK.

These church organisations were willing to give information, and they also own real estate properties. Some of them like AACCC, ACK and PCFA, are custodians of properties belonging to various branch Churches. These organisations have been studied briefly to find out how they manage their real properties and the procedures and methods used, in comparison with the general practice of estate management.

Understanding the history of the said Church organisations, and the following overview of the organisations structures, procedures and practice, will give the general understanding of managing church owned properties by the mentioned Organisations.

### **3.4 SHORT HISTORY OF THE PCFA**

The PCFA church started in 1891 when sir William Mackinnon, Mr. A I. Bruce and other directors of the imperial British East African Chartered Company, made private plans to start a mission among the Kikuyu, Kamba and Masaai tribes. The Christian mission was based at Kibwezi under the name "East African Scottish Mission." This mission was subsequently transferred to Kikuyu in 1898 and established there under Rev. Thomas Watson. The mission established centers in Tumutumu (1908), Chuka in Meru, Mwingi and also among the people of Inmenti through its work at Chogoria in 1915. In 1920 a form of church government was set up and inaugurated by the very Rev. J. N. Ogilvie. St. Andrews as the Presbytery of British East Africa was instituted to exercise jurisdiction over these congregations. In 1943 synods had been established and a written constitution was adopted under the name of the Presbyterian Church of East Africa by which constitution the church declared itself to be an autonomous branch of the church universal. In 1952 authority was given to the overseas presbytery of Kenya by the general assembly of the Church of Scotland to look into ways of uniting all Presbyterian work in East Africa into one church. This was achieved in 1956 and the church adopted one constitution. In 1985 the concordat between Presbyterian Church of East Africa and the Church of Scotland was dissolved and the first general assembly fully incorporated the congregation and parishes of St. Ninians, Nakuru, St. Andrew, Nairobi and St. Columbus, Dar-es-salaam unto the practice and procedures of the Presbyterian church of East Africa. The church exercises jurisdiction over all ministers and congregations that have so far joined its fellowship within the territories of Kenya, Uganda and Tanzania and even over the real properties owned by those Churches.

### **3.5 THE ANGLICAN CHURCH OF KENYA**

#### **Historical background**

The Catholic Church was the only church existing during the early centuries. Over the years, strange believes and unbiblical doctrines developed in the church and these led to the church



reformation of the sixteenth century. It was this time of reformation that the Anglican church split from the catholic church, as a result of the English reformation in Britain.

The Anglican Church sort reformation on the following areas, which later formed the vision and mission or policies of the Anglican church:

- Reform the structure
- Reform the doctrine
- Reform worship
- Reform Christian education

Chartfield (1998) summarised the vision and mission of the church as “we are called into the world but not to be of the world. Thus there is a call to be integrated but not distinctive by proclaiming the good news, teaching and baptising new believers, responding to human need by loving service, seeking to transform unjust structures of society, striving to safeguard the integrity of creation and sustain and renew the earth.”

The European colonial imperialism moulded the expansion of the Anglican Church in Kenya. It acted as the “vehicle” for church expansion. The A.C.K. priests acted as the counsellors to the Governors. Hence they were in a position to acquire property in very prime areas of the city.

### **3.6 ALL AFRICA CONFERENCE OF CHURCHES**

The All Africa Conference of Churches (AACC) is a continental ecumenical body established in 1963 as a fellowship of Christian Churches, which confess Jesus as God and saviour according to the scriptures.

This organisation has one hundred and sixty nine members from African Nations.

The main goals of the AACC are

- To raise the demands of the Gospel to Churches and National Christian Councils about their life and mission especially in the areas of evangelism, witness, service and unity consultation and action.
- To provide a common programme for study and research
- To encourage closer relations and sharing among African Churches through sharing information, visits and conferences.

- To assist churches in identifying sharing and placing personnel and other resources in support of the common task.
- To promote leadership training for both laity and clergy.

The General Assembly, which meets every five years, sets policy and assumes overall responsibility for the life and work of the AACCC. It receives reports, assesses work and identifies challenges. 80% of its funding partners are from overseas. This made the policy makers look into the future that looked quit insecure, and they decided to purchase landed property as a base for raising income for sustenance.

### 3.7 SHORT HISTORY OF THE NAIROBI BAPTIST CHURCH

This church was founded in 1958, when 2 Africans, 5 Asians and 13 Europeans covenanted together from Nairobi Baptist Church a congregation of born again believers. This was a completely local development, led by the Holy Spirit without any prompting or backing from overseas.

The congregation first met in the Girl Guides headquarters on Arboretum Road. In 1960 the ministry purchased the Ngong Road site where the church is presently situated. In 1962 a two-story extension to the church hall was completed. In 1967, the church gave contribution of about 160,000 shillings, which was used to put up the church that was overflowing with people by 1967.

The church presently has planted five new churches namely: Buru- buru Baptist Church (1976), Kileleshwa Community Church (1985), vineyard Mission Church (1992), they helped revitalise Nairobi Chapel (1989) and planted Karen Community Church,(1992). Presently the church is putting up a bigger sanctuary to accommodate about 3000 persons at one sitting.

The Nairobi Baptist Ngong Road believes every member has a responsibility to partake in the work of the Lord and encourages full participation when people are in Nairobi.

The background to these church organisations has an impact on the management approach adopted for the church properties and also the amount of property owned.

### 3.8 EXTENT OF REAL PROPERTY OWNERSHIP BY THE CHURCH ORGANISATIONS.

This study revealed that the church organisations own a lot of real property. The PCEA church started with a small mission center at Kibwezi in 1891, later bought land at Thogoto Kiambu and from that base spread to many other parts of the country. In every part the PCEA has a congregation it also has landed property.

In actual fact the PCEA owns massive land properties both urban and rural. In some cases where the church owns the land, a school is build upon though it may not own the school. The PCEA Church owns many properties in the city of Nairobi ranging from religious, residential, resorts to commercial buildings. See appendix A.

The ACK acquired its first piece of land in Kenya in 1903. This church produced the advisors to the governor and thus was mainly located in the cities and especially near state houses. It was therefore able to acquire a number of town properties. According to one respondent, the PCEA church believed that people in towns or cities were sinners and therefore showed little interest in the cities thus explaining why the PCEA has very few landed properties in the cities while compared to those it owns in the country side. Some of the notable properties owned by the ACK in Kenya are; Garden House, Imani House, Church House, Bishops Garden Towers, ACK Guest Houses in Mombasa, ACK Guest Houses in Nairobi among other properties.

The All African Conference of Churches (AACC) is a continental ecumenical body established in 1963 as a fellowship of Christian Churches, which confess Jesus as God and saviour according to the scriptures. This organisation has one hundred and sixty nine members from African Nations. The AACC Organisation acquired various properties through its member churches as a security for raising funds for sustenance. They realised the future was not secure and went into income generation activities through property acquisition and development. Today AACC has a number of commercial properties in the upper market residential areas of Kilimani, Lavington and Waiyaki way, most of which are leased out.

The NBC' Ngong road started in 1958 by purchasing a plot on Ngong Road where the church and church offices are located. It owns two commercial properties located in Kilimani area. One of the properties Nairobi Baptist Court, has Four three bed roomed maisonettes all of which have tenants. In the second property there is only one tenant. The rest of the property houses the pastor and some church staff.

### **3.9 THE GENERAL MANAGEMENT STRUCTURE OF CHURCH ORGANISATIONS, WITH SPECIAL REFERENCE TO PROPERTY MANAGEMENT.**

#### **3.9.1 The PCEA Foundation**

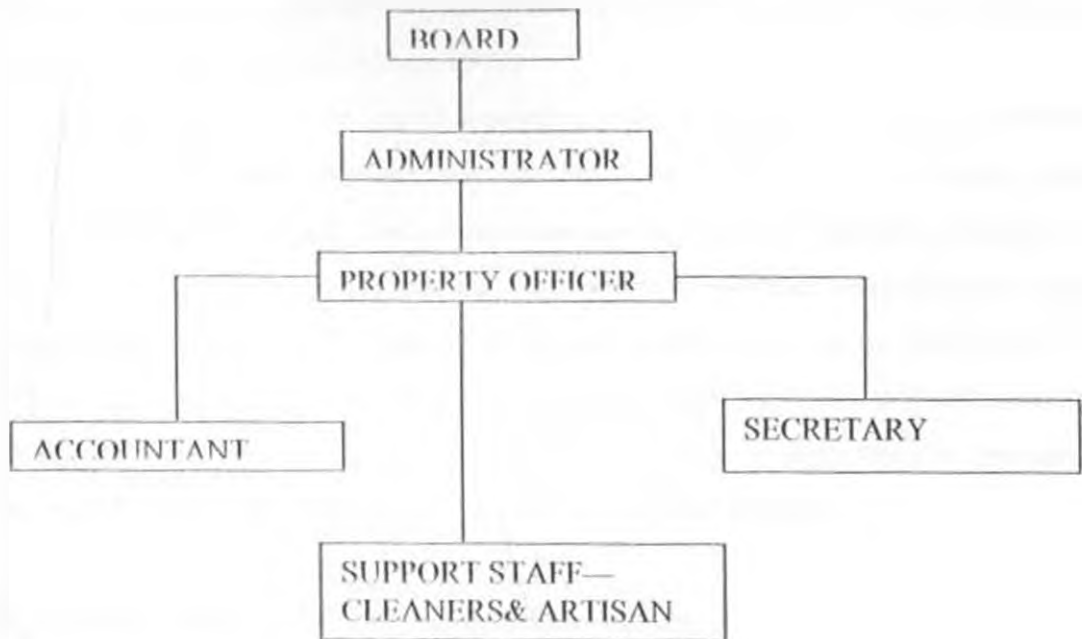
The Moderator of the general assembly heads the PCEA church. Due to the massive responsibility this position entails, it was realized that the church needed a body of trustee to manage the properties owned by the church. Hence the PCEA Foundation was set up as a company, which is a body corporate with 60 board members. An Administrator heads the company and various other staff employed under him to manage the properties including a qualified property officer with a first degree in land economics. The moderator and all senior executives in the PCEA structure are ex- officio members of the board. This shows that though the executives of the PCEA may not give much attention to property matters the appointed company is endowed with the duty to manage the property especially commercial properties.

