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DEPARTMENT OF REAL ESTATE AND CONSTRUCTION MANAGEMENT

CORPORATE REAL ESTATE MANAGEMENT: A STUDY OF THE VIABILITY OF A COMBINED PROPERTY MANAGEMENT STYLE.

(A CASE STUDY OF NSSF AND PCK COMMERCIAL PROPERTIES)

BY

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DECLARATION

CANDIDATE'S DECLARATION

I, **BRIAN NABUTOLA WANJALA,** do hereby declare that this project is my original work and has not been presented in any other University for the award of a degree.

.... 30th May 2012 ....

Signature **Date**

BRIAN NABUTOLA WANJALA

SUPERVISOR'S DECLARATION

This project has been submitted for examination with my approval as the University Supervisor.

Prof. G. K. KING'ORIAH, MBS., Ph.D.

.... 30th May 2012 ....

Signature **Date**

PROFESSOR G.K KINGORIAH

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ABSTRACT

Corporate property management is the management of an organization or a corporation's properties. In Kenya, considerable number of state corporations, institutions, private and public company own properties. The properties can either be purely for operational or sometimes for investment purposes. The various management styles that can be adopted by an organisation include; in house, outsourced or combined management style. In management of corporations' property, no particular method can be termed to be adequately suitable. As a result, the study embarked on an analysis into the viability of a combined management style in commercial properties. It involved exploring the merits and demerits of in house and outsourced management styles and how they can be harmonised to form a possible combined management style.

A two case study approach was chosen to avoid the likelihood of bias in the findings and to advance the credibility of the study. The case studies chosen were National Social Security Fund and Postal Corporation of Kenya. Two commercial buildings were selected purposively from the corporations to enable a possible in depth study. One of the buildings is located within the CBD while the other fronts Ronald Ngala Street. The entire research project started in October 2011 and was intended to end by 30th April, 2012. The field study was carried out between 27^{th} February 2012 and the 16^{th} of March 2012.

The study adopted secondary and primary research methodology in collection of data and information on corporate property management. Secondary data was integral in the development of introduction, problem statement and literature review. Observation, self and research administered questionnaires were the main primary methods used to collect essential data from the case studies.

According to the findings, there are three types of management styles in practice today, which is in house, outsourced and combined management style. Both NSSF and PCK have adopted a combined management style. A number of reasons were cited for opting for a combined style, and this included, the size of property investment, cost of management, independence and to ensure security of capital and income. The findings also made known the various mechanisms and measures put in place by the corporations and management firms to enhance partnership in a combined style; namely frequent meetings, a management agreement, delivery of promised services and a stable communication system.

In order to ensure effectiveness and efficiency, the corporations should develop a practical property management policy that covers all the roles of property management and

how a combined management style can function in the light of increased property investment by corporations. Furthermore, the policy can only be effective by instituting an annual or semi-annual capacity building and training program targeting the property managers, managers and subordinates involved in property management tasks.

The research process had few setbacks, mainly from the case studies; some of the sampled respondents were not willing to fill the questionnaires. Consequently, the researcher had to increase the sample size to replace those who declined to fill the questionnaire. Moreover, the researcher was allowed to seek more information on the questionnaires meant for ISK officials (Valuation and estate management chapter) from the ISK library, this was helpful in overcoming the challenge of unanswered questions.

CHAPTER ONE

INTRODUCTION AND LITERATURE REVIEW

This chapter presents an introduction to the background of the problem area of the study, a detailed literature review related to the title and research methodology. Literature review begins with a general outlook of management, its functions, the formation of a corporation, property management functions, various statutes and regulations inherent in real estate practice and an examination of various management styles.

INTRODUCTION

Problem Identification

Corporate real estate is a term used to describe the real property held and or used by a business enterprise, institutions, corporations or organisation. Corporations invest in Commercial and residential properties for profit or operational reasons. The decision to develop any kind of property can be for sale, occupation or letting purposes (Wambugu, 2003). A corporate real estate portfolio typically includes a corporate headquarters and a number of branch offices. The management of corporate real estate assets is similar to property management which may be defined as the operation of commercial, retail, industrial or residential real estate to maximise a Landlords return on capital. It includes collection of rents, provision of all the services on the property such as cleaning, security, regular maintenance of all the plant and machinery as well as offering advice on how to increase value of real estate investment (The Standard, September 15,2011).

However according to (Syagga and Aligula, 1999) property management is the direction and supervision of an interest in landed property with the aim of securing optimum returns. Additionally, for optimum returns to be realised property management requires proper judgement, practical experience, specialist knowledge and to operate within a framework of reliable criteria to succeed in the task.

The Corporations or organisations which may include savings and credit societies, insurance, banks and major public service providers; they all require landed property for operational purposes or as a form of investment in achievement of their objectives. Real estate in most cases forms a big portion of their portfolio investment. Landed property owned by corporations have special characteristic peculiar to it that needs extra specialised skills and experience. The characteristics include Legal aspect, physical, economic and managerial characteristic. These characteristics make properties stand out from other type of investments.

This makes real estate investment to require extra attention in terms of management as compared to management of treasury bonds and stocks.

The management of corporate real estate assets requires the professional input of a property manager. Currently, the professional function of a property manager command greater status and carry more responsibility within public and private organisation, now than at any time in Kenya due to the massive property investment. According to Syagga and Aligula(1999) the massive investments has been due to the advent of liberalised economy, rapid urbanisation, a flexible lending rate by financial institution and a large pool of resources from saving and credit society; majority of the investments is in commercial and residential buildings. This leads to corporations grappling with the problem of the style of management to opt for. This is caused by the need for a proactive and quality management to achieve optimum performance.

In addition, the absence of a proactive management team to adequately advise the corporations on how best to ensure optimum performance in real estate assets can be a major setback to the corporations' investments, for example, Wambugu (2003) asserted that voids and vacancies that arise in commercial real estate are caused by inadequate management of infrastructural services such as water supply, garbage collection, sewerage, packing facilities and drainage system. It is the obligation of a property management team to ensure the building and its surrounding is habitable and attractive to current and potential users to avoid unnecessary tenant exits.

In spite of the large asset base amounting to billions of shillings, little attention is given to property management. In other places it is considered an operation pain (Vaele, 1989). For example, In Kenya the estimate of the assets held by corporations according to Nzioki & Kariuki (2010) indicate an enormous base of landed property, for example, some corporations listed on the stock market show real property asset value worth more than ksh.1.6 billion as at march 2008 while another company owns freehold land worth 6.4 billion with building worth 293 million, Some of the corporations only have an estate department that is not adequately equipped to cater for the demands of the commercial and residential properties. Moreover, in places where corporate real estate assets is managed by outsourced management, it is sometimes not accorded full support in terms of financial support and clearly defined roles by the corporation. Hence the Corporations continue to face the challenge to manage corporate real estate effectively in the current market environment (Kimbler & Rutherford, 1993).

There are various management styles that can be adopted in the management of commercial properties. In house management is one of the management styles documented by (Scarrett, 1995).It operates as an estate department in the organisations where various professionals are directly hired to focus solely on the corporate property. The in-house team is normally answerable to top management of an organisation. On the other hand (Dubben and Sayce, 1991) identified outsourced or contracted management style as another management method which they defined it as, a method where the organisation appoints an outside professional team to manage on its behalf. The outsourced management team can be appointed through a set criterion such as invitation for tenders or through an ad hoc manner.

Contracted management according to (Nderitu,1995) is a better practice than in-house management, because it upholds professionalism at all times, this differs with (Dubben and Sayce, 1991) who stated that in-house team is effective and efficient because it is fully and only concerned with the management of a property portfolio of a particular corporation. They further asserted that in-house team understands the criteria and policy of the investor or corporations in a way that is very hard for an outsider to do. In addition, the in house team can be made accountable by performance review, while outsourced team will only be accountable in so far as they do a good and professional job in order to receive their fees. They will not concern themselves with the objectives and goals of the corporations in holding and owning the properties.

According to Scarret (1995) the other management approach is a combined management style. It is made up of in house and outsourced management style. The personnel in the combined management style work together on the range of management tasks in almost seamless way by having respect for each other's abilities and expertise to the benefit of the corporations' real estate investment. A combined system requires a rare kind of chemistry, strong commitment and a flexible organisation structure to enable such a partnership to succeed. The combined system may be inform of a hierarchical division whereby the in-house manager directs the strategic thrust, limiting the agents to carry out a limited management role. Many companies will opt for hierarchical division model where the strategic thrust of the business is conducted by the in house managers, leaving the appointed agent to carry out the basic and repetitive tasks of property management.

It is important to note that Sound management is an essential pre-requisite of a healthy and successful investment whether comprising one or two single properties, a substantial development or a mature balanced portfolio. Sound management plays a great role in ensuring the primary purpose for property management which is to optimise returns whether financial return to the owner or operational utility, to aim for efficiency in all parts of their business.

Syagga & Aligula (1999) contended that the effect of poor maintenance is appreciated by companies which specialise in development of commercial properties. Poorly maintained properties command lower rents, are harder to let and have shorter economic lives. It is for these reasons that the services of proficient management team conversant with operations of corporate real estate is needed to guarantee optimal performance. For effective commercial property management, there is need for a well structured management policy. A sound management system, budgets and delegates all the duties in regard to maintenance and repair in a clear and concise way to ensure the building is functional, and attractive to prospective tenants.

In property management, Corporate real estate is one of the areas which (Nzioki & Kariuki, 2010) stated that, it has seldom being studied despite the fact that it is an organisation second largest resource. It requires large amounts of operating cost which goes into the operation, maintenance and management of the properties . In spite of the enormous base of landed property worth billions of shilling, still the management of the corporate real estate is often not a priority; this is because they are not in the real estate business. This is further coupled with inadequate maintenance of information and records of their real estate business. Some corporations may or may not have a fully fledged estate department that is capable of executing all the tasks and duties in real estate undertakings. This presents a serious challenge for all the stakeholders in real estate practice to develop a modern approach to corporate real estate management to address the inadequacies. Therefore, the study will endeavour to explore the viability of a combined management style in corporate real estate.

REVIEW OF RELATED LITERATURE

The meaning of management

The Collins dictionary defines management as the technique, practice or science of managing and controlling. It can also be defined as a science of organisation and operation or at practical level the act of directing and conducting affairs (Syagga and Aligula, 1999) According to Bartol, (1998) Management is the process of achieving organisation goals by engaging in the four major functions such as planning, organizing, leading and controlling. This definition gives an overview of management function as an ongoing activity. In property management, management may be defined as the process of planning business objectives, policies and activities, harnessing resources to ensure implementation and exercising control towards achieving the objectives as per the aims and goals of the landlord and tenant.

An overview of management function

The objectives of property management are to maximise the net return whilst preserving and enhancing capital value and future of the property or asset. The process has many similarities to any other management task. Therefore, an effective and successful property management incorporates all the management functions in the management process. The functions comprise the following;

Planning

Armstrong (2005) describes Planning as the process of deciding on a course of action, , scheduling and prioritizing the work required to attain a defined end-result. It can also be defined as a process of identifying a purpose or a goal and then through experience, knowledge, and creative imagination, plotting a series of actions to attain that goal (Kent, 1992). The ingredients in planning process include objectives, targets and budgets determined at the corporate level or individual level.

Planning works on time horizons. That is Short-run, medium and long term plans. Plans that run for periods of up to 6-9 months are termed short range planning. With short range planning, there is every possibility that few adverse contingencies will arise to upset the plan. It is depended on the business cycles. Medium term plans run for a period of between 10-15 years. Long range plans run for longer periods. This type of plan represents a broad direction and strategy which is subject to constant monitoring and review (Eyre and Richard, 1997). The number of years planned for, depend on the circumstance and nature of the business. Long term planning is only possible where the management powers are sufficient to look well into the future. In addition, the effectiveness of long term planning is also strengthened when the size of the property is large and therefore less subject to vagaries of economic environment than a small one (Syagga and Aligula, 1999).

Planning depends on the forecasting function to get the objectives right and ensuring the means of achieving are available. Forecasting is an integral tool in planning. All decisions made involve an element of forecasting whether implicit or explicit, explicit because future conditions are not immediately obvious thus the need for proper forecasting.

(Bratt, 1958) asserted that, forecasts are statements of expected future conditions. Expectations depend upon the assumptions made. If the assumptions are plausible, then forecasts have a better chance of being useful. Business forecasting can be in the short run or long run. Short run forecasting in most businesses requires a knowledge of near future conditions which is essential to the development of an effective investing policy. Today's decisions affect tomorrow's investments', hence an understanding of near future prospects and market trends would make it possible to avoid costly mistakes and vacillations that often occur with inappropriate forecasting.