The Foundation is registered under the companies Act Cap 486, Laws of Kenya. It is a company limited by guarantee and not having a share capital. This company has power to hold, acquire, purchase, and take on lease or in exchange any land, buildings, investments, or other property of any description.

According to the articles in the memorandum of understanding the income of the foundation is applied wholly and exclusively for charitable purposes in accordance with the provisions of the articles of Association. No income is paid or transferred as dividends, gifts, and bonus or otherwise to the members of the foundation. In exercise of good stewardship all movable and immovable property of the church is registered in the name of the Presbyterian foundation, PCEA. Registered Trustees under terms and conditions laid down by the General Assembly. A particular congregation, parish session or any other church agency cannot

mortgage or encumber any of its real property or acquire real property subject to encumbrance without the written permission of the Presbyterian Foundation.

### ORGANISATION CHART OF THE PCEA FOUNDATION



Source : Field Research 2004

The foundation is endowed with duty to develop the resources to construct, alter, demolish, decorate, maintain, furnish, fitting up and improving buildings, letting on building lease or agreement with builders, tenants and others. It can also apply to government or authorities to accept grants of land donations with a view to promoting the subjects of the foundation.

The liability of members is limited security. Every member of the foundation undertakes to contribute to the assets of the foundation in the event of its being wound up while he is a member or within a year after ceasing to be a member. Upon winding up or dissolution of the foundation, there remains after the satisfaction of all its debts and liabilities any property shall not be transferred to members but will be transferred to another institution having objects similar to the foundation.

The PCEA foundation books of account are kept up to date. The accounts are open to inspection by members and are audited and the correctness of the same are ascertained and certified by one or more properly qualified auditor. The general assembly has established the church property development committee. The number of members of the foundation is declared to be 35 but the board may register an increase of number. Presently they are 60

members. Any property donated to the church automatically becomes the property of the Presbyterian Church of East Africa. An action, which is sealed by formal transfer and in the case of land a title deed, is obtained. The person donating the property shall indicate in writing his or her decision to donate the property. Whether a formal transfer has been effected or not, the property shall be deemed to belong to the Presbyterian Church of East Africa (Presbyterian Church of East Africa, 1998).

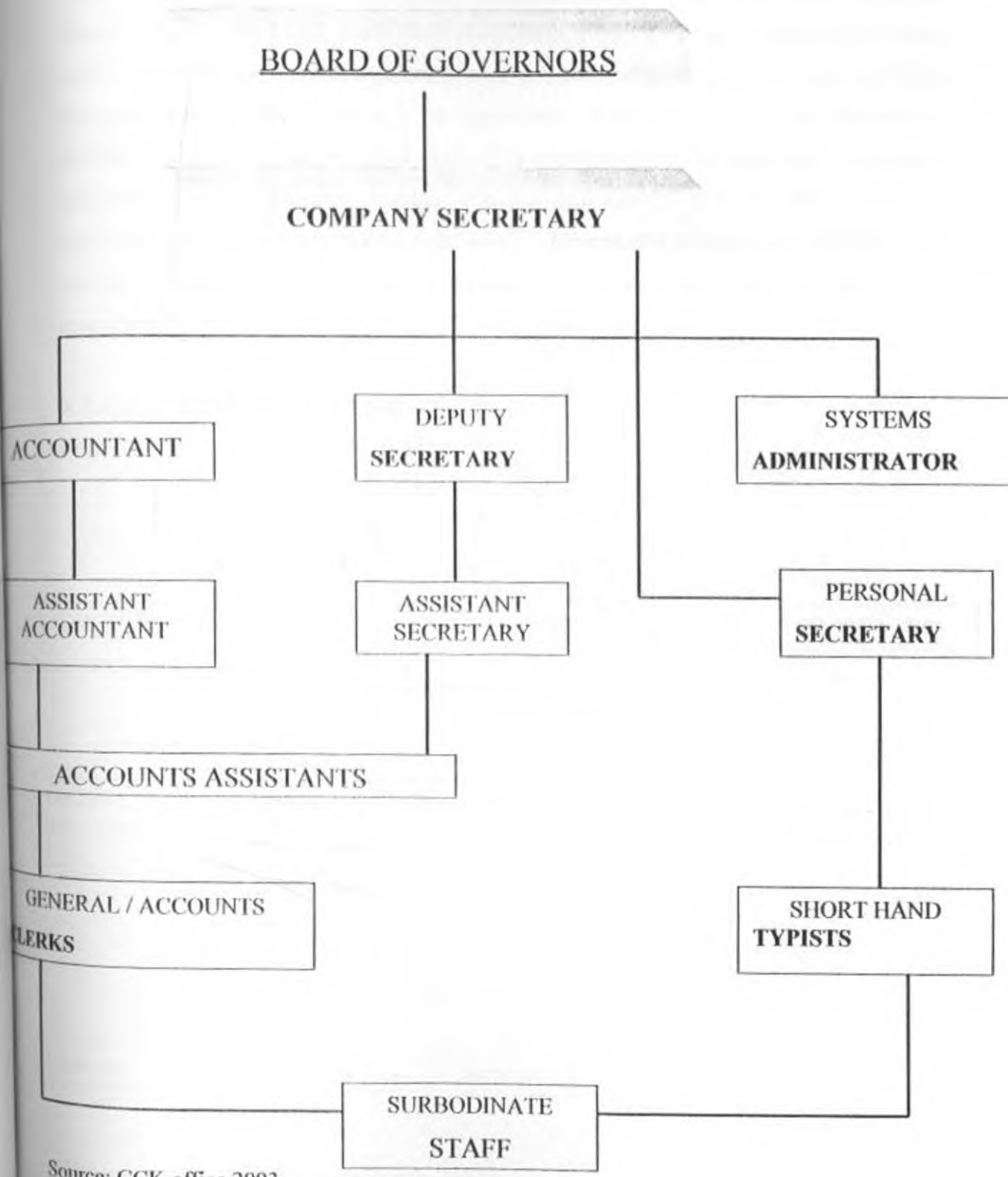
The above arrangement is similar to that of appointing a house manager but lacks incentives for the members, which means that they may not think deeply in ways of maintaining the property or even adding to its value. The in-house manager is also disadvantaged in that there is only one qualified property officer and this means that he is either overwhelmed with property management jobs of maintenance, letting, and insurance etc., or he simply leaves duties which are not easy to perform. There may also arise a situation where this officer ends up with doing only the obvious day today duties and therefore no innovation in property business thus the Church is disadvantaged in the global competition arena.

### **3.9.2 The Anglican Church - Church Commissioners of Kenya.**

The ACK organisation also has the bishop as the head of the church and also an ex officio of the property management board. Due to the need for the church to concentrate on spiritual matters and the legal requirements that a church should not carry out any business, the ACK formed a registered company, the Church Commissioners of Kenya, under the company's Act CAP 486. This acts as the trustee for all ACK properties and is headed by the company secretary who has various other staff members working under him. It operates under the direction of the board of governors in which the bishop, church and treasurers are ex officio members. Please see chart of the organisation.

From the organisation chart below it is clear that although the Anglican Church of Kenya formed the Church Commissioners of Kenya to take care of the institutional/organisational properties, there is a lapse in the job assignments in that there lacks an officer with specialties in the property management line. Except for the collection of finances (rents) that is done by the accountant, all other employees are likely not to be acquainted with properties. The company secretary sounded knowledgeable on what is expected although he has an accounting background, but his many duties that lives him with very little time, to give the property section much attention.