Long term forecasting considers longer periods. Knowledge of the growth potential of the business is vital in forecasting. Several issues and conditions need to be studied in detail; information about what competitors are doing in the market, technological advancement, overall performance of the economy, the industry as a whole, the current capacity of the firm, the level and nature of demand are all paramount in forecasting in the long run. Long range forecasting requires detailed market research and survey before adopting the mechanisms that will give guidelines to achieve the ultimate goals and objectives of the organisation. Planning and forecasting is central in estate management for the preparation of programmes, schedules, budgets and targets. The consequence of improper planning, results in the organisation being at the mercy of management whims and external pressures. The organisation may quickly lose sight of its objectives and efficient use of resources leading to underperformance (Eyre and Richard, 1997).

Organizing

Organisation can be defined as the framework of responsibilities, authority and duties through which all the resources of an enterprise are brought together and co-ordinated for the achievement of management objectives. According to Kent (1992) it is simply putting planning to work. It is through this function that managers determine which tasks are to be done through job design, authority and responsibility of each unit, and how they can best be combined into job groups. However, organisation function can only be effective where an organisation has built-in system for ensuring that each operating factor is related to the other (Syagga and Aligula, 1999).

The organisation structure is amplified by an organisation chart representing a line diagram that depicts the broad outlines of an organisation structure. It typically shows the major position or departments in the organisation structure and the way the positions are grouped into specific units, the reporting relationships from lower to higher levels and official channels of communication. The organisation provides a visual map of the chain of command. The chain of command is the unbroken line of authority that ultimately links each individual with top organisational position through a managerial position of each successive layer in between. Organisation, however, assumes most importance where the division of responsibility is necessary and this is rarely the case in respect of smaller estates, particularly those that are owner occupied. On larger estates, organisations plays a major role, for upon it rests the responsibility for ensuring that proper attention is paid to those areas of decision which may be remote from the main centre of control (Thorncroft, 1965).

Leading

Leading is a management function that involves influencing others to engage in the work behaviour necessary to reach organisation goals. Leading includes communicating with others, helping to outline a vision of what can be accomplished, providing direction, commanding and motivating organisation members to put forth significant efforts required.

Good leadership requires clear, explicit instructions and explanations, because it is both difficult and unfair to hold an employee accountable for failing to accomplish a task that was inadequately explained (Kent, 1992). There is need for prompt and clear decision making to motivate the key players in property management.

Commanding, is an element of leadership which is concerned with creating high morale amongst persons engaged in an undertaking by giving them a sense of purpose and enthusiasm for their work. Good leadership also entails ensuring property tenants and users have a good attitude to the aims and policies of the landlord, this makes property management much easier than where the relationship is hostile and apathetic.

According to (Thorncroft,1965) large public and private estate, have always emphasised the need to encourage pride in the estate on the part of staff, tenants, occupiers and all those connected with it, including outside consultants who may be asked to advice often when a need arises. It is through effective leadership that motivation and pride in the organisation can be realised for the eventual achievement of the property management goals and objectives.

Hacket (1996) asserted that, motivation is something which impels a person to act. Motivation is not about manipulation, it is about being aware of the needs or urges which prompt people to do things and providing ways of helping them to satisfy those needs through the organisation. The main source of motivation to work, one is the job as an end itself, and the other is the end towards what the job provides the means. According to Abraham Maslow a behavioural scientist researcher, who formulated the hierarchy of needs in 1943,attempted to explain motivation as a series of ascending urges or needs, that while an urge remains unsatisfied, it acts as a motivator, but once it has been satisfied it ceases to motivate and the next higher need comes into play. The needs he highlighted included, self actualization, self esteem, respect, social need, belonging to a group, acceptance by others, safety needs, psychological needs, environment free from threat and provision of basic needs.

Controlling

This is a management function aimed at regulating organization activities so that actual performance conforms to expected organizations standards and goals. Ongoing activities are monitored so that actual performance conforms to expected organizations standards or progress towards goals and take corrective action as needed (Bartol, 1998).Controlling also involves laid down procedures, devising the structure of duties and system of routine of operation and putting in place mechanism to measure expected performance. Controls highlights needed behaviour and discourage unwanted behaviour. It builds mostly directly on planning function by providing the means for monitoring and making adjustments in performance so that plans can be realised. Controlling also supports the organizing and leading function by helping ensure that resources are channelled toward organization objectives.

At the practical level of management, supervision and control is required. It involves anticipating problems and shaping the conduct of a business or estate in such a way as to reach the desired objectives most economically. Controlling at all levels of management has a large bearing on estate policy and its management (Syagga and Aligulla, 1999). An effective control system should monitor such areas as accounting, income and expense time, key control, property condition and employee performance. The various levels of control include strategic control, Tactical control, and Operational control.

Strategic control

It involves monitoring critical environmental factors to ensure that strategic plans are implemented as intended, assessing the impacts of organizational strategic actions and adjusting such plans when necessary. Inherent in strategic control is the need for top level managers to ensure organisation mandate is achieved. Strategic control managers often concentrate on relatively long time frames such as quarterly, semi annuals and annual reporting cycles and beyond.

Tactical Control

A control type that focuses on assessment and the implementation of tactical plans at departmental levels, monitoring associated periodic results and taking corrective action as needed. Control of the tactical levels is mainly by middle managers at the departmental level where the objectives, programs, and budgets are monitored to meet the set goals. They concentrate on periods, middle term frames and often use weekly and monthly reporting cycle.

Operational control

Operation control is a control type that involves overseeing the implementation of operating plans, monitoring day to day results and taking corrective action when required. This level of control is largely the responsibility of lower level managers. They are concerned with schedules, budgets, roles and specific outputs. The results should be in line with the schedules and budgets. Any diversion means that corrective measure ought to be taken to align performance as outlined by the property management policy.

The meaning of a corporation and formation

A Corporation may be defined as distinct, permanent legal entity according to Brealey et al (2009). A Corporation may also be defined as a large business entity according to Oxford dictionary. It is legally distinct from its owners who are called stockholders or shareholders. The Ownership of the corporation is normally separate from management team. The management is directed by the board of directors who are elected by shareholders of the corporation. Its existence is defined by articles of incorporation which sets out the purpose of the business and how it is to be managed, financed and governed. The objectives, goals and priorities of corporation stipulated in the articles of association and memorandum of association must conform to the law of the land. In Kenya the various types of corporation/company include; private corporations and public corporation. In a private corporation, shares are held by small groups of managers and investors. The Shares can only be purchased through negotiation with existing shareholders. While in a public corporation/company shares are traded in a securities market where shares are available for purchase by any interested investor.

Corporations or companies in Kenya may be established by an act of parliament to operate as private, public, parastatals or state corporations. The various parastatals established provide goods and services at a price. Most of the parastatals own their own properties for operational or investment purposes. For example, the Kenya power, Postal Corporation, Kenya Railways Corporation and Kenya Tea Development Authority. Most of these corporations depend entirely on one source of revenue or income.

The main source of income coincidentally in most cases is the major business objective for its existence. Sometimes the source of income may not be sufficient enough to cover its operational costs and other requirements thus the need to identify other genuine sources. Other sources of income can be successfully identified by clearly stating the objectives which may include real estate enterprises as a miscellaneous source of income.

In Kenya the various state corporations have special characteristics. According to wanyande (1981) who quoted the meaning of a public corporation from United Nations technical assistance administration study, stated that a corporation can be recognized by a number of principal characteristics; It is wholly managed by the state and generally created by or pursuant to a special law defining its powers, duties, immunities and prescribing the form of management and its relationship to established department and ministries.

As a body corporate, it is a separate entity for legal purpose and can sue and be sued, enter into contracts and acquire property on its own. Corporations conducting business in their own names have been generally given freedom in making contracts, acquiring and disposing of property than ordinary government departments, except for appropriations to provide capital or cover losses.

A public corporation is usually independently financed. It obtains its funds from borrowing either from treasury or the public or from revenues derived from sale of its goods and services. It is authorised to use and re-use its revenue. It is generally exempted from most regulatory and prohibitory status applicable to expenditure of public funds. Moreover, it is ordinarily not subject to the budget, accounting and audit laws and procedure applicable to non-corporate agencies.

In most corporations employees of corporation are not civil servants and are recruited and remunerated under terms and conditions which the corporations itself determined. The employees have defined duties, roles and responsibilities in accordance to the objectives of the corporations. Clear cut objectives and goals enable the employees to work to the advantage of the corporation.

Other types of companies can be established as private and public companies under the companies act chapter 486 laws of Kenya, which provides the meaning of a company as "*Any seven or more persons, or where the company to be formed will be a private company, any two or more persons, associated for any lawful purpose may, by subscribing their names to a memorandum of association and otherwise complying with the requirements of this act in respect of registration, form an incorporated company with or without limited liability*"These companies may comprise, financial institutions insurance companies, building societies, investment companies and funds. Most of these companies own their own operational premises where possible as a matter of policy (Scarret, 1995).

The characteristics of real estate

Real estate refers to land and buildings or improvements thereon while an estate refers to persons holding in landed property. It comprises a bundle of rights and interests. It is a legal entity denoting the character and quality of rights that an owner possesses in property (Thorncroft, 1965). The following are the characteristic of an estate;

Physical characteristics

This consists of land and all improvements on and to the land (Kinnard, 1971). They have definite shape and size. The estate exists in a clearly delineated boundaries and area. The physical description includes its location, size, and shape, type of improvements, quality and condition of the building. The extent to which an estate is developed may affect its management. For example, a small holding is easier to manage than a large holding. Among the physical factor that will affect the level of rent for a property are the size, design of the building, its construction and susceptibility to obsolescence, its maintenance condition, the qualities of the services, fitting and fixtures.

Economic characteristic

Real estate is viewed as an asset. An asset is also termed an economic good. Economic goods have characteristics of scarcity, transferability and utility. The economic attributes influence value primarily by affecting use and income producing capacity (Kinnard, 1971). The economic attributes to a large extent determine the attractiveness of the property for loaning purposes or credit advancement for development and any other purpose. The utility cannot be measured directly; money serves as a proxy measure. Physical and functional obsolescence is also an economic attribute that impacts on the value of the real estate. Moreover, the use to which the property is put, whether held for occupational or rental income, the extent to which is developed impacts on the economic and financial feasibility of the property.

Legal status

Legal status consists of a bundle of rights that include the rights of use, exclusion and disposition. Legal framework is a product of various social, ethical, religious, economic and political pressures. Definite forms of ownership include freehold, leasehold, subleases and licences. The fixed location of real estate means that it cannot physically be possessed or transferred. It is only the rights and interests inherent in real estate that are capable of ownership and conveyance. An estate assumes certain rights, obligation and privileges which are enforceable in law; these legal characteristics determine the degree and quality of control that an owner would exercise. This is what forms the basis of estate management, without which management will be futile (Thorncroft, 1965).

Managerial characteristics

A managerial characteristic is one of the features of property which distinguishes it from other investments media, any property investment requires a well thought out management plan. The fabric of the building must be maintained, decisions regarding improvements, redevelopments have to be taken and lettings must be effected and monitored.

Different types of estate may require a different management approach. A small estate requires single managerial unit and control. While a large estate requires decentralization to facilitate easy supervision and control, however the policy formulation is by and large centralised. Managerial aspect of estates requires definite authority and responsibility on the part of employees in order to realise the ultimate objective of optimising returns and operational use. To get a good return on the property investment, every investor expects to have the exploitation process managed as well as possible. The average annual return on the property in which professional investor invests should be as high as possible in the long run and favourably compared with other investments (Tempelmans, 2001).

Aims and policies of real estate ownership

Aims in real estate refer to the ultimate goals or objectives that an investor looks for in a property investment while policies refer to guidelines that are supposed to be followed to achieve these goals. Investors in real estate are motivated by various factors, according to Thorncroft (1965) two estate owners may both aim at high financial return, but there may be several differences in the policies each is prepared to employ; one may invest heavily and accept high risk while other may concentrate on achieving economies of attention to detail. The aims of an estate will normally depend on nature, circumstance and attitude of the owner; for example, a person in occupation of his estate will have different objectives to one holding it as an investment.

An investor with vast property investment will usually adopt a different set of priorities to a property owner with limited resources. For example, according to Scarret (1995) the property industry is almost entirely controlled by corporations with a significant number of properties held corporately. They form an integral part of the corporation business thus the need to be managed well.

The composition of real estate varies with the type of business being carried out by respective companies. For example, for manufacturing companies it would have factory premises, office, warehouses and land for future expansion, Major food retailers own warehouses and distribution centres and are active in the acquisition of properties for its new outlets. Utility company such as Kenya power and Nairobi water and Sewerage Company own land reserves, rights of way and easements for transmission lines and other utilities. Corporations involved in service industries such as banks, insurance, travel agencies and funds own office building for administrative, retail and other purposes. For example, in Kenya, the corporations with substantial real estate assets include Postal Corporation, National Health and Insurance Fund, National social and security fund and Kenya commercial bank.