**THE CHURCH COMMISSIONERS FOR KENYA**  
**ORGANISATIONAL STRUCTURE**



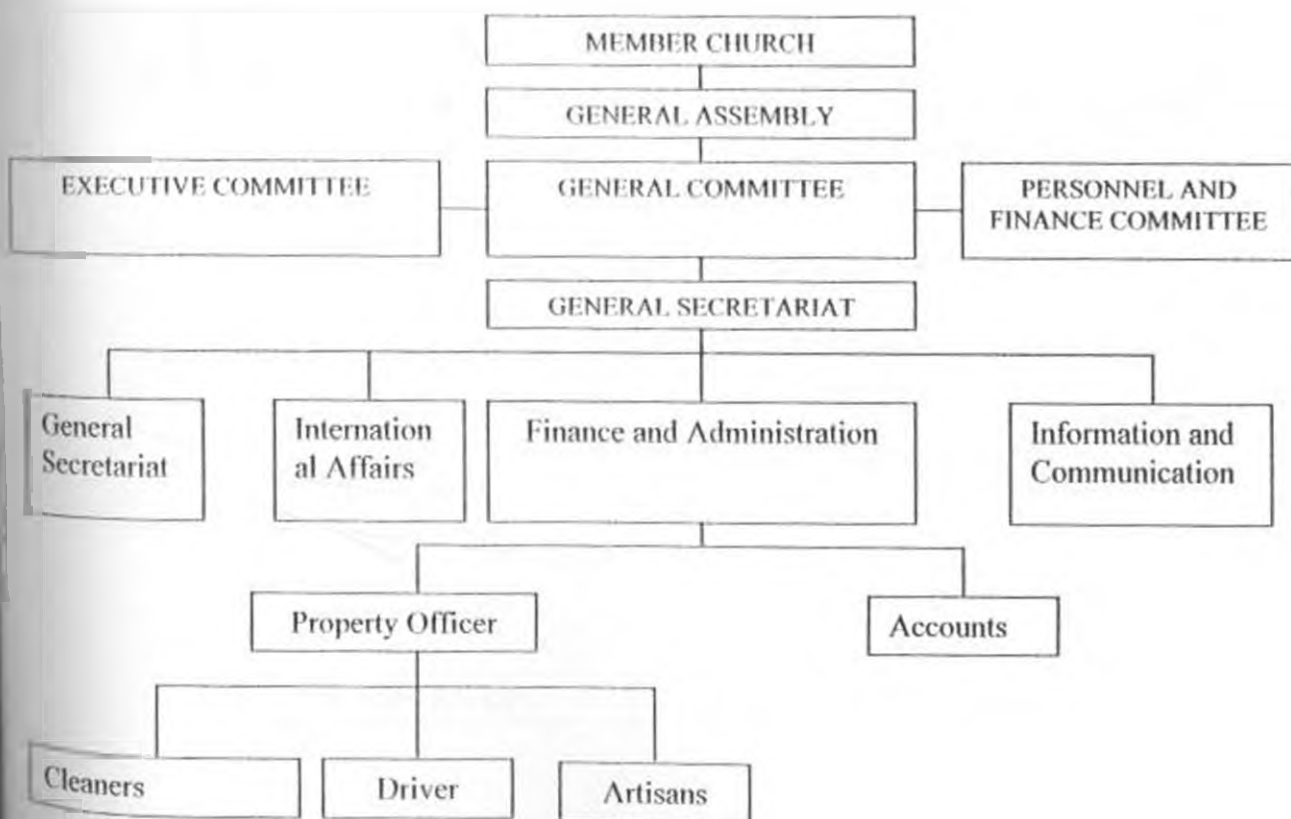
Source: CCK office 2003

### 3.9.4 All Africa Conference Of Churches

AACC has a board of trustees that manages the properties. There is a finance and personnel committee and a tender board. The director of finance, administration and property, who is a member of the senior board, heads these committees. Hence property division also receives quite a little of attention, although the finance and administration director is not a trained property manager. The following is the organisation structure of AACC that shows the position property holds in the organisation. It is imperative that the organization considers employing a trained property manager who can deal directly with the service contract providers and other property management issues. This manager should report directly to the Director Finance and administration so that decisions on property matters are not delayed unnecessarily.

#### A.A.C.C. ORGANISATION STRUCTURE

1998 - 2002



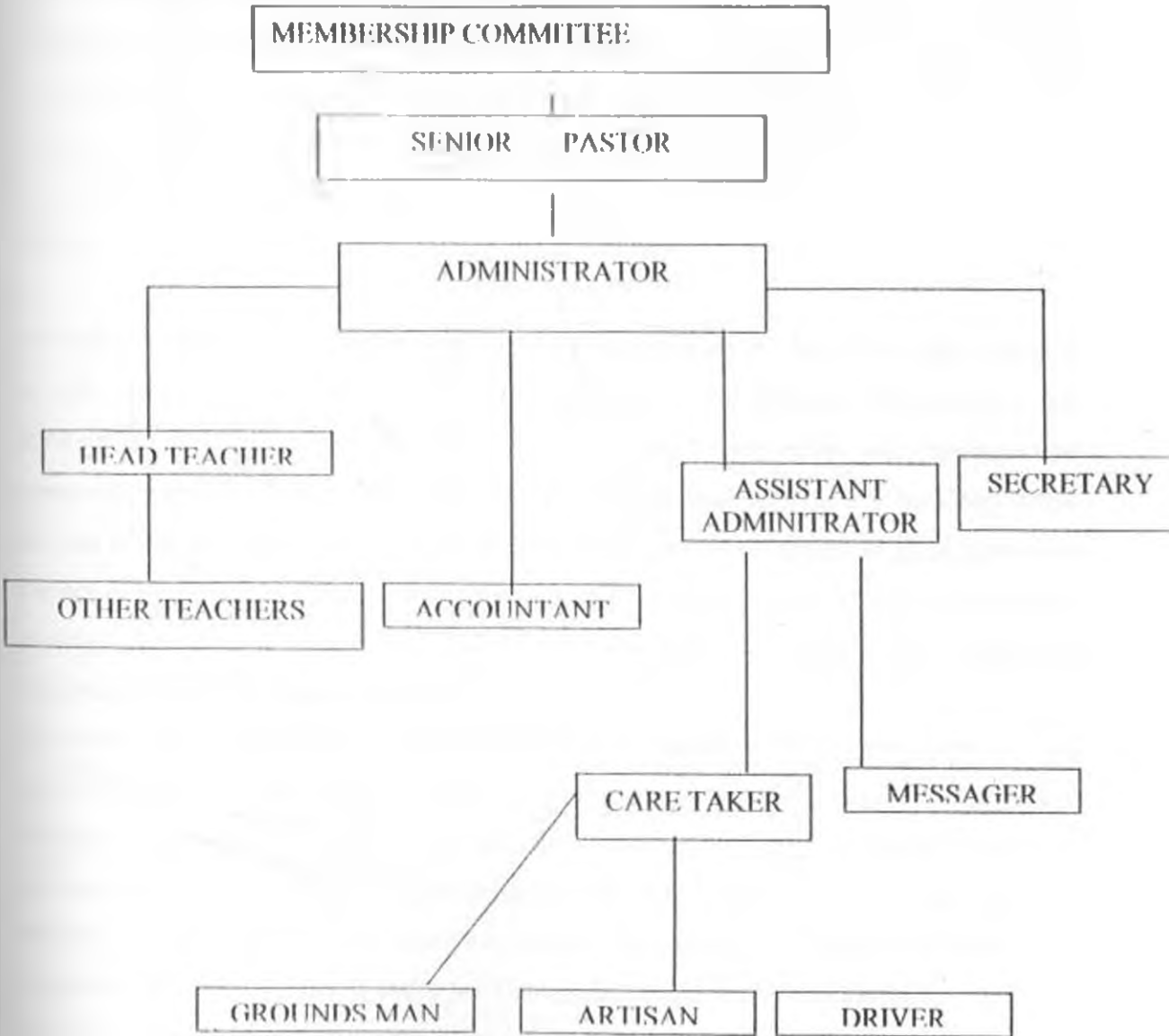
Source: Organisation bulletin 2003



### 3.9.5 Nairobi Baptist Church

NBC has very few properties. In the church structure there is no property department but the properties are grouped under administration department as per the following organisation chart.

#### ORGANISATION CHART OF THE NAIROBI BAPTIST CHURCH



Source: N BC Church Handbook 2003

### **Functions of the committees:**

Membership committee is made up of resident members participating fully in church activities. It is the highest organ in the structure of the church and thus, is the top most policy approving body of the church organisation. Some of the information in regard to properties available for purchase by the church originates from the members.

The elders court comprise of twelve members elected from the members to serve in the executive body for a renewable term of three years. The elders elect from among themselves a chairman and vice chairman. The pastors and an elected secretary and church treasurer with the twelve elders combine to form the elders' court. The church administrator is an ex-officio of the elder's court. This body is the advisory and policy making instrument in the church. It is the body that makes all decisions in regard to the management of property owned by the church.

According to article c7 of the constitution of the Baptist Church, the church may purchase, take or lease or in exchange hire or otherwise acquire any property both movable and immovable of whatsoever nature and tenure or subject to any rights and privileges and construct, maintain, alter, extend, demolish or otherwise deal with all any buildings which are part of the church property by selling, lease, create tenancies, assign, or grant licenses in respect of mortgage or charge, dispose off or turn to account or deal with all and any such property. The treasurer keeps all books of accounts, which are audited once a year and discussed, in the annual general meeting.

From the above discussions it is apparent that the Church owns massive properties and especially the Old Evangelical Churches. In the realisation that property management requires a lot of effort and time to manage, the organisations formed companies, which are endowed with the task of managing the property. The said companies have exclusive powers, but are under the authority of the chief executive of the church. It is also notable that the said companies although registered under the Companies Act lack the enthusiasm that would be required in normal business atmospheres of aggressiveness and innovativeness to acquire more profits. There is a general laxity shown by the company employees and even leadership.

The positioning of the companies in the whole administrative structure of the Church Organisation structure also gives an impression that property management is not one of the core functions of the Church organisation. This in effect affects even the enumeration and

other terms of employment that are given to the employees in the property departments leading to de-motivated and discontented staff.

This approach although not fully adopted in all Church organisations, is common also with Churches abroad. The proceeds from the properties are used mainly for furthering the mission of the Church organisation and are not shared as dividends as would be the case with other property investments. If any proceeds are to be given it is not to the members of the company but to the needy.

## CHAPTER FOUR

### 4.0 PERFORMANCE OF CHURCH ORGANISATIONS IN THE MANAGEMENT OF REAL PROPERTY.

#### 4.1 INTRODUCTION

Property management is a complex function requiring considerable professional talent and knowledge (koros 2003) especially when we take into consideration the vast amounts of money invested into the properties. The process of property management applies specialized management skills in caring for property in and enhancing a sound relationship between landlords and tenants. There are four types of styles that can be applied in property management and these affect the outcome of the management process these are:-

In-house management, management by appointed agents, a combination of the two types or the appointment of an in-house manager who then contracts all the required services but is left to deal with supervision and policy issues. It is by looking at the way the Church organisations handle these services that we are able to evaluate their performance.

Real property management involves a number of activities that need to be planned for, executed and controlled to determine the performance of the properties. The said activities are:

- Marketing
- Leasing
- Record keeping
- Risk management
- Personnel management
- Finance administration

The four Church organisations own properties, but their management approaches have some differences and this determines the way they handle the tasks mentioned above. As can be observed in the table below the PCEA uses an in-house approach. It has a few staff including a property officer who performs the property management duties. The ACK has Church Commissioners of Kenya performing the duties of the property management through contracts of the various required services. Theirs is only to supervise the contractors and ensure rents are brought in at the right time. ACCK has contracted all the management services while NBC does most of the services in-house contracting only the difficult tasks.

## Management approaches applied by the selected church organisations

ORGANISATION	PCEA	ACK	AACC	NBC
APPROACH	In-house	huerarchical	Contracted	In-house
FACILITATOR	PCEA Foundation	Church commissioners	Lloyd Masika	Administration in-house department

Source: Field research 2004

### 4.2 MARKETING

The PCEA church has property in the upper market areas of the city. The distance from the city center to these properties is about five kilometres thus giving them a ready market for business and residential purposes. There is always a waiting list of tenants for the said properties. This makes marketing an easy task for the PCEA foundation. In the case of properties falling vacant when there is no ready market the PCEA foundation advertises through the daily newspapers in the classified column.

Properties at the Dioceses are usually under their control, whether to sell, lease or subdivide. Sometimes the notices on space availability are put on the notice boards and the old tenants also assist in marketing houses that are vacant. The marketing is therefore unplanned but it is controlled through the filtering of tenants by examining their suitability. There is co-ordination in that prospective tenants are directed to the foundation office from where they are interviewed and if accepted they sign the tenancy contracts. ACK markets their properties through church commissioners of Kenya, a company that was formed purposely as a trustee to take care of all properties belonging to ACK. However the church commissioners have contracted the management services to Lloyd Masika who act as the link between the tenants and the C.C.K.

When a property falls vacant or is newly acquired, it is also advertised in the dailies and applicants have to go through CCK for screening before being accepted as tenants for the properties. Notices are also put up on parts of the building e.g. "to let" and contact telephone

numbers put on the boards. In some cases the notices are published in popular magazines like "parents" and "vision" to attract more tenants.

AACC manages their properties through Lloyd and they leave their vacant properties to them to market. This sometimes causes voids to be prolonged because the agents may take time to put the advert in the papers, which results in not only loss of income but also deterioration of the property. Sometimes they market properties through their Partners and yearly magazines.

NBC markets its properties through the occupying tenants. It was noted that because of fair rents and housing conditions, the NBC properties rarely fall vacant and when they do, the sitting tenants introduce new tenants to the administration for the signing of the lease. Any communication on the properties is done through the office, since the tenants come there once every month to pay the rent. Generally the marketing of the property of the church organizations is fairly done.

#### 4.3 LEASING

As mentioned earlier the leasing of properties owned by PCEA is done through the PCEA foundation office. This office has a property officer who administers the lease agreements after being satisfied that the applicant is a "worthy" tenant. Usually the commercial leases are five years leases while residential are 2 years. The rents are based on prevailing market rates and are paid quarterly. The maintenance person who goes round the houses also checking if there are any tenant complaints collects rents. This organization can evict a non-compliant tenant. In the case of ACK, the managing agent seeks for approval by forwarding the tenants to CCK before any lease agreements are signed. The rents are market based and are collected by Lloyd Masika in form of cheques, and are then forwarded to CCK after about six weeks of receiving them.

A tenant can be evicted depending on the lease agreement signed at the beginning of the lease, and in most cases the agents use auctioneers to evict the tenant and distress for rent.

AACC lease their properties through the agent but they also have to approve a tenant before he/she is accepted. The tenants send rents directly to AACC account. This was decided when AACC realised that their agents were taking too long with the rents. The rents by AACC are lower than the market rents e.g. their neighbours in Waupaca Way charge Kenya shillings 60

per square feet while AACCC is charging Kenya shillings 42 per square feet. Reasons given for this favour is that tenants are all Christian organisations who are charitable organisations.

In NBC the Administration section deals directly with the leases. Tenants rarely vacate and when they do they introduce other tenants who take up the vacant buildings.

Rents are taken to the administration offices at a set date. It was noted that the leasing function is fairly done in the organisations.

#### **4.4 RECORD KEEPING**

This involves the function of keeping an up to date descriptive list of the properties owned by the church organizations. It also involves the custody of record of income and other outlays essential to assist in preparation of financial statements and tax returns. According to the research findings the ACK and AACCC were leading in record keeping. They each have computerized their record keeping through use of computer-assisted programs. The ACK has an IT administrator who has installed a custom based program for the records. The NBC and PCEA have a fair record that needs to be updated and to receive a back up system.

The study reviewed that AACCC kept records of their properties and had annual budgets for the building maintenance. In actual fact 10% of income was set apart for the buildings.

NBC repaired the building when need arise. CCK left the managing agents to deal with the maintenance aspect while the PCEA foundation organized any maintenance works arising from the properties.

#### **4.5 RISK MANAGEMENT**

Risk management involves any act carried out as an attempt to prevent disaster or to permit a rapid response to those that do occur. It therefore involves: - Provision of security, provision of fire equipment, and insurance of the property against various perils.

Security provided in some of the organizations' offices was very tight. For instance ACCK offices have bomb sensors and cars are thoroughly checked before entry to the offices. AACCC issues visitors with gate passes upon signing a detailed visitor's register. PCEA is

not very strict, though there is a reception there is no organized way of signing entry and exit. The main gate is left open and monitoring of visitors is rarely done. On the extreme end NBC are relaxed on security matters with the security staff rarely vetting visitors. The study revealed that although each of the offices had been insured against fire, inspection of the properties against fire hazards was rarely done.

This study also revealed that AACCC were very well placed in terms of risk management. They even take insurance covers against terrorist acts. Their security staff at the gates and inside the buildings especially the offices was very alert. This may be due to the fact that the offices, house even internationals, and with the wave of terrorist acts in the world, the two organizations may have been exposed to a higher risk. The covers they have taken are for burglary and all risks. In addition to these covers, PCEA and NBC have covers for money on transit.

#### 4.6 MAINTENANCE

This involves the work undertaken to keep or restore the facilities or properties in an acceptable standard, which is a legal requirement. From the four organizations studied the Nairobi Baptist scored the highest in terms of their repair and maintenance of leased buildings. They take more care of the tenants than of their offices where they stay. This reflects even in the inspection reports of their selected properties. PCEA also scored very highly in maintenance of the leased buildings but lost marks on the upkeep of their premises. The grounds and the offices accommodating the foundation looked neglected maybe it's a fulfilment of the proverb "the potter cooks in shells"

The AACCC and ACK offices were very clean and very well maintained maybe the agent is out to impress the "boss" since this was not the case with the other buildings owned by the AACCC and the ACK. In those buildings the tenants felt that they were not getting value for their money according to the statistical analysis the maintenance function was rated fair. The researcher-visited properties owned by each of the church organisations being studied, to evaluate the standard level of maintenance in the said buildings and the following tables represent the findings of the maintenance survey.



## MAINTENANCE SURVEY CHECKLIST OF PCEA JITEGEMEA FLATS.

### CONDITION OF BUILDING

COMPONENT	GOOD	FAIR	POOR
Walls		✓	
Floors		✓	
Roof		✓	
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations	✓		

### BUILDING MATERIALS

Walls	Stone wall	
Roofs	Galvanized iron sheets	
Windows	Glass/ burglar proof	
Floors Finishes	Wood blocks	
Doors	Wooden panel doors	

Source: - Field Survey 2004

The above property has six blocks of flats with four houses each. It is located off woodlands road and houses mainly offices. The houses are in very good condition and the tenants have little to complain about. Except for general complains like low water pressure, which is a common problem in the city of Nairobi the tenants, are happy and comfortable.