Thorncroft (1965) listed six aims which motivate property owners. It is also along this aims that the corporation consider in choosing a management approach for its property. These include but not limited to;

Satisfy an economic and social need

This is the first aim of every estate or business, each estate has an economic function, whether it is to provide shelter in the form of building or to provide land or field crops or raw materials. Social need can be catered for when a property is developed to fulfil a function or a particular need. For example, amenity space in a town centre or development without necessary offering the highest return on capital investment.

Profit

Profit plays a critical reason why investors venture into real estate or at least the avoidance of losses is usually essential. Profits are obtained through maximising income and reducing costs. Financial returns are calculated in relation to a given period, usually a year but much often longer, where large investments, which may not be fully productive for as many as five years or more are concerned. The profit aims of estate investment need not always be financial, the enjoyment by an owner-occupier of his house or shop or factor which would otherwise cost him rent, it obviously a profitable return.

Independence

This refers to the freedom and security that real estate ownership ensures and is probably no less important than economic rewards. The desire for economics and often political independence afforded by owning an estate is very deeply set within human nature. To further enhance independence, the investor may keep a distance from the process he has invested in such as shares in a company, and hire a property manager who tries to penetrate into a market segment at minimized cost (Tempelmans, 2001).

Prestige and political power

For long periods of history, right up to present time, a personal position is determined by the extent of his land ownership. The ownership of land and way it is utilised has been an important and sensitive issue throughout history. Status has always been accorded the owner of land. Ownership of land is perceived to give personal satisfaction, security and value.

At corporate level, the psychic value of owning a prestigious building may be of considerable importance. So too can the ownership of a portfolio of landmark properties which can be listed in the annual company accounts. Certain companies, for example, hotel chains have a need to protect corporate image and to them a building that can act as a flagship for the company may be of value. Moreover, companies, public authorities as well as private individuals regard seriously the fact that they are judged to a large extent by the ownership and management of their real estate. Prestige is an important aim of business management and in particular, it is a powerful incentive for estate expansion.

Continuity

Continuity is linked to the social prestige. It is the wish of many estate owners to safeguard the continuity of their estates. The widespread concern for estates to be held intact and in the ancestral ownership account for the strong urge of keeping property within a family for example, this aim is important in respect of companies, cooperatives and even public authorities who are anxious to establish and maintain traditions of management and control in respect of particular parcels of land.

Social benefit

As an aim in real estate investment, serving the public interest is chiefly associated with public authorities. However, public authorities also include commercial aim in their policies while many private owners are sensitive to some social aspects of estate investment.

Characteristics of commercial properties in Kenya

Commercial properties are composed of office, shopping malls and shops. Schiller (2001) identified six types of commercial users as finance, corporate headquarters, business services, media and entertainment, central government and flagships. Successful investment in real estate calls for sound property management and understanding the property market. Commercial and residential properties held by a corporation exhibit similar characteristics and trends like any other commercial and residential property held by other types of investors, hence a property manager or an asset manager is required to be conversant with the property market in Kenya.

Legally, commercial real estate is regulated by various statutes and acts of parliament; for example, commercial leases are established by registered land act chapter 300, other legislations include, distress for rent act chapter 293, the landlord and tenant (shops, hotels and catering establishments) act chapter 301, these acts of parliament play a great role in commercial real estate. The commercial lease defines the relationship between the tenants and landlord in relation to the building. The lease duration is normally five to six years or longer periods exceeding five years. It is recommended to have longer periods exceeding five years to avoid the creation of controlled tenants under the Landlord and Tenant (shops, Hotels and catering establishments) act chapter 301 of the laws of Kenya.

A controlled tenancy according to the act is the one that has not been reduced into writing or one that has been reduced into writing but is for a period not exceeding 5 years, contains provisions for termination other than the breach of covenant within 5 years from commencement time. A controlled tenancy may emerge as specialised tenancies gazetted by the minister after making reference to the rent paid or the rateable value entered in the valuation roll under the valuation for rating act chapter 266 of the laws of Kenya. The act requires that all issues relating to a controlled tenancy be referred to and determined by the business premises rent tribunal.

Dealing with controlled tenancies therefore ends up being time wasting, costly and frustrating especially the legal technicalities which may cause outstanding issues deferred. The Landlord who is faced with a controlled tenancy is no longer in full control of his property and rents paid are normally below prevailing market rent, as such, the act militates against the Landlords (Chomba, 1990). For commercial properties falling outside the act, rent reviews are open to market rates or via pre-agreed escalation rates contained in the original lease.

According to Mackenzie (1976; 138) quoted by (Murigu, 2005) stated that real estate is always changing. It is possible to note a stable commercial neighbourhood, a stagnant one and a rapidly improving one. These features are dominant in the commercial market of Kenya including those owned by corporations. In the case of Nairobi, Murigu (2005) opined that a stagnant commercial neighbourhood can be observed in the areas surrounding the city centres such as along the River Road, Tom Mboya Street and Machakos Bus Station. Commercial buildings in these areas have been established for years and sales or tenant changes rarely occur. There is generally low maintenance making the buildings worn out.

A stable condition is notable in the CBD where fairly adequate and remodelling occurs. New buildings occasionally come up in addition to the existing ones. Examples of new buildings include; Times Tower, Afya Centre and Teleposta Tower. The CBD enjoys comparative better provision of services, roads and other infrastructure. It also benefits from its centrality in location. It tends to attract excessive market and investment eventually leading to high development densities and unprecedented congestion. A congested CBD manifests high land values and consequently high business operations costs, increased inaccessibility, pollution, traffic jams, lack of parking spaces and an overloading of services and infrastructure may lead to business opting to transfer to less constrained locations.

Rapid changes can be seen in areas outside the CBD, notably, the Westland's and upper hill areas which now have established prime office locations. Other emerging decentralized areas are along Waiyaki, Kilimani area and along Ngong Road. These areas are mainly residential but many professionals firms, International organisation and some corporations have relocated to the residential suburbs. The opportunity to work in a more pleasant environment away from city centre free from pollution, congestion and social problems may be the main reason.

Murigu (2005) further advanced that office market in Nairobi has been quite active over the past ten years. The author further noted that in the current upward cycle, annual completion rate in Nairobi has risen from around 50,000 square metres in 1992 to over 100,000 squares metres in 1997 and 1998 quoted from (Knight Frank report, 1998; 2). (Swazuri et al 1992; 9) observed that between the 1982 and 1992, approximately 148 new commercial buildings were constructed offering about 7.4 million square feet of space. These figures also include the commercial investments made by companies or corporations.

The considerable amount of office that has been completed in the city of Nairobi over the past two years has caused vacancy rates to rise sharply and rentals levels to reduce. At the same time, the economic situations is causing many companies to reduce staff, reducing the demand of space which impact negatively on rents leading to eventual disposition of properties.

The commercial buildings In Nairobi City are mainly high rise developments ranging from 9 to 32 floors. Most of them have unreliable services and this include water and electricity shortages and high duties on imported items such as lifts, are now creating disproportionate costs as owners are forced to install full load, standby power and guaranteed water systems along with more sophisticated security measures.

Property Management Functions

Dasco et al (1989) documented that the basic function of a corporate property manager in income producing properties is to balance periodic cash flow against preservation of value toward maximizing the rate of return on the investment, but Syagga and Aligula (1999) categorised property management functions into pre-occupancy and after occupancy roles. It is this categorisation that comprehensively covers the functions and roles in property management. The following are the property management functions as listed by (Syagga and Aligula, 1999).

Pre Occupancy Roles

Designer assistance

According to Olima (1995) quoted by (Nderitu,1995) asserted that "*Due to the increased need for property management the role of a property manager has gained a lot of importance even in the initial stages of site identification and building design stages.*" Thus a property manager can be involved in the whole lifecycle of a building from the decision to develop to the actual construction of the property and the eventual management process. Since the processes are closely linked, the agents have to be interested in each other's process so as to get information for their own decisions or have control over the range of linked process in order to be sure about physical and financial result of the property during its management (Tempelmans, 2001).

A property manager plays a critical role in the design team. They advice on housing or commercial projects because they are believed to have unlimited knowledge and experience as a user, and supervisor of buildings. Nevertheless, they are only expected to make suggestions and comment to the designer but not to instruct the designer. For example, the property managers can advise on matters such as where to locate the source of water for cleaning or lawn sprinkling, refuse collection sites, how to incorporate safety security features in the structure, the overall cost in-use of building and materials used as finishes. Therefore it is obvious that the role of the property manager in the architectural design is indispensable owing to the fact that the eventual design affects how the building is used and managed.

Letting

Letting is the process through which an applicant becomes a tenant of a given building. The tenant thereby enters into a relationship with the landlord. It is here that the relationship between the landlord and tenant begins. It is therefore important that the property manager handles the letting of a property with extra caution by incorporating careful planning and organization because ,the letting process has a direct bearing on the expected returns of the property as well as its management. The major aspects involved in letting practice include the following;

Advertising and marketing of space

Market definition is an added task to that of a property manager. Thus advertising, marketing and letting of space is an important function in property management. Dasco, et al (1989) asserts that merchandising of space to secure suitable tenants for the premises is sometimes more difficult than outright selling. Therefore the property manager ought to device various ways to attract more suitable potential tenants through advertisement. Advertisement is a promotional tool; a technique applied to gain attention for something; a product or service; a company; or even a philosophy. The audience whose attention is sought may be as small as one person, or as large as everybody. It may be undefined or far more narrowly circumscribed in terms of age or income bracket. Example of advertisement media include, the print and electronic media such as the newspaper, radio, television, internet, brochures and handouts, offsite signs such as billboard, introductory letters sent to various parties considered to be likely interested in leasing the building, and checking on previous list of applicants who may not have secured a space.

Kent (1992) suggests the use of curb appeal. It refers to the appearance and image of the property as prospects approach the entrance. The initial impression of the property touches off either a strongly positive or a strongly negative response. A strong positive impression is created by a well maintained and landscaped property while a negative response is caused by poor maintenance of the property mostly shown by overgrown lawns, peeling paint and dirty walls and floors. For effective uptake of properties it is important for the property manager to ensure the building is in attractive and functional mode.

In merchandising of space, the managers must understand the importance of selecting tenants with sound credit ratings. Good tenants normally have sound credit ratings; they take good care of the space and are more likely to keep current in paying their rents in tandem with the market. The property manager should liaise with the owner on the type of trade or business that should be permitted in the buildings where lettings are required. The property manager should do a detailed market survey to come up with a list of comparables, which can form a basis for negotiating with tenants. For example, in residential properties a property manager may consider things such as places of employment, income levels, family status, ages and lifestyles while in commercial properties, credit worthiness and type of business trade play a role. Once the space is let, a manager must keep the tenant satisfied in preparation for extending the rental period or lease renewal.

Selection of occupants

It is the duty of the manager to determine who should occupy the premises. This depends on the target group especially if it is social housing; but for commercial properties, it depends to a great extent on what the landlord wants, the nature and ability of the tenants to pay. In residential properties, practices like say family actions considered immoral and antisocial may be taken into account in the selection process for public housing and letting of condominiums, flats and apartments this is because good neighbourliness is very important and therefore any bad behaviour should be good reason to refuse an applicant allocation.

Preparation and interpretation of letter of offers and leases

A competent property manager should double up as a legal advisor who is able to advise on the preparation and execution of letter of offers and leases. The manager should be well versed in laws relating to landlord and tenants so as to be able to interpret negotiate and execute leases appropriately. The property manager is required to prepare letters of offer for the tenant. The letter of offer details out the main terms and conditions of the tenancy. According to Syagga and Aligula (1999), in the urban areas of Kenya, about 80 per cent of the tenants who occupy commercial buildings sign the letter of offer. Once the letter of offer is formally accepted, the property manager embarks on having proper and comprehensive leases prepared by the landlord's lawyers.

On the other hand, preparation of commercial building lease will require the efforts of both legal counsel and owner. Most commercial and residential leases and letter of offers may include things such as, the commencement and termination date, the description of the property, the length of the term of the lease, the level of rent to be paid, regularity of rental reviews, the payments of premiums, provisions and restrictions as to assignment or subletting and the responsibility for maintenance and repair.