**MAINTENANCE SURVEY CHECKLIST OF PCEA PROJECT TURBO ROAD MASONNETTES.**

**CONDITION OF BUILDING**

<u>COMPONENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>
Walls	✓		
Floors	✓		
Roof	✓		
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations	✓		

**Source: - Field Survey 2004**

This property has sixteen houses four bedrooms each located in a prime area of the city of Nairobi off-Lenana road. The houses are in a very good condition and the tenants are happy tenants.

**MAINTENANCE SURVEY CHECK LIST OF BISHOPS GARDERN TOWERS A PROPERTY OF ACK.**

**CONDITION OF BUILDING**

<u>COMPONENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>
Walls		✓	
Floors	✓		
Roof	✓		
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations		✓	

This building has eight floors with a total lettable area of 89,000 square feet. It has one gardener, four cleaners, three day security personnel and one care taker. The cleaners take care of all common areas like stairs, toilets and corridors. The building houses the CCK offices and twenty-two tenants. Night security for this building is contracted.

**Source: - Field Survey 2004**

## MAINTENANCE SURVEY CHECK LIST OF ACK GARDERN HOUSE

### CONDITION OF BUILDING

<u>COMPONENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>
Walls	✓		
Floors	✓		
Roof	✓		
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations	✓		

Source: - Field Survey 2004

This building was a block of flats but has recently been renovated into office blocks. It has seven floors. It has a lettable space of 90000 square feet. Presently only 6000square feet are vacant within one year's duration of looking for tenants. It has twenty-six tenants. It has four cleaners, three daytime security men, one gardener and a caretaker. One of the problems sighted by the tenants was leakage in the toilet areas and insufficient cleaning in the toilets. Apparently the care- taker has failed in the required supervision of the cleaners.

**MAINTENANCE SURVEY CHECK LIST OF JOSIAH KEBERA HOUSE  
WAIYAKI WAY. AN AACC PROPERTY.**

**CONDITION OF BUILDING**

<u>COMPONENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>
Walls		✓	
Floors	✓		
Roof	✓		
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations	✓		

<b>BUILDING MATERIALS</b>		
Walls	Stone wall	
Roofs	Galvanized sheets	
Windows	Slide windows	
Floors Finishes	Carpeted/wood blocks	
Doors	Wooden panel/slide glass doors	

**Source: - Field Survey 2004**

This Building located on Waiyaki way about seven kilometres from the town center houses the AACC offices. It is in very good condition probably due to the fact that it houses the main offices therefore the agents are careful to take very good care of it unlike the case of NBC where more attention seems to be given to the houses with tenants.

**MAINTENANCE SURVEY CHECK LIST OF NBC CHURCH OFFICES**

**CONDITION OF BUILDING**

<u>COMPONENT</u>	<u>GOOD</u>	<u>FAIR</u>	<u>POOR</u>
Walls	✓		
Floors		✓	
Roof		✓	
Doors		✓	
Windows		✓	
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System		✓	
Electrical Fittings		✓	
Wall Decorations		✓	

**Source: - Field Survey 2004**

This property houses the church offices and is managed in-house. We can only attribute its poor condition to the high intensity of use relative to the little maintenance attention given. There is only one maintenance artisan and his attention is mainly on the leased buildings. The floor finishes of the building, which are plastic tiles, wear out very quickly with intensive use.

# MAINTENANCE SURVEY CHECK LIST OF NBC COURT

## CONDITION OF BUILDING

COMPONENT	GOOD	FAIR	POOR
Walls	✓		
Floors	✓		
Roof	✓		
Doors	✓		
Windows	✓		
Ceiling	✓		
Sanitary Fittings	✓		
Plumbing System	✓		
Electrical Fittings	✓		
Wall Decorations	✓		

Source: - Field Survey 2004

This property has four units of three bedroom maisonettes. It houses offices except for one that has a family living around. Some of the tenants in these maisonettes have been there since 1992. We may attribute this to the fact that the rents are quite fair and the Church office has also managed to keep the houses in very good condition.

### 4.7 PERSONNEL MANAGEMENT.

The aspect addressed the issue of staff working in the property department, their level of education their numbers in comparison to the portfolio and employment terms. PCEA had a good arrangement by having a company to care for the properties. They even had qualified and well informed staff in the property department but they unfortunately did not have enough staff in comparison with the size of the portfolio. ACK also had a good arrangement by having CCK concentrate on the management of properties. The hiring of agents to provide the needed management to the properties is also a good arrangement. The only shortcoming

was that they had no property officer well groomed and a specialist on property issues. Officers from the accounting profession were left to handle the property issues with the appointed agents.

AACC also faced some problem like ACK. They had no property officer and no in-house company to deal with their properties. They have contracted all matters of property management.

NBC has few properties, which are taken care off by the church administrator. The cleaners were only two for the expansive church buildings while the maintenance person was alone without even an artisan mate. However it was realized that close supervision made this trio to perform their duties very well.

Of the four Church Organizations, only one had a qualified property officer working in the property department. The Church Administrator who is an economist by profession, heads NBC property section. An accountant heads the property section of AACC and CCK. This means that the people entrusted with property management in the organisations are not qualified in property management with the disadvantage that they cannot adequately address the management aspects of real property management, especially the technical aspects like maintenance, administration and risk management. The church organizations realize the need of the qualified staff after passing through the metamorphosis of disappointments from agents.

#### **4.8 FINANCE**

The finance function was well taken care of. Each organization had a qualified accounts person who ensured the records were up to date. The rates were also paid in time but it was reported that the plots on which the Churches are constructed are not taxed. All other properties have their rents and rates paid for each year. Church accounts are also audited annually but the Government does not tax the Church gifts and offerings. Nevertheless, all employees by the Church pay taxes like every other Kenyan.



## 4.9 SUMMARY

The following table is a summary of the estate management functions and how they are carried out by the selected church organisations.

### Summary of real estate functions

Source Field Research 2004

ASPECT	PCEA	ACK	NBC	ΛACC
Maintenance-cleaning garbage collection fumigation/pests	In-house contract	Contract contract contract	In-house contract contract	Contracted contract contract
Minor repairs	In-house	Contract	In-house	Contracted
Major repairs	Contracted	Contracted	Contracted	Contracted
Grounds maintenance	In-house	Contracted	In-house	Contracted
Nature of maintenance	Planned	Planned	Contingency	Planned
Publicity-church bulletin	Yes	Yes	Yes	Journals
Budgeting audited A.G.M.	Yes yes yes	Yes yes yes	Yes yes yes	Yes yes yes
Inventory record	Yes	Yes	None	Yes
Environmental interest	Yes	Yes	Yes	Yes
Security	Contracted	Contracted	Contract	Contract
Insurances- fire/burglary	Yes	Yes	Yes	Yes
Terrorism	No	Yes	No	Yes
Money on transit	Yes	Yes	Yes	Yes
All risks	Yes	Yes	Yes	Yes
Third party liability	Yes	Yes	Yes	Yes
Rent collection door to door & office.	Yes	Contracted	Yes	Contracted
Tenant selection	Yes	No	Yes	Yes

According to the data that was collected, it was found out that the PCEA, ACK and AACC does very good planning in terms of how they manage their properties unlike the NBC whose planning was rated as fair. This may be as a result of having only a few properties to manage; hence, they use the rule of the thumb method. Decisions are made when the need arises.

In organising ACK was the best organiser, PCEA also has good organisation of the management of properties but there is stillroom for improvement, AACC was rated fair while NBC was rated poor.

Coordination of most of the property management functions was well done in the PCEA and the AACC but in the ACK and NBC there was uncoordinated activity in regard to the property management functions, this may be due to the fact that there was no qualified property officer on the ground to oversee the management functions.

The NBC were able to command or direct the execution of most of the real estate functions due to the small size of the portfolio and the availability of the senior pastor. The other organisations were at times held back from making some progress because they had to wait for decisions to be made by the executive bodies/ persons.

The PCEA and NBC were able to control the activities concerned with management of the properties. It was noted that the tenants in their leased properties were happy and had no rent arrears. This may be due to the fact that the organisation's employees did the rent corrections and also visited the premises quit often thus creating a rapport with the tenants.

The AACC and ACK were experiencing problems in controlling what was going on since they have contracted most management services. Sometimes the tenants took too long to pay or the agent delayed in submitting the cheques while others felt quite dissatisfied with the pace of the agents especially in attending to tenant complaints.



## CHAPTER FIVE

### 5.0 SUMMARY AND RECOMMENDATIONS

#### 5.1 SUMMARY OF FINDINGS

Real property management is the skill of managing landed property by using available resources such as money, men, materials, human labour and technique to make the fullest potential value (Kiama, 1995). It involves planning, organising, communicating, controlling and coordinating of the said resources. Management approaches can be in-house, contacted or a combination of both depending on property type, size, location and the goals or aspirations of the owner in regard to the property and the services required. In Nairobi Church organisations own massive properties and they have to make decisions on the most effective ways of managing those properties. It therefore becomes a major area of interest to ensure that the Church properties are managed effectively and efficiently for good returns to be earned.

The objectives of the study were to determine the extent of real property ownership by the church organisations. It was found out that the Church organisations own massive properties ranging from residential, commercial, special purpose properties and even leisure properties.

Secondly the study was to evaluate the performance of Church organisations in the management of real property, which was done by assessing the application of real estate management functions in the said Church organisations.

The study was also to explore the management approaches applied by the Church organisations in overseeing their real estate properties and how effective they are in meeting the goals and expectations of the organizations.

In this study, a Church organisation has been taken to mean a group of Christians coming together for a common goal.

The central theme of the study or the hypothesis was that the management style applied by a Church organisations is the cause of the poor state of their real estate properties. This was done through studying the Organisation structure of the Church organisation, analysing the size of property portfolio under its custody, and the arrangements set in place for its

management. The study revealed that the management approach is dependent not on the size of the organisation, but on the size of the property portfolio owned or managed by the organisation. However, the organisation structure reflected on the amount of direct control that the head of the Church had on the property. Where the property portfolio was too large, the organisation formed a company where the organisation's chief executive was a member, but where the properties were few the chief executive had the person managing the properties directly reporting to him. However in the organisation structure the property management function received very low concentration.

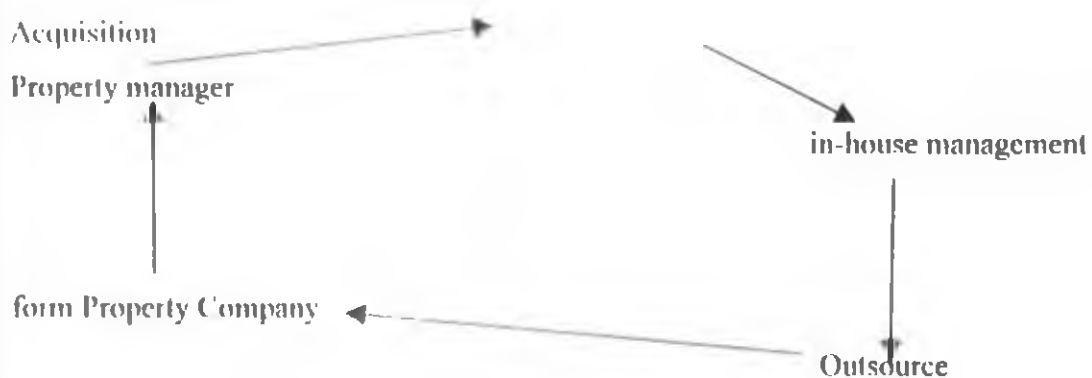
It was found out that the management model of Nairobi Baptist Church is a combination of in house and contracted management. This means that some of the estate management functions are carried out by outside parties while church employees carry others out. The day-to-day activities are carried out directly by church employees and are coordinated by the church administrator and the senior pastor. There are cleaners, security men, gardeners and handy men that are permanently employed by the church. Night security and major repair works, garbage collection and sanitary services are contracted to specialized companies and supervised by the church administrator who then reports to the property committee. In this arrangement professionalism and experience of the specialised contractors combine with the familiarity and influence of the in house management and committee members to reap maximum benefits.

The organisation model developed by Fayol in 1908, that emphasised on planning, organising, commanding, coordinating and controlling, with the bureaucratic model of Weber, have contributed a lot to the management approach being applied by various church organisations. In every studied church organisation there is the organisation structure where the chief executive or the head of the church exercises the highest authority by being the final decision maker and this includes property matters. In the ACK the Archbishop is the senior most person and is assisted by the board in making final decisions. In the AACC the general assembly is the executive decision making body. In the PCYA the Moderator of The General Assembly is the chief executive whereas in NBC the senior pastor is the senior most in decision-making, guided by the membership committee.

It is noteworthy that except for ACK where we have the bishop the other organisations have members committee as the chief executive body assisting in making the decisions. This

approach of having an established authority and relationships in an organisation makes managements more effective; and there is corrective responsibility in decisions made. In the four Church organizations studied it was noted that the trend has been that an organization acquires property out of need, and starts by doing in-house management and when the properties increase the organization out-sources the management services, and later on, start a company to do in-house management. The last step is then to employ a professional property manager who then advises on whether to employ staff in-house or to contract services from outside. The following chart is a representation of the cycle.

### Theoretical property management cycle by Church Organisations



Source Field research 2004

It was found out that main complaint was that the management agents, when management services are out-sourced, were more after making profit than the care of the building fabric. The survey also revealed that the buildings studied rely on the contingency maintenance system, i.e. carrying out maintenance works as defects arise. Apparently, NPC does ad hoc maintenance which must be first approved by the church committee in charge of properties. PCEA does planned maintenance but sometimes the money allocated for the task may be too little or may even be diverted to more pressing needs, thus postponing maintenance works and this results into more harm to the building. AACC has a Tender Board committee that looks into the required maintenance work, opens the tender and approves the appointed contractor to do the job. Although AACC office has contracted the management tasks, they still have to follow closely the maintenance works being carried out to ensure the performance of the same.

It was also noted that the owners did not carry out regular surveys/inspections of the properties. The rented houses were only inspected when a defect was reported or when there was a change in occupation. In connection with risk management, it was noted that all property owners had insured their properties against fire, burglary and public liability. AACCC and CCK have the anti-terrorism insurance, probably due to the recently reported threats of terrorism and the fact that AACCC employs a number of foreigners.

Major weaknesses noted in the management approaches applied by the Church organisations are:

- Despite the fact that over 40% of the organisation's resources being invested in real property, and over 25% of the income coming from the same, maintenance of the property is underrated. Funds are first spent on "more pressing needs", resulting into greater deterioration of the property.
- Since most of the properties were bought out of a pressing need, or when opportunity arose while some were gifts, there was little prior planning and this has resulted into properties being sparsely located and thus high costs of management.
- The properties are institutionally owned, and the lay people will at times even expect the Church organisations to be more sympathetic when dealing with rent payments, defaulters or other forms of activities or property deals. This becomes a major challenge if the church organisation is doing in-house maintenance or has no expert to deal with property issues.
- Lack of expertise in property management also results in some essential activities in management being delayed or excluded. This has at times had bad repercussions. It was noted that some of the employees especially the juniors in case of in-house management in NBC, were employed from a pastoral care or concern, not qualifications. This was noted in all the four organizations and since the clergy are known to be very sympathetic, it is important not to involve them in employment of technical staff.
- Most of the work is done manually which calls for a large number of staff that most often under-perform their duties taking advantage of the doctrine of "love your neighbour and forgive those that wrong you".

- There is lack of accountability especially on the commonly utilized facilities, resulting into frequent breakdowns or even losses of items like bulbs.

## 5.2 RECOMMENDATIONS

Management is at one of its significant stages in history. Global competition has become a way of life and changes in areas like technology, international affair, business practices and ideas of organization social responsibility are causing many managers to re-examine their methods and goals as well as place increased emphasis on innovation. The Church organizations should no longer ignore the challenges they are facing in real estate management. Timely response to the outside environment in which the organizations operate, even as they address the internal culture of concentrating on faith matters while giving little attention to the management of real estate, affects the performance of the organisation' properties.

Guided by the findings of the study, a number of recommendations are suggested here below:

It is suggested that the Church Organisations owning massive real Estate properties match their strategy with structure. There is need for the Church to make adjustments in the organisation structure and thereafter change their strategy on property management by giving property more recognition. The Church organisations should team up to form a single property company specializing on all property aspects like a commercial and letting department that deals with marketing of properties, management department, development and maintenance department to be departmentalised according to their functions. The property department can then be professionally aligned with directors, a property managers, property officers, building supervisors, caretakers and cleaners. The said company should then be compelled to have company policies, rules and procedures required by property bodies like ISK. The said company would then be in a position to expand its span of management by employing experts in the property line and also support staff. The top

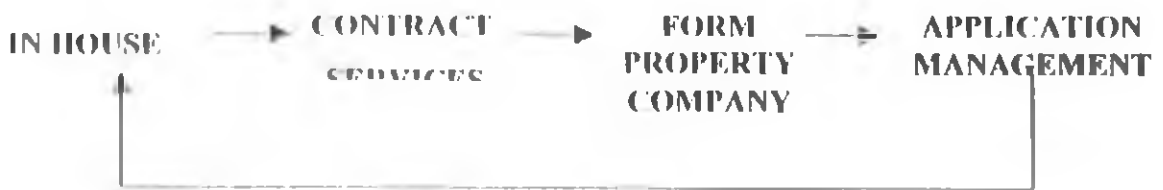


Church Leaders e.g. the Bishops can then supervise the extent to which the said company can handle the Church Organization's property, occasionally. This would improve on delegation of power and duties so that the clergy are not overwhelmed with property issues but are left to concentrate on their calling that is to preach the Gospel.

Other short-term recommendations before the formation of an international christianised property company are: -

- The Church organizations should employ a property manager/s with at least a first degree in land economics, to ensure that the person has knowledge on all the aspects of property management. This will not only ensure good returns from the properties but the building will have more life because of added professional care in terms of maintenance.
- The property management functions should be completely severed from clergy or spiritual issues to ensure professionalism.
- It is advisable to always have a back up system. Back up data should be tested regularly just in case disaster strikes. Title deeds and other important documents like insurance policies should be kept in fireproof cabinets or in the banks. Desirable options on which to store data include a "boot-up" with recovery CD or tape. Hence the Church organisations should ensure there is an updated inventory of all Church property and that all-important documents are well secured.
- Preventive maintenance rather than contingency maintenance should be introduced in the organizations by carrying out annual inspections and setting a part funds for planned works. Hence there should be a budget for preventive maintenance works to prevent further damage to buildings and even suffering of tenants. Preventive maintenance keeps a building operating at peak efficiency.