Pre-occupancy educations

Pre occupancy education refers to the education of tenants on the rules and regulations of the management. The new tenants are expected to read the lease agreements, understand their obligations as tenants and how they are to relate with fellow tenants. Syagga and Aligula (1999) alluded that it is essential that the tenants obtain a draft lease agreement in advance for their comments before being called upon to sign them. This will ensure that they become conversant with the rights and obligations that go with these privileges

Roles of property management after occupancy

Routine management tasks

Routine management entails the daily supervision and control of all the varied undertakings. The management ensures the property is functioning well for the benefit of the users and the corporation as a whole. For a corporation, the management must arrange for a qualified and competent property manager to maintain the property's cash flow and value. The main objective of the property manager is to have routine details attended by the manager while having necessary financial decisions brought to the corporation attention at appropriate times through periodic reports. A property manager might do much of the analysis needed for those decisions, but because of the major long term implications any actual decision should be made by the owners (Dasco et al, 1989). The following are the routine management tasks;

Rent Collection

Tenants expect to pay rent, and most do so without coercion. Some tenants according to (Beard et al, 1981) make a point of personally delivering the rent cheque on the first business day of the month, some have the courage to ask the management if anyone beat them in paying rent that particular month. However some have to be coerced to pay yet it is their legal responsibility (Dasco, et al 1989). The rents can be paid monthly, quarterly, semi annually or yearly inform of cash or cheques. The mode of payment is dependent on the quality of the tenant in place. Example business tenants are likely to pay quarterly.

An effective management develops a rent collection policy aimed at ensuring maximum collection of rent. The rental collection policy should be fair and consistently applied. For example, Schiller (2001) indicated that the rent set in the lease should be reviewed every few years to reflect open market level to avoid the negative impact of inflationary market. The property managers may also be required to adopt various methods in collection of rent, example door to door collection by an agent, office collection where tenants queue to pay, credit transfers and bankers order bearing appropriate rent amount. In Kenya, particularly City of Nairobi Syagga & Aligula (1999) alluded that "*47 per cent of tenancies use office rent collection while payment by credit transfers and bankers order is used by 40 per cent. Only a small portion of tenancies of about 13 per cent use door-to -door rent collection method.*"

The success of any property management process is dependent on how they respond to their tenants in the issues relating to rent collection and arrears. Kent (1992) says that personal visits by the manager are always more effective than delinquency letters. The only effective written message is the official notice required before eviction. The tenants should be impressed with the importance of making payments on time. Demand notice should be sent immediately when rents are past due. Most management systems in place give an allowance of five to ten day at the beginning of each month for the payment of rent, failure to which the property manager initiates legal proceedings to collect the unpaid rent (Dasco, 2002).

In Kenya the rent distress act chapter 293 can be invoked when a tenant fails in his or her obligation of paying rent. The act authorises a landlord to send a bailiff to attach the property in the premises where the defaulters are levied in accordance to the act. The act allows the attachment of goods belonging to the tenant by auctioneers to recover the unpaid amounts. The landlord may opt to evict the tenant as the last resort. However, in the case of controlled tenancies the recovery of rent arrears may be difficult as one has to consult with the rent tribunal to be able to evict the tenant.

Lease administration

A lease can be defined as term of years absolute having a fixed beginning and a fixed end and gives exclusive possession to the tenant. Encyclopaedia of real estate terms describes it as a grant of a right to exclusive occupation (or exclusive possession) of property (generally but not necessarily of real property or land) for a fixed or definite period of time which may be for a life, a term of years, a succession of periods or at will of the grantor, provided the period is certain or capable of being made certain and is less than that held by the grantor in return for a payment termed rent or premium.

The property manager has the responsibility of ensuring the lease is properly drawn and the provisions therein are adhered to. The property manager acts on behalf of the landlord as far as lease administration is concerned. The parties to the lease are the landlord, tenant and sometimes a surety. The landlord may be an individual, a number of individuals, a company or corporation, trustees of a settlement, charity, the government, local authority and development Corporation. In the case of a company, care should be taken to ensure that the company purporting to grant the lease is the same company that actually owns the property; otherwise serious difficulties may arise. The tenant of a business premise is likely to be a company, one or more individuals or a partnership.

The sureties act as guarantors to the lease to guarantee payment. The inclusion of a surety is meant to cushion the landlord against the financial failure of an individual or corporate tenant. It is now a standard practice to require a tenant to provide one or more sureties to guarantee performance of tenants' covenants and obligation and to indemnify the landlord in the event of a breach. A guarantee is essentially a contractual promise that the tenant will perform his obligation under the lease. Default of the tenant will place the guarantor in breach of his contractual obligation and give rise to an obligation to pay damages (Trumans, 1987).

A lease may also contain the detailed description of the premises, term or length of lease indicating the commencement date and termination date, payment of rent and rent reviews. The lease should clearly indicate a provision for the operation of a regular procedure for assessing the rent payable in the light of market conditions, and specify whether the rent can be reviewed upwards or downwards or upwards only, in most cases is upwards only (Calus research report, 1983)

A property manager is also supposed to monitor that all the covenants are followed to the latter. The covenants may be express (written or spoken) or implied (either by common law or by status). Commonly found leasehold covenants by the lessor include; not derogating from her/his grant, to ensure lessees quiet enjoyment and to repair the property. Some of the Covenants to be fulfilled by the lessee include, paying rent, repairing, permitting the lessor to enter to inspect, not to alter the structure, not to assign or sublet without permission and to use the premises for stated purpose only (Green, 1997). Effectiveness in carrying out the covenants in the lease can be enhanced by emphasising that it is in both the tenants and landlords interest that they should co-operate in carrying out the spirit as well as the letter of the agreement without which the relationship between the tenant and landlord which the lease seeks to maintain may deteriorate (Calus research report, 1983)

Tudor (1988) candidly explains the ground for termination of a lease. A lease may be terminated via a notice to vacate the premise either by landlord or tenant; through expiry or efflusion of time; Surrender where the lessee yields up possession to whoever is entitled to the immediate reversion. Forfeiture, the right to forfeiture arises when for example; the lessee breaks any express condition which contains a re-entry clause. Frustration, a lease is frustrated if any material part of the property is wholly destroyed or rendered substantially and permanently unfit for purposes for which it was let; a merger occurs where the lease and the reversion become vested in the same person in the same right, the lease becomes merged in the greater estate (the reversion) and disappears.

Maintaining favourable tenant and employee relations

Cordial relationship between the tenants, property managers and the property owners is critical to the success of management. Clear communications and prompt decision making in all the management matters goes a long way in obtaining tenant corporations to the aims and policies of the property owner. According to Beard et al (1981) "*Procedures should be established for responding to tenant requests. Whenever a tenant calls with a request, he should be told immediately whether or not it will be granted or if there will be delay. It is misleading and damaging to the management/tenant relationship to promise services that will not be forthcoming*"

A good tenant and employee relations reduces excessive turnover, for example a tenant was asked by a property manager why he was moving, the tenant replied that *"It just seemed that the people in that building were unconcerned about the needs of my firm or the personal needs of my employees. You know, I didn't even know the managers name"* (Beard et al, 1981). This kind of response and turnover undermines building's cash inflow hence impacting negatively on value of the property. Therefore efforts should be made to retain existing tenants to guarantee cash inflows.

According to Dasco et al (1989) much of the managers' success depends on arranging for technically competent people for specialised task in the management process. Moreover, clear communication and fair treatment are necessary for satisfactory long term employee relations. Success of any management type is enhanced and dependent on a positive program of tenant relations. The program should begin prior to tenants move-in and extend throughout the term occupancy.

Purchasing supplies, authorizing wages and paying expenses

Costs are always incurred in the operation and maintenance of the property. In corporate real estate, many costs are recurrent and payments becomes routine, such as employee wages, utility bills, repairs, remodelling or pest control and the purchase of daily cleaning detergents. In ordering or arranging for these services, close monitoring and inspection becomes necessary to ensure that value is received prior to any payment. The involvement of the property managers in this activity is because he or she can obtain the service at a much lower cost with better quality than an individual owner might. It is in this light that managers justify their fees (Dasco et al, 1989).

The property manager must see to it that operating expenses, real estate taxes, insurance premiums, and mortgage payments are paid when due, depending on the arrangement, a manager may be authorized to sign checks or may only prepare a list of payments for the owner's attention (Wurtzebach et al, 1995).

Repair and maintenance

Buildings and infrastructure are important assets whose maintenance and upkeep cannot bewished way. The constitution of Kenya 2010, under article 42 provides that every person has the right to a clean and healthy environment. Further Article 43(1b) provides that every person has a right to accessible and adequate housing and to reasonable standards of sanitation, while article 69 provides that the state shall ensure sustainable management and conservation of the environment. The constitution obliges the state to legislate and create measures that will ensure that the built environment is managed, maintained and conserved in a sustainable manner. Kenya vision 2030 provides for improvement of the visual appeal and functionality of the built environment. Subsequently thorough knowledge of the property service and maintenance requirement is mandatory for a competent property manager.

Maintenance is defined as work undertaken in order to keep or restore every part of the building and associated infrastructure to a currently acceptable standards to sustain its value. The primary aim of maintaining a building is to ensures it continues to serve the purpose it was designed for, yield optimum return, ensure safety, health and comfort in its usage (Draft national building maintenance policy, 2011). Maintenance of a building stock may take many forms according to Seeley (1978) it may include, Planned, routine, preventive, reactive, specialised and emergency maintenance. Maintenance works include inspections, testing, planning, organising, repair, refurbishments, re-building, rehabilitation, reclamation, renewal adoption and setting standards. The premises should be kept clean and attractive at all times. Periodic inspections should be made to ascertain that halls are kept lighted, janitorial duties are being performed, electricity, heating, fire fighting equipments such hose reels and fire extinguishers, air conditioning and other building services systems are properly functioning. Flaws and hazards should be checked for and removed from sidewalks, stairs, roofs, wiring, plumbing or any possible place to avoid accidents.

The maintenance of the property is a collective responsibility of the owner, property manager and the tenant as explicitly stipulated in the lease agreement. To ensure efficiency and effectiveness in maintenance, it is important that the key stakeholders of the building develop a maintenance policy to provide guidance and direction in the maintenance process.

Security

Security is one of the most sensitive issues in rental housing today and it promises to become even more complicated in the near future (Kent, 1992). It is upon the property manager to arrange for the various measures of security. The increase in crime both against persons and property has made security a top demand by tenants of all types whether residential, office, retail or industrial. The property manager has the difficult task of seeking to minimize the risk of crime while at the same time keeping operating cost increases to a minimum (Wurtzebach et al, 1995). The most common security devices or measures include In house security, security guards firms and security patrols, television surveillance, access control, security lighting, padlocks, key locks traffic control and access control.

Record keeping and Accounting

A professional manager ought to keep an adequate system of accounts, records and reports. The records keep historical data and information on occupancy, management policy, landlords and tenants details, government reports on taxes especially the land rents and value added tax paid on commercial rents. The manager also keeps records of income and outlays and works with the owner's accountant in preparing annual financial statements and tax returns. The Keeping of records facilitates easy monitoring and evaluation of management progress. This is possible through; disseminating periodicals reports to the property owner for own perusal. In keeping with this function, the property manager is required to brief the landlord on the income and expenses expected from building. The briefing can be carried out on a monthly or quarterly basis whereby a summary statement is issued showing the income received and the expenses that have been incurred over the month or quarter.

Other extra duties

Property managers may perform frequent rent reviews through a thorough market and investment environment survey, to ensure that the rent charged to the tenants is commensurate with the maximum return on the property. In addition, the property manager duties may also involve handling legal matters that arise during the management process. This is because disputes and wrangles are prone to emerge in management. It is upon the property manager to represent the landlord adequately in the legal matters. For example, the property manager may be involved in the dispute resolution mechanisms such as arbitration and negotiation, the normal litigation in courts or the rent tribunal courts (Dasco et al, 1989, Nderitu, 1995).Other duties is undertaking of a periodic valuation of assets, determination and payment of insurance premiums on the property.

Factors that influence the choice of a management style

One of the features of the property which distinguishes it from other investment media is its requirement to be managed. The owners of a property portfolio have the discretion to decide the type of management they want for their investment. Some owners may opt for an active or passive management. Active or hands own management is a proactive role, seeking ways to improve the performance of the portfolio both at an individual property and portfolio basis. This management style encompasses both long term strategy and short term action where attention is given to detail to ensure the investment performs optimally.

On the other hand passive management is a reactive style where the owner undertakes little or no positive planning to ensure maximum performance of the investments. Such properties are held under good covenants. Virtually, all the authority and obligation in matters concerning the property is delegated to the occupier other than when the need for disposal arises. The owners' involvement in the property only arises when a lease expires, tenant vacating or when approached by a third party (Dubben et al 1991).

Corporations and organisation may thus choose a management style basing on various factors. The following are some of the reasons corporation consider on choosing the type of management approach;

The cost of management

Different types of property investment may require different approach to management. Each of the management approach has its own cost implication. Prohibitive cost may limit the owner to manage the properties either in house or through external agents. This is because rational investors always seek possible ways of optimising returns and reducing cost of management. Thus the cost of management may go a long way in determining the type of management style.

Size of the investment

This relates to the size of the investment (buildings) whether it is a single or multi-storey building or a portfolio comprising commercial buildings. Size determines the extent of use of a property and to some extent reflects the income envisaged from it. Any large property investor or institution will have the choice whether to manage the portfolio in house or put work out to the management department of registered real estate firm of property managers. For example in the united kingdom Dubben et al (1991) documented that it is usual for smaller funds and individuals, where assets are up to around $15 million, not to employ in house staff. This is because at this level the portfolio is likely to contain sufficient directly held investments that substantial management is required, and therefore the decision must be made as to whether the property should be managed by an in house team or an external consultant.