- A maintenance fund should be established in the other three organizations i.e. NBC, PCEA and ACK, where a portion of the income can be deposited annually so that when the buildings require to be attended to, there would be no excuse that there is lack of funds. It will be realized that this fund builds up initially when the buildings are new but will be of great help when the buildings start wearing out.
- Insurance cover to the property should be adequate. It should cover fire burglary; terrorism, voids, and emphasis should be laid on a valuation report before accepting to cover the risk to ensure adequate cover. The insurance cover should be renewed annually especially if items have been added to the property or any changes have been made on the building.
- It is recommended that the church should develop a standard operation procedures manual addressing the essentials of property management and the development of the management cycle. Most of the organizations had no operations manual and these should be developed at corporate level, which should include policies on the marketing, leasing of real estate



Source field research 2004

- The course on institutional property management needs to be included in the syllabus for clergy training to ensure the priests or preachers have some basics in issues addressing property management, since they will always rub shoulders with property owned by the church organizations they serve. This course should also address the

issue of Human Resource management, which is concerned with the recruitment, organizing, directing, controlling and coordinating of staff.

- The Church should plan to mechanize the management services e.g. cleaning, security lighting systems, and water provision systems to reduce on reliant on manual labour.
- The Churches with massive properties should sell off some of the properties and use the proceeds to upgrade the more profitable ones and the rest to go to mission work.
- The continued development of staff employed by the church organisations to handle property matters should be encouraged to enable them keep track of changes in the property profession.
- Church organizations should revisit the returns from the investment in terms of locations and change to the highest and best use of the properties in the present market trends. Houses in upper market areas should be leased as office space especially those near the city for this is the present market trend of offices moving to the city outskirts to reduce on problems of parking security and riots. This will earn more income than residential. Offices use less water and since water pressure is an issue this will also be easily some of the flats are just for office space.
- Properties in upper residential areas like Lavington and Kileleshwa that are in large pieces of land could now be redeveloped to give way to town houses which will attract a better market security and chances.
- The organizations should work on an improved 'curb appeal' for their front line offices through attention to landscaping and grounds, refurbishing the receptions and property officers' offices. The Church organisations should consider developing a residents social program.
- Departments or companies endowed with the work of managing the properties should come up with customised management by objective (MBO) where the goals

can be addressed through objectives, and strategies laid down with a timeframe to ensure performance. These short-term improvements would uplift the performance of Church properties to a great extent.

### **5.3 AREAS FOR FURTHER RESEARCH**

The researcher suggests that there is still more to learn on the management of Church properties. It would be of interest to assess if the Church maintains Ethical practices in all dealings in property and whether the mission and vision of the Church are accomplished to a higher degree with the attainment of property. It also may be of interest to evaluate the general performance of church owned properties in comparison with other corporate properties. Researcher can also be carried out to investigate if there is a conflict between the spiritual and material concerns in the Church.

## APPENDIX

### APPENDIX A

The following table shows a number of properties or projects owned by the PCEA Church that are distributed all over Kenya.

<u>NO.</u>	<u>NAME</u>		<u>PRESBYTERY</u>	<u>ACTIVITY</u>
1	Tharaka development	Rural	Chogoria	Goats for demonstration centre  Polytechnic Education for boys and girls
2	Masaai Rural Development		Ngong Hills	Health, fishery and livestock improvement
3	Ihogoto home for aged		Kikuyu	Care for aged
4	Bethel Kibwezi Centre		Nairobi	Polytechnic Education for boys and girls
5	Gaitu Community Project		Imenti	Community Improvement Project
6	Nyeri Weaving Project		Nyeri	Weaving and spinning for young mothers
7	Kangaita Polytechnic	Youth	Nyeri	Tailoring course for girls
8	Nanyuki Weaving Project		Laikipia	Weaving and spinning for young mothers
9	Lumutumu School for the deaf		Nyeri	Education for the deaf children
10	Wandumbi School for mentally retarded children		Nyeri	Education for mentally retarded children
11	Kambui School for the Deaf		Kambui	Education for the deaf children
12	Kiambururu Woman's guild Project	Church	Kambui	Crafts education for girls
13	Kitui Rural Development Project		Murang'a	Polytechnic Education for boys and girls, goats project, bee keeping, afforestation.
14	Bahati Community Centre		Nairobi	Care for old people, small loans for

15	Eastleigh Centre	Community		Nairobi	young entrepreneurs, nursery school. Education for disadvantaged children, pottery, dressmaking, spinning, and weaving for young mothers, secretarial course.
16	Irigiro Centre	Girls	Training	Murang'a	Tailoring, knitting, home crafts education
17	Shalom Centre	Girls	Training	Nairobi	

## APPENDIX B

### GLOSSARY

**An approach** in this study refers to a way of dealing with an issue or a thing (Oxford Learner's Dictionary, 1989).

**Apartments** – residential apartments buildings with five or more units

**Building Codes** local or national standards for building construction design that are instituted to protect the health and safety of occupants and to accommodate the handicapped.

**Church organization**- a group or company of people having same faith and coming together not for business but for worship.

**Commercial properties**- property whose main aim is to raise money for owner

**Controlling** – the process of regulating organizational activities so that the actual performance conforms to the expected organizational standards and goals.

**Cost Plus** – a method of purchasing or contracting in which the buyer agrees to pay a certain percentage or amount over and above the actual cost of a project or service. The elements of cost are usually specified in the contract.

**Curb Appeal** – the first impression received by prospects or the general public when viewing a property.

**Deed** – a written document conveying title to real estate.

**Depreciation** – loss of value due to the physical deterioration and or functional or economic obsolescence.

**Entertainment and hospitality**- commercial properties geared toward the entertainment and vacation industry.

**Eviction** – a process by which an owner or government entity can legally remove a person or entity from possession of real estate.

**Facility** – a building room or other improvement designed for a specific purpose.

**Fire insurance** – insurance against direct property loss by fire.

**Government property**-property belonging to the Government

**Income** – the inflow of money and assets from all sources during a specific period.

**Industrial property**-involved in the manufacturing and general industrial uses

**In-house Management** – management originating from within an organization.

**Leading** – the process of influencing others to engage in the work behaviours necessary to reach organizational goals.

**Lease** – a contract between two or more parties for the possession of ones party's land and or building for a specific period of time in return for a payment of monies or other assets by the other party or parties.

**Maintenance** – the repairs, care, servicing and inspection of buildings, equipment grounds and facilities of a property to maintain its condition and curb appeal.

**Management** – is the process of achieving organizational goals through engaging in the four major functions of planning, organizing, leading and controlling

**Not for profit organization** – an organization whose main purposes center on issues other than making profit.

**Not for profit organization** – an organization whose main purposes center on issues other than making profit.

**Offices** –buildings and complexes dedicated to offices and professional services.

**Organization** – two or more persons engaged in a systematic effort to produce goods and services.

**Organising** – process of allocating and arranging human and non- human resources so that the plans can be carried out successfully.

**Ownership** – a legal right to possession.

**Planning** – the process of setting goals and deciding how best to achieve them.



**Planning** – the process of setting goals and deciding how best to achieve them.

**Real property** – used interchangeably with real estate to refer to physical land and structures and other improvements permanently attached to land also legal rights, interests and benefits inherent in ownership of real estate.

**Rent** – a periodic payment due to the landlord by a tenant occupying land or improvements owned by the landlord.

**Sanctuaries:** are special purpose non-market properties mainly used for public use and service and are not for profit and will rarely come into the market for sale.

**Title** – documentation of the right of ownership to land.

**Unstructured interviews** – interaction between interviewer and respondent but with a general plan of inquiry in form of designed questions.

**Utilities** – gas, electricity, water, telephones etc.

**Utilities** – gas, electricity, water, telephones etc.

**Wear and tear** – the normal deterioration caused by use and age.

**Wear and tear** – the normal deterioration caused by use and age.

## BIBLIOGRAPHY

- Babbie, E. The Practice of social Research 7<sup>th</sup> Edition  
Wadsworth Publishing Company. (1995).
- Bartol K.M. & David C.M. Management. McGraw- hill, INC. New York.
- Blanchard K. & Zigarmi P. Leadership and the one Minute Manager. Caledonian  
International Book Manufacturing Ltd Glasgow(1994}
- Burton R.M. Designing efficient organizations. Elsevier science publishing company. USA.  
(1984)
- Chomba J.M. An assessment of the Estate Management Practice in Urban Areas of Kenya  
with special reference to commercial Buildings in Nairobi Unpublished MA Thesis,  
University of Nairobi. (1990)
- Government of Kenya. The Landlord and Tenant Act, Chapter 301. Government Printer,  
Nairobi.
- Government of Kenya. Estate Agents Act Chapter 533  
Government Printer, Nairobi.
- Government of Kenya , Public Health Act Chapter 242.  
Government Printer, Nairobi.
- Government of Kenya: Registered Land Act Chapter 300,  
Government Printer, Nairobi.
- International B. S. The Holy Bible. New International Version. Printed in United States of  
America.(1984).
- Kihara. G. K. Management of Kenyan Universities Real Estate Properties. A case  
study of the University of Nairobi Unpublished B.A. Project, University of Nairobi.  
(1987).