Security of capital and income

Security of capital means protecting the original investment and protecting the purchasing power of the capital, as total loss of the capital may be difficult to replace. The protection of money value of the investment is of prime importance to investors. The principal of any investment may be recovered through resale only if the investment is readily marketable and enjoys price stability.

Investors are also concerned about the security and regularity of the income receivable from the investment. Stability of income allows the investor to plan his total investment programme more accurately and logically. An investor who requires an assured income may decide to employ an active and proactive type of management that may involve both in house and outsourced management to give attention to detail.

Independence

Independence refers to freedom from worry, harassment and security that real estate ownership ensures and is probably no less important than the economic rewards. Majority of the corporate investors may want to achieve this independence by having an active and proactive management crew taking care of their real estate needs. In addition, the owners may want to free themselves from the day to day requirements of owning real estate so as to concentrate on their main objective of their existence as a corporation. This indeed may require the engagement of a management approach that will enable the corporation maintain and keep its culture alive.

Risk exposure and bearing capacity

Bachner (1995) stated that risk is intrinsic to the human experience. We cannot avoid and we cannot eliminate it. But we can manage it and thereby take a step toward reducing the likelihood that we will be victims and, if we are, one ought to work towards reducing the severity of the consequences. For property managers in particular, risk management is complex and can be costly. But the complexities and costs that can arise without effective risk management dwarf those associated with proper procedures. It is therefore important to conduct a risk audit. A comprehensive risk management begins with a thorough and comprehensive risk audit. This means a comprehensive review of everything capable of being reviewed, from human resources management policies through security procedures, legal procedures, regulations and contracting methods. The goal is to determine what you have in place, the risks or exposures that created or left untouched, and the alternatives available for reducing risk. Therefore, it is prudent for the investors and property managers alike to assess risk exposure before opting for a management style .

Conducting a feasibility study

A feasibility study may go a long way in establishing the most appropriate method for management of corporate real estate. The advantage of a feasibility study is the revelation of the merits and demerits of each management approach, which is accompanied with appropriate recommendations that can aid the corporate investors in making worthwhile decisions with the pros and cons in mind. In addition, a feasibility study conducted by a consultant in the property management field gives the findings credibility that can be relied own by the corporate stakeholders.

A thorough feasibility study can also be enhanced by obtaining assistance from peers who have experience in the area of corporate real estate management; this may help in reviewing policies and what is needed for effective management. Bachner (1995) advises that there is no need to stumble through the process on your own, rely on others who are qualified and be sure to advance your own knowledge in the field through a number of books and trade publications. He further said that, some of the big losses experienced by property managers and owners were not only easily avoidable, but they should have been avoided because the people involved knew better.

Relying on past experience knowledge

Management approach may be chosen or rejected by a corporation based on its successes or failures in the past. A belief such as the world is filled with consultants, or so it seems, but very few genuine experts, may influence the decision makers. This may necessitate the use of a particular approach to cross check the activities carried out in the course of management to guarantee transparency and accountability, for example The Corporation may embark on a combined approach that may give attention to detail.

The management styles/ approaches

Scarret (1995) documented four types of management approaches. These included the following;

In house management approach

In house management is an approach to property management whereby, a team of professionals is employed by the corporation to focus solely on the interests of that particular company and develop a fast track response to investment decisions where appropriate. The corporations take the advantage of their particular skill and minimise the knowledge of outside world of their activities. The in house team is believed to be fully committed to the effective management of the portfolio; it understands the criteria and policy of the investor in a way that is very hard for an outsider to do, and it can be made accountable by performance review and operation of management bonus schemes. The success of the investment is heavily pegged on the skills of management team whose contribution cannot be assumed necessitating the need for performance review.

In house management may take the form of a separate department of the larger organisation headed by departmental head or middle level management, who report to the top management team concerning the performance. The decision to have an in house management may be due to the size of the portfolio. An extremely large portfolio may require some of its functions to be undertaken by outside agencies. This is meant to ensure the corporation does not lose track of the main objectives of their existence.

Most of the large corporations may opt for in house management because the contracted team in most cases are only accountable in so far as they do a good and professional job in order to receive their fees, and this often does not call for the same attitude and involvement as can be required of an in house team directly appointed by the top management (Dubben et al, 1991). In addition, a significant number of property owners do not consider the services provided by contracted management teams as professional, significant others consider it as professional but advance that the outsourced team ought to adopt a proactive approach to management of properties and provide a package of services that is ambitious and covers all the aspects of the property management as those offered by multi disciplinary practices (Singh, 1992) quoted by Nderitu (1995).

In house management team is considered to be favourable in terms of cost. The corporations may opt for this type of management because the professional fee is sometimes too prohibitive, yet an in house team can handle the same volume of work at a considerable cost.

Shortcomings of in house management

The group is unlikely to have the expertise on every facet of the property and it would be uneconomic to take on highly-paid executives to deal with specialised areas likely to crop up frequently. According to Nderitu (1995) there is lack of proper training and qualification to handle issues that arise in the course of management, hence the in house managers are often forced to supplement their skills and abilities by the employment of private practitioners for special tasks or for certain limited management functions or tasks to ensure that the in house team is not diverted from its main responsibilities. If the portfolio is geographically diverse, it may not be practical in logistical terms, for a central in house team to manage adequately and positively on its own.

Magana (1987) advanced that in house management tend to be complacent and fails to handle complaints in a satisfactory manner as an outsourced team would. For example, an external agent would not like complaints on management to reach the employer, or board of directors and top management of a corporation as this may limit their chances of contract extension. An in house team on the other hand is not keen or under obligation to third party and acts independently in its undertaking hence compromising service delivery.

Complacency coupled with low levels of morale and a staff that believe senior staff or top management is not knowledgeable about the intricacies of property management to be able to stir efficiency and effectiveness in management of properties may lead to underperformance of the property section in the organisation. For example, the in house staff layout is weakened by serious overlap of duties and who to report to in case of a problem that requires immediate attention.

In house management may largely concern itself with the limited role of property management in spite of the myriad roles that property management as a profession presents. This may curtail the achievement of corporations' key objectives in property management. Magana (1987) noted that the estate department of university of Nairobi tend to confine itself to maintenance and repair only, leaving other roles to contracted management. This is a challenge to management process; the property may underachieve because of the failure of in house management to be concerned actively with other aspects of management. In addition, without suitable trained in house members, it is hard to monitor whether the outside retained agent is doing their job optimally, or indeed receiving the correct instructions to enable them to deliver as expected in the case of a combined management style (Dubben, et al, 1991).

Outsourced/contracted management

Outsourced management refers to a process whereby a property Management Company is contracted to take part in management of real estate assets. The company or firm may exist under various ownership formats: Sole proprietorship, general partnerships, private company and corporations, they specialise in real estate as a form of business (Kent, 1992). Some of the larger agents have very substantial volume of properties under management. Involvement of an outsourced management to advise and manage is an option widely used in many cases to good effect (Scarret, 1995).The property owners look for more than just property management from agents. They want a package service that includes financial management, architecture, and interior designing among other services (Nderitu, 1995). In addition, the outsourced management crew is believed to be made of consultants who are experts at their trade, they understand the management subject inside and out and offer services commensurate to the fees paid to them.

The advantages of outsourced management are considerable. The firms engage in a wide range of activities related to properties and maintain a highly experienced and motivated team. The type of organizational structure is depended on its size, type of properties it handles and its primary function. It has various departments that contribute to efficient and effective management of properties. The departments may comprise; maintenance, valuation personnel, finance, purchasing, acquisition and administration. Marketing and valuation play a crucial role in overall management process. Marketing teams boast of current knowledge and experience of demand and rental levels, and valuation teams are aware of the yields that are being achieved in a variety of transactions.

Contracted management is also considered attractive, because the profession is protected by the estate agency act chapter 533 laws of Kenya. The act categorically spells out the qualification of an estate agent and the legal action that can be instituted against a wayward agent. For instance, as stipulated in the estate agency act article 18 (c) "*That no individual shall practice as an estate agent unless he is a registered estate agent. That nobody corporate shall practice as an estate agent unless all the directors thereof whose duties include the doing of act by way of such practice are registered agent.*" And to be registered as an estate agent, one has to be holder of a degree, diploma or license from a university recognized by the registration board, posses two years post qualification experience or at least six months in case of a foreigner who may want to practice in Kenya, in addition one must be of good conduct devoid of fraud or any dishonesty. Moreover regulation of estate agents is possible because one must be a full member of ISK in chapter of valuation and Estate Management Surveyors to be registered by the board. Therefore, according to Section (4) of the act, the board shall be charged with the responsibility of registering estate agents and of ensuring that the competence and conduct of practicing estate agents are of standard sufficiently high to ensure the protection of the public, and for that purpose may exercise the power conferred and shall perform the duties imposed upon the board by the act.

The definition provided by the act states that estate agency deals with selling, mortgaging, charging, letting, or management of immovable property or any house, shop or other building forming thereof. The act protects all the stakeholders from malpractice that may arise when management is contracted. An aggrieved party may report to the Estate Agent Registration Board where necessary disciplinary action may be taken against an agent who is reported to have failed in the duty of care and upholding professional ethics and integrity.

The corporations may cut costs by engaging outsourced team, although, the cost may or may not be more than that of an in house team. The corporations benefit because the agents are known to compete for instructions through elaborate competitive presentations where the service is proposed, the cost or its method of determination and the impression made by the team all play a part in the eventual choice. Most of these appointments are made for periods of one, three to five years before reappointment is considered (Scarret, 1995).

Outsourced management reduces operations cost and supervisory needs that a corporation might have incurred when managing on its own. The corporations may save on cost of tools and equipment it ought to have purchased and maintained. By contracting management, the organisation avoids the challenges of job progression and staff development that an in house team may demand in order to offer efficient services (Dubben et al 1999).

Relational challenge between the landlord, tenant and the property managers is always likely to crop up when management is contracted. Problem arises when the agents are unable to decide on whom to give priority in the management of properties. Largely, the personal relationship of the landlord and property manager takes precedence (Nderitu, 1995).The property manager is supposed to liaise and consult with the landlord in all matters that appertains the management of the property. Difficult relationship between the tenants, agents and landlord emerges when tenants' requests and needs are unfulfilled. The sour relationship may arise because of unclear channels of communication and who to consult in case of a problem in the management.

Tenants in commercial and residential property may feel short changed when the property owner and property manager fail to take responsibility in discrepancies and pass the blame to each other. The disgruntled tenant may terminate the tenancy when their needs are unmet, thus prolonging the blame game. The landlord may blame the property manager for failing in his or her duty yet the main reason might have been unresponsiveness of the Landlord to handle issues (Magana, 1987).

The conflict that emerge between tenants, agents and Landlord can be solved through a tenant's good attitude towards the aims and policies of the landlord, which may make property management not only easier but also successful, than where it is apathetic and hostile. In addition to taking command, giving prompt and clear decisions when required and fostering fairness and equity between the various stakeholders involved in management process, makes commercial property management a fulfilling task (Syagga & Aligula, 1999).

"The practice of appointing an agent on a more or less permanent basis no doubt leads to some complacency and a lack of keenness on the part of a few agents, frequent changes of agent are hardly likely to foster commitment or enable the team to build up a background knowledge and ethos" (Scarret, 1995). This is a major drawback that impacts negatively on the performance of the property investment portfolio. Hence, most corporations prefer to maintain an estate department that focuses solely on the corporate properties without losing track of the corporation's objectives and goals.

A hierarchical division

This is a management approach where by the in house manager directs the strategic thrust, limiting agents to carry out a limited management role. Many companies will opt for this model where the thrust of the business is conducted by the in house managers leaving the appointed agent to carry out basic and repetitive tasks of property management.

There should be a contract between parties setting out the precise extent of the agents responsibilities so as to avoid misunderstandings. Agents may well find that a limited relationship of this kind will develop over the years and the more the work will be enthroned to them either as an extension of other list of duties or as one off tasks. The reason for giving special assignment to an agent may be that in house expertise is lacking or too limited, that a second opinion is sought or that the requirements coupled with the timescale are too great or too disruptive of other activities for the in-house team.

A combined management style

A combined management style refers to involvement of in house and outsourced team in management of corporate real estate assets. It can take two forms, one of the forms, is whereby the in house management and the agent have respect for each other's abilities and expertise and work together on the range of management tasks in an almost seamless way to the benefit of the corporate property portfolio. The other form is when the strategic thrust of the business is conducted by the in house managers, leaving the appointed agent to carry out the basic and repetitive tasks of property management (Scarret, 1995).

The success of a combined system requires a rare kind of chemistry because it is a form of partnership, and in a partnership challenges are bound to occur. It requires strong commitment and sacrifice from each team member if it is to succeed, which ideally may not be very possible without the occurrence of conflicts. Nevertheless a corporation may benefit from a combined style. This is because the different management styles supplement and complement each other's efforts, expertise and shortcomings. For example, in house team has the advantage of understanding the objectives, goals, and culture of the organisation; it works towards ensuring the property investment performs optimally in accordance to the set objectives through an established estate department made up of knowledgeable and experienced staff to monitor every aspect of corporate real estate assets.

On the other hand outsourced team can work with the in house team at various capacities. Dubben et al (1991) cited a number of reasons why corporations may contract management; that sometimes the in house expertise is lacking or too limited in tasks such as the knowledge on current market rental rates, asset valuation process and inability to conduct a comprehensive market research necessitating a second opinion to be sought. Moreover the requirements of the task at hand may be too demanding and disruptive of other activities for the in house team thereby increasing the need for outsourced management services (Scarret, 1995).

Outsourcing of real estate services by corporations may give rise to agency issues and other relational challenges. Thus it is crucial to identify issues associated with outsourcing and in house management from the perspective of both the external agent and the organisation, so as to effectively enhance the interaction between the organisation and external manager. One way to improve interaction in a combined management style is to have a management agreement before embarking on management of the corporate real estate.

Efficiency and effectiveness in a combined management practice can also be enhanced by having the corporations devise ways to advise the external property managers on the importance of taking ample time to learn how the organization conducts its affairs. Areas to be learnt may include the organization structure, reporting relationship, approval process and presentation format requirements that are unique to the corporation. In addition, the contracted property managers need to be sensitive to the corporations concerns about timeliness, accuracy, thoroughness and integrity of opinion as they complete assignments. However failure to understand the culture of the organization, the contracted agents may experience frustration with the timelines of corporate decision process and delayed approval. Such delays may contribute to poor performance and cause avoidable conflicts in property management process.

A sizeable in house management team may be retained to oversee the management of the portfolio at corporate level and provide a link with the corporation when almost the entire real estate function is taken over by a real estate firm. The situation may arise when there is consolidations and downsizing of human resource in corporations. This is one of the driving forces behind outsourcing, thus the demand for outsourced services is here to stay for the long term (Kimbler & Rutherfold, 1993). Such a situation according to Dubben, et al (1991) requires suitable trained in house personnel to be able to monitor and to dispatch correct instructions to the external agent to ensure optimum performance. For example according to Wurtzebach et al (1995) a suitably trained in-house personnel may be regarded as asset managers who may be typically well trained undergraduates or MBAs who have not only expertise in real estate but also general training in all major business disciplines such as finance, marketing, production and management. The asset manager ensures that the property managers manage the properties in such a way that collectively they fulfil the portfolio needs of the corporate investors.

Working measures and mechanisms in a combined style

Understanding how partnerships work together is a stepping stone to efficient management in a combined management style. It is only through learning partnership that real estate executives can most effectively utilize consultants to help meet the challenges of an increasingly intricate and changing industry. Kimbler & Rutherfold(1993) asserted that *'outsourcing is a complex topic, yet it is clear that the issue is not whether outsourcing is good or bad, but rather whether clients and consultants are engaged in learning partnerships across traditional organizational boundaries.'* To ensure effectiveness in management of corporate real estate, managers prefer to work with the individuals they know. They identify providers through professional affiliations, associate recommendations, referrals, networking, and advertisements on the dailies, bidding and real estate publications.

Long term working relationship is important to both external and corporate managers. Having positive prior experiences with a property company is important, but the quality of the employee assigned to the project is an important factor to corporate managers. A cordial relationship can be enhanced by the outsourced company willing to accept small jobs, accept only jobs where they are qualified, use the same calibre of employee to perform the assignment as the one presented in the proposal and to look to the corporate real estate manager as their interface to the corporation.

The roles of in house corporate and outsourced manager are still contentious. The solution to the controversy is to clearly define the role of the asset manager and service providers within the corporate environment. In most of the corporations according to Kimbler

& Rutherfold (1993), the corporate property manager is supposed to manage real estate process, decide what services to provide in house, to select and monitor specialised service providers. In such a case the manager is a general manager helping to determine the strategic role of real estate in corporations. In this role, managers are able to withstand any attempt by service providers such as outsourced agent, to replace the manager or to bypass the corporate real estate department. Nevertheless not all managers see their role as that of a general manager who oversees the real estate process. They often see that their expertise should be to conduct the details of real estate affairs of the corporations. In such a case then the agent has every reason to attempt to bypass the real estate manager by pitching his services to senior management. Kimbler & Rutherfold (1993) recommended that to militate against such a situation, the corporate managers ought to take a broader, more strategic approach to their responsibilities.

It is essential that the corporations' embraces clear objectives and goals for management purposes. They are also required to give enough lead time for effective implementation, to give honest feedback during proposal stage and to put more emphasis on quality management other than just negotiating for the fees. On the other hand the external agents should be willing to encourage managers to free themselves from task-oriented demand of their jobs and to focus on the broader strategic issues such as policy formulation. While the outsourced agents focus on their delegated roles.

Delivery of services as promised is a prerequisite to the overall performance of the corporation and the way it is judged and viewed by stakeholders (Thorncroft, 1965). Corporations endeavour to maintain a good reputation even if the maintenance of good standards is uneconomical; they strive to maintain traditions of service delivery. Sound corporate management is reinforced by the management teams delivering what they promised and finishing their work on time. The work must be thorough, timely and display independence of thought. The outsourced team must dedicate the level of experience and breadth of skills presented in their proposal for service delivery, while the corporation must clearly define project scope and their realistic expectations for an effective management process

Management agreement

A management agreement is an important aspect in property management; it refers to the relationship between the owner and the managing agent. This agreement establishes an understanding between two parties by defining their mutual duties, responsibilities and obligations. The agreement must be in writing for future references. An important aspect of management agreement is that, the agency relationship empowers the managers to perform duties with the assurance that as long as they are performed in good faith, the owner is legally bound and responsible for the actions of the manager (Wurtzebach et al, 1995). A Combined management system can be effective through the implementation of the management agreement between the corporations and the external agents. Bachner (1991) showed that one way to create a management agreement or contract is to develop a specific contract with the work specifications by use of various players in the industry to develop a detailed contractual agreement and to be proof checked by a legal officer and agreed on by all the concerned parties. According to (Beard et al, 1981) the management agreement normally contains the following provisions.

A commencement, termination dates and an extension for a definite term; after this term, they may revert to a month to month basis. The length of the initial term depends on individual circumstances. Certainly, it should extend long enough to enable the property manager to accomplish the owner's goals for the property and realize a fair profit for the services provided. In the event of termination, the party effecting the termination should notify the other party. Termination becomes effective after receipt of termination notice, within a specified period, the client is supposed to remunerate the external agent for the services rendered and cost incurred with the consultants prevailing fee schedule and expense reimbursement policy.

Each owner of the building should be noted on the agreement, and each owner or authority representative should sign it, as should the property managers. If the property owner is a corporation, the manager should request a copy of the authorization giving the corporate agent the authority to sign the contract. The agreement should categorically spell out the roles of the corporate property manager, service providers and the external property manager and what they are supposed to do. Each work unit should be accompanied by fee projection indicating all the expenditures and fees to be paid. This is meant to ensure accountability of the responsibilities taken by either of the property managers and service providers. The management agreement should also give property manager the authority to incur routine and emergency expenses up to a specific amount to operate the property.

A provision is needed that dictates what records are to be kept, what reports to be forwarded to the owner or owners and to what addresses. If copies should be sent to others, such lawyers or accountants, this should be specified. The agreement should also state the banking arrangements, the use of a special trust account that separates the property's income from the managing agents account should be written into the management agreement. This is because the selection and maintenance of adequate trust fund records is absolutely essential to the fiduciary relationship between the owner, in house department and agent. The agreement should contain a clause that defines who will have the responsibility for obtaining insurance coverage, paying premiums, and naming the managing agent as additional insured.

It is advisable to indicate the management fee on the contract and criteria of paying out the fee to eliminate confusion and unnecessary feuds cropping up. In most scenarios, a property manager frequently works on a commission basis, (typically 3 to 5 percent) of the gross rent collected. In addition, a fixed fee may be payable, particularly when the management services requires a relatively predictable amount of time. However in setting a management fee, the property manager's objective should be to ensure that all pertinent costs are covered and that a reasonable profit is realized. This requires careful analysis of the property to determine what it will cost to manage.

Bachner (1995) further explained other features of a management agreement. These features of contractual agreement are critical in determining the mechanism and measures that can be instituted in a combined management style to increase its success rates. Some of the features documented by Bachner (1995) include the following;

Timely performance which is usually desired, but it should be spelled out clearly rather than using vague general terms such as ''time is of the essence.'' A date should be indicated by which certain tasks should be completed and permit allowance for conditions beyond the consultants control. It is important to indicate in the agreement how disputes will be resolved, often through binding arbitration or mediation. Some property managers prefer a method whereby each party to a two-party dispute selects a 'conflict resolver,' and the two conflict resolvers select a third and these three effect a resolution that is binding. In case the alternative dispute resolution does not work, the normal litigation involving court process can be invoked. Litigation approach always comes with some extra cost and time.

Although innovation is always welcome, few property owners want their properties to be guinea pigs. Accordingly, some property owners may decide to insert into the contract a clause to ensure the agent uses proven techniques and materials. In any event it is appropriate for property managers or owners to satisfy themselves that a given approach is likely to work because it has worked elsewhere. Therefore the consultants should be required to identify similar area projects where given recommended techniques or materials have been applied. Property managers should speak with the management personnel of each such project or corporate real estate asset to assess their satisfaction.

The consultant should be willing to indemnify, hold harmless, and defend the owner and the owner's agents for and from any claims or losses resulting from the consultant's negligent professional acts, errors or omissions, in proportion to the degree to which the professional acts, errors, or omissions result in such claims or losses. Experienced property managers advise, do not rely on an indemnification for any significant protection, if protection is needed the property manager may obtain insurance. And, perhaps most important of all, rely on a competent consultant. In that way, the likelihood of having to enforce an indemnification or to seek relief from insurance becomes small.

Some consultants may seek to insert clauses in a contract in order to reduce their risk exposure. One of these is "limitation of a liability" whereby the consultants aggregate liability to the owner, contractors and subcontractors is limited to a flat sum or to the fee whichever is higher. This creates a liability exposure to the owner, who would underwrite all losses above the liability limit. Some property owners are willing to accept these limitations; others prefer to negotiate a higher limit, with the consultants usually increasing the fee by modest amount to consider increased risk. The maximum limit which most consultants will accept is equal to their professional liability insurance coverage.

Communication

Communication between the corporation and the agents tend to break down once the project is underway. Communications may not be as effective as desired, this may include; corporate managers not being available and failing to return calls, infrequent and vague feedback on the performance of the agents. A combined system can only be effective through proper communication processes, for example, effective communication ought to be a two way street, open, honest and timely. With regard to effective communication, in house managers and agents need to attempt to learn about each other and learn to clearly communicate needs, expectations and services.

According to a research by Kimbler and Rutherfold (1993), Corporate Managers pointed out that the providers should present timely and better progress reports and that they need to focus greater attention on the client. The Managers further recommended that the service providers ought to make frequent but brief progress reports, be candid and reveal problems or unusual circumstances immediately, and keep the more experienced personnel involved throughout the assignment.

A Communication process should always be clear and up to date with unfolding events and circumstances. For example, when the provider is not the right firm for the job, this should be indicated initially, and if the corporation has determined that the provider is not going to get the job, the provider should be told upfront. Once the job is granted, providers should do the job they were hired to do, even if it costs additional money, compensation should be reflective of value added through proper verification of the reports and receipts.

Summary of literature review

In summary, the literature review has shown that there are various property management styles in practice today, which is in house, outsourced, hierarchical and combined style. These styles have their own merits and demerits. The in house management style focuses solely on the property thus understand the various objectives of the Property owner but may fail to manage the corporate assets optimally when overwhelmed with extra duties in the corporation. In addition some corporation may opt for in house management, because they have not fully appreciated the value of a professional property manager. They still perceive appointing a property manager as a waste of money (the standard, Home and away, 15 September 2011).

On the other hand, outsourced style may offer services at a competitive rate while carrying out extra duties which in house may not be in a position to effectively execute, however the outsourced management firm can only be accountable in so far they do a good and professional job in order to receive their fees. This is a drawback to the corporation because the contracted firm will not be concerned so much about the objectives, strategies, culture and priorities of the corporation in the same way as directly appointed in house management team (Dubben and Sayce, 1991).