- Kiama, Ann. Industrial Real Estate management Unpublished MA Thesis, University of Nairobi. . (1995)
- Koros G.K. Estate Management: A comparative Study of the Management of Public and Privately Owned Buildings. A case study of the central Business District(CBD) Unpublished B.A. Project, University of Nairobi (2003)
- Leedy, P. D); Practical Research :Planning and design 5<sup>th</sup> Edition. Macmillan Publishing company, New York, 1993. .(1993)
- Mwaniki, John; The back up systems “What a risk manager must know”. A risk Management. Newsletter of AON Minot Insurance Brokers, Group services division IT Department (2003)
- Mackey, J; Housing Management 2<sup>nd</sup> Edition.  
The Estates Gazette Ltd London. (1965) .
- Methodist Church of Kenya: “Standing Orders and Agenda”  
Giant Printers, Nairobi. . (1996)
- Mugenda & Mugenda A.G; Research Methods: Quantitative & qualitative Approaches. Acts Press (1999)
- Ndeti Z. M; An assessment of rural estate management practice in Kenya with special reference to coffee estates/farms in Kiambu and Muranga districts (1994)
- Ndimbo, W. C ; An assessment of the in-house property management aspects with special reference to the Methodist Church properties Unpublished B.A. Project, University of Nairobi. . (1997)
- Nguyo, D..M. Construction Industry Information Management. Unpublished MA Thesis, University of Nairobi. . (1988)
- Nairobi Baptist Church Handbook Introducing Nairobi Baptist Church. (2000)
- Oxford Dictionary: Advanced Learners Dictionary 4<sup>th</sup> Edition Oxford Press. (1989)

Presbyterian Church of East Africa. The practice and Procedure Manual of the Presbyterian Church of East Africa 2<sup>nd</sup> edition Publishing Solutions Nairobi. (1998)

Shane, J: The Nairobi Net worker. A Christian Worker's Directory. Published by Urban Ministries Support Group. (1997)

Syagga, P.M. & Aligula : Management and Agency in the Urban Real Estate Market. Printed in Germany. . (1999)

Syagga, P.M: Management of Local Authority Housing Estates Unpublished MA Thesis, University of Nairobi. . (1979)

Syagga, P.M: The Impact of Building Design on Maintenance Cost of Residential Housing Estates owned by Mombasa Municipal Council. Unpublished Ph.D. Thesis, University of Nairobi. (1985)

Turk, C. & Kirkman J: Effective Writing: Improving Scientific technical and Business Communication. 2nd Edition. E& FN Spon, (1996)

Thornicroft, M : Principles of Estate Management. Pitman Press Bath London . (1965)

#### (Kenya Newspapers)

Daily Nation ; Nairobi Newspaper

Sunday Nation ; Nairobi Weekly Newspaper

The Standard ; Nairobi daily Newspaper

#### (Other References)

Websites

Christian Magazines

**APPENDIX C**

**QUESTIONNAIRE**

***MANAGEMENT OF CHURCH PROPERTIES***

***QUESTIONNAIRE:***

***NAME OF THE CHURCH ORGANISATION-----***

***REGISTRATION NUMBER OR AFFILIATION-----***

***YEAR STARTED OR PLANTED-----***

***PART ONE:***

**SHORT HISTORY OF THE CHURCH ORGANISATION IN REGARD TO PROPERTY OWNERSHIP AND MANAGEMENT**

***a) What led to the origin or formation of the Church organisation?-----***

***b) What are the major goals and policies of the church?-----***

***c) What is the organisation structure of the Church organisation in regard to property management? Please attach to document if any.***

***d) What are the responsibilities at each level?***

***e) What role does the church play in Kenya and to the community in general?-----***

***g) When and why did your Church start acquiring landed property?***

h) Do you think there is any conflict between property ownership and the teachings of the Bible?-----

**LIST OF PROPERTIES OWNED BY YOUR CHURCH ORGANISATION**

<b>PROPERTY CLASS</b>	<b>LOCATION</b>	<b>TYPE OF MANAGEMENT</b>	<b>CHALLENGES IN MNGT</b>	<b>SUGGESTED SOLUTIONS</b>
<b>COMMERCIAL</b> <b>SCHOOL:</b> <b>HOTEL/GUEST</b> <b>HOUSE</b> <b>HOSPITALS</b> <b>SHOPS/OFFICES</b> <b>OTHERS</b>				
<b>RESIDENTIAL</b> <b>MISSIONNETS</b> <b>FLATS</b> <b>BANGALOS</b> <b>OTHERS</b>				
<b>INDUSTRIAL</b>				

**PART TWO**

1. How is the decision to acquire property made, does the organisation have a policy in regard to properties? -----a) yes b) no c)I don't know
2. Does the organisation have existing plans in regard to property acquisition development and management? a) yes b) no  
If yes how does it ensure compliance?-----
3. What positive impact can the church have in the property acquisition process in Kenya?-----

#### 4. Maintenance

##### Execution of maintenance and repairs

- a) Do you do in-house or you contract? How?-----  
-----
- b) How do you ensure energy and water conservation? -----  
-----
- c) How is the cleaning done and who does it? A) in-house            b) out-source—  
if b i) how many cleaners do you have?-----  
ii) What materials are used in cleaning?-----  
iii) Do you participate in cleaning pathways neighbouring the property?-----  
iv) How is the waste disposed off?-----  
v) Are there problems faced in the cleaning exercise?-----  
vi) How do you ensure that the premises remain clean?

##### **Gardening or ground maintenance**

- a) Who does it? \_\_\_\_\_  
a. If it is contracted, what procedure is followed in selecting the contractor? \_\_\_\_\_
- b) How is the payment of the work done? \_\_\_\_\_  
a. What is the pay schedule if any?
- c) How do you ensure that the environment remains clean?-----

#### 5. Risk management:

- a) Do you have a property insurance cover? If yes  
a) What does it cover? \_\_\_\_\_  
b) What other action have you taken to reduce risk on church property?  
c) What type of security do you offer if any to the properties?-----  
-----

#### 6) Personnel management:

- a) How many staff do you have in property section? Plumbers—masons—painters---  
-electricians----- carpenters---- mates-----others-----

- b) Who supervises them?-----
- c) What minimum qualifications does your staff have?-----
- d) What is the salary scale based on?-----  
-----
- e) Do you have a training policy?-----
- f) Are you members of RBA or NSSF? How often do you submit your contributions?-----
- g) What is your greatest challenge when dealing with staff issues if any?-----  
-----

h) How do you motivate your staff?-----  
-----

k) How is the hiring process?

l) How many hours does a worker work normally?-----  
-----

n) What insurance covers if any, do you have for your workers?-----  
-----

7) Marketing

a) How do you market the organisation's properties?-----

b) Who are your main advertisers how do you ensure that they pass the right message to the public?-----  
-----

c) How do you deal with complaints, suggestions by members?-----

d) Is there an option of mediation established in case the issue is not handled satisfactorily.-----

8) Management of expenses and income.

a) What are the approaches that the church uses in raising funds?-----  
-----



- b) *Who takes care of the funds?*-----  
-----
- c) *Does the church call an A.G.M*-----  
-----
- d) *How do you ensure proper expenditure?*-----  
-----
- e) *What is the estimated expenditure on the properties per month?*-----  
-----
- f) *What percentage income goes to church missions?*-----
- g) *What procedure is followed in case of required development?*
- h) *How do you ensure all property rates are paid*-----  
-----
- k) *Would it be in order for the Church to borrow money from a bank? Why*-----  
-----

9) *Who does the budgeting*

- a) *Is there an existing reporting system?*
- b) *what controls exist to ensure the budget is maintained?*

10) Leasing:

- a) *How are the tenants selected, is there a preoccupation training?*
- b) *In ensuring that basis of charges is fair and open. How does the church base rent?*-----  
-----
- c) *how are rents collected?*-----
- d) *Is evicting a tenant uncomfortable for the Church? Why*-----  
-----

----- 11) *Who keeps the records of the property deals or the inventory of Church assets, and how are they kept?*

- a) *manually*
- a) *computerised*
- c) *others specify*

12) Challenges

*What challenges are faced by your organisation in the process of managing real estate properties? Please list them in order of importance.*

- a. Lack of funds*
- b. Lack of professional know how*
- c. Lack of raw materials*
- d. Lack of customers*
- e. Owner not bothered we have no problem*

*13) What do you think can be done to improve the condition?-----*

*14) In your view how would you rate the interest that your church has on public at large*

- a. No interest at all.*
- b. Has some interest*
- c. Moderate*
- d. Is very interested.*

*15) What contribution do you think if any, the church makes to Nairobi city how do you rate the charges for the service provided?*

- e. Expensive*
- f. Fair*
- g. Low*
- h. No charges.*

*16) What contribution can the church make to the general practice of real estate management field?*