A combined style emerges as a style that overcomes the shortcomings of in house and outsourced management styles, however, by combining in house and outsourced management; challenges may arise such as lengthy procedures in making decisions and delay in responding to tenants complaints on time. The challenges in a combined management style are exacerbated by lack of a comprehensive management structure showing the exact roles and reporting channels between the outsourced and in house management.

Although the literature reviewed acknowledges the various management styles available, the merits and demerits of each management style, still it does not show which method is best for managing corporate real estate and to ensure client satisfaction. Therefore the entire study will embark to find out whether a combined management style is ideal for corporations and in ensuring client satisfaction.

Problem statement or gap

Corporate real estate is a growing area in property management. This is attributable to the increased investment in landed properties by corporations either for operational or for profit purposes. Corporate real estate requires effective and efficient management to ensure the organisations achieves its aims and objectives. The various management styles in practice today, that is in house, outsourced and combined styles have their own merits and demerits as revealed by the literature review. However, no particular management style has been stated as being the most suitable for corporation. Therefore which management style should the corporation adopt to further its objectives without losing focus of its primary aim of existence? Should it be in house, outsourced or combined management style?

However, the decision on the style and quality of management is borne by the owners. A property manager or real estate consultants might do much of the analysis needed for those decisions, but because of the major long term implications, any actual decisions should be made by the owner or owners (Dasco et al, 1989). Hence, the study sought to unearth merits and demerits of various management styles that may enable the corporations make informed decision based on their objectives and aim of existence. Therefore, is combined management style the solution to management challenges witnessed in some of the corporations? This is the question and the gap the study will endeavour to answer at the end. As a result, the researcher will endeavour to fill this gap through field work and making appropriate recommendations on the way forward.

Therefore the study will focus on finding out the viability of a combined management style in ensuring client satisfaction and management of the corporate real estate assets. To guide the process of filling this gap and studying the viability of a combined management style, the following research questions, objectives and hypothesis will be instrumental in directing the research process to ensure relevant data and information is collected.

Research questions

I. What are the various management styles available to corporations in management of their landed property?

II. How and which criteria do corporations use to choose the style of management and what is the procedure for outsourcing management?

III. Which roles do in house and outsourced property manager play to ensure efficiencies and effectiveness in management of real estate, is there complete autonomy

IV. How do corporation ensure cooperation and cohesiveness between in house and outsourced management teams?

Objectives of the study;

I To explore the various property management style and the factors considered in choosing a management style

II To identify the roles of a property manager in a corporation

III To find out the measures and mechanisms put in place to ensure client satisfaction and a successful working relationship in a combined management style

IV To document appropriate recommendations regarding management of corporate real estate based on the observation and findings of the study.

In this study it is therefore hypothesised that:

"A Combined management style is necessary in the management of state corporations' properties and in ensuring client satisfaction."

RESEARCH METHODOLOGY

Research Design

Research methodology is a conceptual structure in which research is conducted. It provides a way of collection, measurement and analysis of data. This research was designed to focus on two study areas; **National social security fund and Postal Corporation of Kenya**. A reconnaissance visit was made to the two corporations which enabled the selection of two commercial properties that have a combined management style in place. The buildings selected were Hazina Towers and Ronald Ngala postal corporation building belonging to NSSF and PCK respectively.

Data collection Methods

In this study, the researcher utilised three methods of data collection namely, review of literature from secondary sources, physical observation, self administered and research administered questionnaire with the aim of meeting the study objectives and fulfilling the study hypothesis.

Primary sources

This involved the collection of data directly from the sources by the researcher which comprised serving of questionnaires, direct interviews to the respondents and **personal observations** to assess the state of repair and maintenance in the buildings. The respondents included the, outsourced *property managers, tenants, the property owners (Corporation) and the institution of surveyors of Kenya (ISK).*

Secondary sources

This included information obtained from publications, text books, magazines, unpublished reports, journals and internet. Secondary sources formed the main basis for developing and examining literature review on various management styles and corporate manager roles. It revealed the various documented management styles and perceptions by the stakeholders in the real estate industry.

Table displaying variable identification matrix and data collection methods employed.

Table 1.1

Objectives(variables)	Data needed	Source of Data	Methods of collection
To explore various property management style and reasons for their selection	1. Various management styles 2. Reasons for selecting a management style	1. Existing literature 2. Property managers 3. ISK officials	1. Literature review 2. Self and research administered questionnaire
To identify the roles of a corporate property manager.	1. Roles of a corporate property manager	1. Property managers outsourced and in house 2. ISK officials 3. Literature review	1. Self and research administered questionnaire 2. Literature review
To find out the measures and mechanism in place to ensure client satisfaction and a successful working relationship in a combined management style	1. Measures and mechanisms in place 2. Extent of client satisfaction 3. Viability of a combined management style	1. Literature review 2. Corporations(NSSF and PCK) 3. Property managers 4. Institution surveyors of Kenya officials(ISK)	1. Literature review 2. Self and research administered questionnaires 3. Observation 4. Guided interview

Source: Author

CHAPTER TWO

THE CASE STUDY AREAS

This chapter presents an in depth description of the case study. It begins with a brief description of why a two case study approach was chosen. Since the research is on how corporations or organisation manage their properties, the basis for selecting the case study areas was corporations that have adopted a combined management styles discussed earlier in the literature review.

Introduction

According to Kothari (1990) research by using a case study is designed as a form of qualitative analysis and involves careful and complete observation of a social unit. The social unit can either be a person, family, an institution a cultural group or the entire community. The information that is sought is highly detailed, comprehensive and typically reported in narrative form as opposed to the quantified scores on a dependent measure. However, according to Yin (2002) although all research designs can lead to successful case studies, when there is an opportunity or choice a multiple case designs may be preferred over single-case designs. Nevertheless in a multiple case designs there is the possibility of direct replication, but the analytical conclusions independently arising from the multiple cases will be more powerful than those coming from a single case study. They will have immeasurably expanded the external generalizability of the findings. The case study design must have the following five components: its research questions, its propositions, its units of analysis, a determination of how data are linked to the propositions and criteria to interpret the findings.

A two case study approach was thus the most preferred because it allowed for the collection of original and genuine data from stakeholders who have a real experience on what is actually happening on the ground. It is an in depth method rather than breadth and thus it places more emphasis on limited number of events or conditions and calls for an intensive examination of the efficiency, effectiveness and various shortcomings of the property management styles adopted by the corporation.

The research seeks to obtain information that describes the existing phenomenon by asking all the stakeholders in the institutions about their perceptions, culture and attitudes towards the combined management style. For this particular study, the case studies were two different corporations namely, National social security fund and Postal Corporation which have adopted a combined management style for their commercial properties.

BACKGROUND OF THE CASE STUDY AREAS

National social security fund

The national social security fund is a statutory yet friendly public trust which exists for the public good. It has its headquarters at NSSF building at upper hill area in Nairobi and 39 branches countrywide. It is the premier social security provider for Kenya's workers. Its role is to provide social security protection to workers in the formal and informal sector. They register members, receive their contributions, manage funds of the scheme, process and ultimately pay out benefits to eligible members or dependants. According to Hazina, the official newsletter of the National social security fund news November 2011 publications, its quality policy statement state that '*The national Social security fund is committed to provide quality and sustainable basic social security to Kenyans through expedited registration, collection of contributions, prudent investment of contributions and timely payment of benefits.*

The NSSF was established in 1965 through an act of parliament chapter 258 of the laws of Kenya. The fund initially operated as a department of the ministry of labour until 1987 when NSSF act was amended transforming the fund into a State Corporation under the management of the board of trustees. According to the act '*There shall be a board of trustees to be known as NSSF board of trustees which shall have a name, be a body corporate having perpetual succession and a common seal, and may in its corporate name sue and be sued and may purchase, hold, manage and dispose of movable and immovable property and enter into all such contracts as it may deem necessary or desirable and for the purpose of this act.*'

The funds mandate is to register members, collect contributions, and invest the contributions and specified benefits. The scheme is financed entirely by the employer/employee monthly contributions set at five percent of wages based on a ceiling of four thousand shilling per month. Through collection of monthly contributions from the workers of this country, the fund plays a role of mobilising savings. The money is re-invested in the economy and conversely helps the government mop up excess liquidity. Part of the contributions is used to buy government treasury bills and bonds and this enables the government to carry out financial obligations.

To spread risks the fund has various investment namely shareholdings in company such as Bamburi cement, East Africa Portland Cement, Kenya power, Kenya commercial bank, Kenya breweries, British American tobacco, National bank of Kenya among others. The fund has also developed several estates in Nairobi and Eldoret. For example in Nairobi the fund has a vast estate dubbed Nyayo estate located approximately eighteen kilometres from city centre and adjacent to Embakasi village. Moreover the fund is also selling 1581 houses in phases IV and V of Nyayo Estate Embakasi. The houses are expected to be ready for occupation In June 2012.The purchasers pay a deposit and are allowed to reside in the residential houses while paying the balance in monthly instalments for a period of 15 years. This enables Kenyans to own houses through the tenant purchase scheme that is friendly. The interest rate is fixed this goes on to assist the government goal of providing affordable housing in Kenya.

Besides, NSSF has several commercial buildings and plots around the country, the rents charged are fair and this stabilizes the cost of office space in the country. With regard to the plots, the fund has sold over 2000 plots of Tassia to low income earners through the funds tenant purchase scheme. In terms of commercial buildings the corporation has a total of seven commercial properties namely; Bruce house, Hazina towers, View park Towers, Social Security Plaza, and two for retail services. The case study will be based on one commercial building dubbed Hazina towers located within the CBD.

NSSF (Hazina Towers)

Hazina Towers is a twenty four storey commercial building. The building is located within Nairobi Central business district. It fronts Utalii Lane and its rear view faces Uhuru highway. The building is constructed of reinforced concrete framework of beams and columns in filled with natural stone and construction blocks. The floors are partly finished in terrazzo and ceramic tiles in the common areas while internal floors are finished in PVC and Ceramic depending on the choice of the tenant letting the space. Internal walls are painted while external walls are rendered. The building boasts of a wide range of tenants ranging from Law firms, private business and institutions such as Kenya Methodist University. The building houses ninety five (95) tenants in total. The building is managed both by outsourced managing agents (Firm A) and in house management team in the Estate management department.

Postal Corporation of Kenya

Postal Corporation of Kenya is a company responsible for postal service in Kenya. It is also known as Posta Kenya. Kenya post system was formerly part of the Kenya post and telecommunication corporation which was split into Telkom Kenya providing communication services, Postal Corporation of Kenya to offer postal services and communication commission of Kenya a separate national regulatory authority in 1999. The split was advised by the new government economic policies in the mid 1990's which were developed and adopted, supported by the international monetary fund and World Bank. Recommendation of this process included the separation of the postal and telecommunication operations. An IMF loan arrangement also dependent on privatisation of Kenya Posta Telecommunication Corporation, but IMF suspended this in July 1997 over reported concerns of government corruption (Wikipedia, Postal Corporation Kenya; 2/3/2012).

The main mission of the postal corporation of Kenya is to deliver superior financial, distribution and communication solution to customers and create value to the stakeholders. The postal corporation of Kenya is a key public communication and financial services provider charged with specific statutory functions that are geared towards rapid social and economic development of our country. The current services provided by PCK include delivery of letters, parcels, expedited mail services (EMS), money orders, third party payments and agency services, electronic funds transfer (EFT) government salary and pension services. To enable it discharge these functions it has put in place strategic business plan to ensure efficient delivery of services and improvement of corporate image.

Postal Corporation of Kenya is wholly state owned enterprise created by an act of parliament in 1998 to provide, financial and distribution services as a public postal licensee since inception in 1999. Postal corporation is the only entity charged with provision of universal service obligation in fulfilment of united nations declaration on the right to basic communication services as a human right. In line with goals in the liberalization of the communication Act of 1998 marked a major milestone in the development of the sector.

In 2003, the corporation initiated a major restructuring exercise to transform the organisation through scanning the business environment and implementing strategies that would make it respond appropriately to market dynamics. The key initiatives are captured in its 2003-2007 corporate strategy plan.

Postal Corporation is steered by a board of directors appointed by the government of Kenya as the shareholder under the leadership of a chairman also appointed by the government of Kenya as the sole shareholder. The board is charged with the responsibility of strategically guiding the entity. On the management side, the organisation is headed by a chief executive officer under the title of the postmaster general. She/he reports to the board.

The key department of PCK are mails, courier and financial services supported by a number of support department; logistics and facilities management, finance and strategy, human resource development and management, information and communication technology, legal, marketing and customer service. However, in view of the rapid changes in the communication sector, the board and management of PCK are continuously reviewing strategy to give better focus on the corporations major revenue driver that revolve around three areas; financial, courier and mail services.

In terms of asset base, the corporation has vast investment in residential and commercial properties. The bulk of the commercial assets is its headquarter and a total of 700 branches in the country (IBM Corporate Service Corp report, March 2011) In terms of employment, PCK employed approximately 4000 postal workers in 2009 through 500 departmental offices and 200 sub offices. The case study is based on one four storey commercial property owned by postal corporation. It is located along and fronting Ronald Ngala street.

Ronald Ngala Postal Corporation commercial building

This is a four storey commercial building with an option of vertical expansion in the future. The building fronts Ronald Ngala Street. The building is constructed of reinforced concrete framework in filled with construction blocks. The floors are finished with cement screed, while the internal colour schemes are painted to the choice of the clients. The external walls are partly keyed and rendered. The roof is of concrete slab. Ronald Ngala building has three main corporate tenants who occupy a large part of the building. The corporate tenants include, Posta bank, Posta Ronald Ngala branch, Nairobi Institute of business studies. In addition it has five private business tenants. At the time of the study the building was in a fair state of repair apart from dysfunctional plumbing system and lifts which were under repair. The building is managed both by outsourced managing agents (Firm B) and in house management team of Postal corporation facilities and logistics department.

CHAPTER THREE

DATA COLLECTION AND QUESTIONNAIRE METHODOLOGY

This chapter examines the data collection procedures, data collected and the methodology of questionnaire that was very instrumental to the acquisition of data from the two case study areas described in chapter two. It presents a brief description of each of these phenomena.

Data collection methodology

A reconnaissance visit was conducted before the research begun in order to familiarize with the case studies. This was beneficial to the researcher to gain prior knowledge of the corporations and various management styles which contributed to the formulation of the hypothesis. The data was collected systematically and this facilitated the description and explanation of what was actually taking place on the ground. Largely the data was obtained using questionnaires, which were mainly self administered or self completion questionnaire and researcher administered to the sampled property managers, tenants and ISK official.

The researcher administered questionnaire provided flexibility in the questioning process. It enabled the researcher to clarify questions and problems for additional information. Respondents who would not have taken time to reply to self administered questionnaire were willing for personal interview. Mugenda (1999) stated that while administering questionnaires a response rate of 50 percent is adequate for analysis and reporting, 60 percent is a good response while 70 percent is very good. With a sample size of 60 tenants in Hazina towers the researcher obtained a response rate of 67 percent. While for Ronald Ngala plaza all the eight tenants occupying the building responded to the questionnaires administered.

Statistical parameters

Population

A population according to Jupp et al (1996) consist of individuals or elements and these could be persons, or events or anything at all of research interest including observations, judgements and abstracts qualities. It is also a well defined group or set that has certain specified properties and for this study the population was made up of all the commercial properties, property managers and tenants of commercial assets belonging to

National social security fund and Postal Corporation of Kenya all based in Nairobi region. This population was targeted since it was better positioned to supply information on the effectiveness and efficiencies of each approach adopted by the organisation.

The sample and sampling procedures

According to Kumar (2005) Sampling is the process of selecting a few sample from a bigger population to act as a representative of the whole population and to become the basis for estimating or predicting the prevalence of the unknown piece of information, situation or outcome regarding bigger groups. The aim of sampling is to save time and effort but also to obtain consistent and unbiased estimates of the population in terms of whatever is being researched (Jupp et al, 1996).Thus sampling technique was chosen because the two corporations have a large property portfolio and could not be possible to undertake an extensive and intensive study owing to the constraint of time and resources. The sample taken by the researcher represents the general characteristics of the whole population. The data that was sought in this research was obtained by simple random and purposive sampling technique which gave all the tenants and property managers an equal chance of being selected.

Purposive sampling is a non probability sampling strategy. The sample is not necessary a representative of the population, but it offers in depth information essential for the study. It allows the researcher to use cases that have the required information with respect to the objectives of the study (Mugenda, 1999).

In any research the sample should not be too large or too small that it should be optimum in order to fulfil the required reliability, flexibility and representativeness. There are key factors that have to be taken into consideration in deciding on the sample size and include amongst others; time, budgetary and size of the population. Hazina Towers which has a population of ninety five (95) tenants, only sixty (60) tenants responded to questionnaire administered. On the other hand all the eight (8) tenants being the whole population of tenants in Ronald Ngala PCK responded to the questionnaires issued. Purposive sampling was adopted for ISK officials and for property managers. Four property managers representing management department of firm A and B responded to the questionnaire administered. Two representatives in each of the corporations in conjunction with other staff in the corporations filled the questionnaire meant for the in house department. On the other hand, ISK officials preferred a research administered questionnaire.

Questionnaire Methodology

Questionnaires were found to be very instrumental as the respondents had more time to think about their answers or consult other sources. This is because questionnaires do not suffer from the problems of interviewers asking questions in a different order or in different ways, and respondents are able to complete a questionnaire when they want at their own speed (Bryman, 2004).

The questionnaires provided a high degree of anonymity for respondents. Moreover the characteristics of interviewers (and respondents) which could affect the answers people gave were eliminated. This method is a popular one for data collection. It is the most convenient and suitable instrument for both surveys and statistical research. The questionnaires contained a combination of structured, unstructured and matrix questions. They were designed and administered in four sets; for Tenants in NSSF and PCK buildings, Institution surveyors of Kenya officials, In house and outsourced property managers for the corporations and firm A and Firm B respectively.

The data collected using questionnaires included, various management styles in practice, roles of property managers, mechanisms and measures in place to ensure successful working relationship, the extent of satisfaction level from the tenants perspective, the corporation, property managers and other stakeholders in addition to recommendations on how to improve efficiency and effectiveness in a combined management style.

Apart from the primary sources such as questionnaire and visual observation, **secondary sources** played a vital role in identifying the various variables that enabled the development of literature review and formulation of appropriate questions. The mains source of the data was obtained through reviewing existing and available relevant literature from text books, journals, statutes, corporations' newsletters, unpublished works and various websites.

CHAPTER FOUR

DATA ANALYSIS AND PRESENTATION

This chapter focuses on an in depth description and analysis of findings. The findings from the two case studies are discussed simultaneously so as to draw a valid conclusion for testing of the hypothesis and meeting the stated objectives. Various aspects of descriptive statistics such as frequencies, tables, charts and percentages have been adopted to clearly express the findings. Where it was impossible to use descriptive statistics, narrative approach came in handy.

Findings and Analysis

Two commercial buildings formed the basis of the study. One owned by NSSF located within the CBD, while the second one belonged to Postal Corporation located along Ronald Ngala Street. The two buildings analysed by the researcher have adopted a combined management style. At the time of the study, they were being managed by different outsourced management firm and reporting to an In-house management department within the corporation. The researcher code named the two firms as Firm A and Firm B.

Management styles

It is apparent from the responses given by the property managers, tenants and Institution surveyors of Kenya that the management styles available for the management of corporate properties are in house, outsourced and combined styles. NSSF has adopted a combined management style for all of its commercial properties while Postal Corporation of Kenya has largely adopted in house management style and combined management style for other selected commercial properties. In both corporations, the management styles are documented as the official management styles adopted by them.

Various reasons were cited by the corporations for opting for a combined management style; for NSSF, a combined management style was chosen primarily to spread risks inherent in investments, and in order to enhance optimum performance of their commercial properties, the corporation understood the extent of their risk exposure and bearing capacity thus outsourced the management to ensure the management is handled by professionals. On the other hand, PCK outsourced management of some their properties to enhance security of capital and income streaming from the let space.

Both PCK and NSSF Corporation opted for the combined management style because of the large size of their property investment. In addition, the cost of the management process increased the need for outsourcing to cut on cost and at the same time retaining an in house team to oversee overall management. The two corporations also based their choice by conducting a feasibility study and relying on past experience and knowledge. The state corporations obtained the services of management firms through an open tender. The tenders were advertised in the local newspaper, inviting management firms to submit their tenders.

According to the findings, it is clear that the amount of fees offered and professional exposure played a critical role in motivating outsourced firms to provide management services for the state corporations. This was the case with both firm A and B. However the management style adopted by the two firms was according to the policy or a requirement of the corporate organizations in question.

Corporate objectives and the role of real estate

The National Social Security Fund is committed to provide quality and sustainable basic social security to Kenyans through expedited registration, collection of contributions, prudent investment of contributions and timely payment of benefits. In connection to this main objective of their existent, the corporation has an obligation of ensuring prudent investment of members' funds, and one of the investments is real estate. The fund has investment in both residential and commercial properties. The investment is meant to spread risks and secure members investment. The findings show that, NSSF's real estate investment is for operational purposes, profit maximization, social and economic benefit and to foster corporations' independence. For profit maximization role, the researcher discovered that the corporation has commercial rent policy that is friendly to tenants. The policy has caused high occupancy rates in its commercial buildings. This is because the policy advocates the charging of favourable rates to enhance business and economic development in the country.

While for the *Postal Corporation of Kenya*, their main objective of existent according to the findings is to provide mail services, courier services, superior financial services and money transfer services. Real estate investment does not clearly feature as one of their objectives but has a department in charge of the real estate services called logistics and facilities management. In PCK the real estate investment is mainly for operational purposes, social and economic purpose. The little space that remains is let out to tenants for profit maximization. For example for Ronald Ngala Posta plaza, currently, two floors have been reserved for Posta bank and postal services while the extra space has been let out to a middle level college called Nairobi Institute of Business which occupies an extra two floors, the rest of the five tenants share out the remaining space.

According to the findings, the manager of Firm A and firm B confirmed that they were aware of the objectives of the corporation; and according to the firms, the property management style satisfies the objectives of the corporation. The satisfaction level was rated as very good by firm A while Firm B agreed that the rate of satisfaction is good. According to the findings, a combined management style satisfies the objectives and requirements of the corporation. For PCK, three in house personnel and few of the staff that were consulted by the researcher confirmed that the satisfaction level was good while for NSSF two in-house personnel confirmed that the satisfaction level was good.

The roles of the corporate property manager

The roles of each corporate manager in a combined management style are determined by the needs of the corporations. Although the roles of the in house and outsourced team may be distinct, they still shared some of the roles in management process. According to the findings both in house and outsourced shared some roles, for example; NSSF has tenant selection policy which gives guidance on the choice of tenants accepted in the building. The outsourced team seeks to implement by accepting offers from particular tenants only. Other shared roles include, repair, maintenance, record keeping, accounting and rent collection.

With repair and maintenance, the researcher found that a certain maximum amount has been set by NSSF whereby an outsourced team can comfortably carry out repair and maintenance, beyond which the in house team takes over the repair and maintenance. For example repair and maintenance requiring more than one hundred thousand shillings is carried out by the in house managers.

The researcher discovered that the role of rationalisation of assets was the sole responsibility of the in house management. In this role, the property management ensures that all assets are optimally utilized and those that are idle are relocated and disposed. These assets include, space, furniture, equipment and machinery. The reason given for rationalisation of assets is to ensure the corporation is up to par with market trends and changes in the market.

In matters relating to rent collection, PCK requires the tenant to directly deposit the rent due in the corporation's rent collection account, after which the corporations sends the receipt to the outsourced firm for record and accounting purposes. While for NSSF, the outsourced manager collects the rent due and writes a cheque in the name of NSSF account. In this arrangement both the corporation and outsourced firm keep records of the receipts.

The tenants confirmed that they received a couple of services from the management such as security of the premises, rent collection, service charge administration, repair, cleaning, and lease administration. Tenants' opinion varied on the level of cleanliness, repair and maintenance and other services provided to them by the management. Particularly, PCK tenants complained of delay in effecting repair of broken plumbing fixtures in the ablution rooms and poor level of building cleanliness. However, the Tenants of NSSF Hazina towers commended the management for maintaining the building well but complained of the slow response in servicing faulty lifts.

Table 4.1 (property managers roles in NSSF)

Roles played by In house manager	Roles played by Outsourced manager
Designer assistance	Advertising, marketing, letting and tenant selection
Recordkeeping and accounting	Rent collection
Handling legal matters	Record keeping and accounting
Rationalisation of assets	Preparing letters of offer and lease administration
Maintenance and repair	Maintenance and repair
Purchasing supplies, authorizing wages and expenses	Maintaining favourable tenant and employee relation
	Purchasing supplies, authorizing wages and expenses
	Managing security and fire protection
	Valuation of assets

Tabular representation of the roles played by managers of NSSF commercial premises

Table 4.2 (property managers roles in PCK)

Roles played by the In house manager	Roles played by Outsourced manager
Designer assistance	Advertising, marketing, letting
Rent collection	Selection of occupants
Handling legal matters	Preparing letter of offers
Record keeping and accounting	Lease administration
Purchasing supplies, authorizing wages and paying expenses.	Maintaining favourable tenant and employee relation
	Maintenance and repair
	Managing security and fire protection
	Record keeping and accounting
	Valuation of assets

Tabular representation of the roles played by managers of PCK commercial building

SOURCE: FIELD STUDY, 2012

Chart 4.1: Distribution of in house and outsourced property manager roles in NSSF

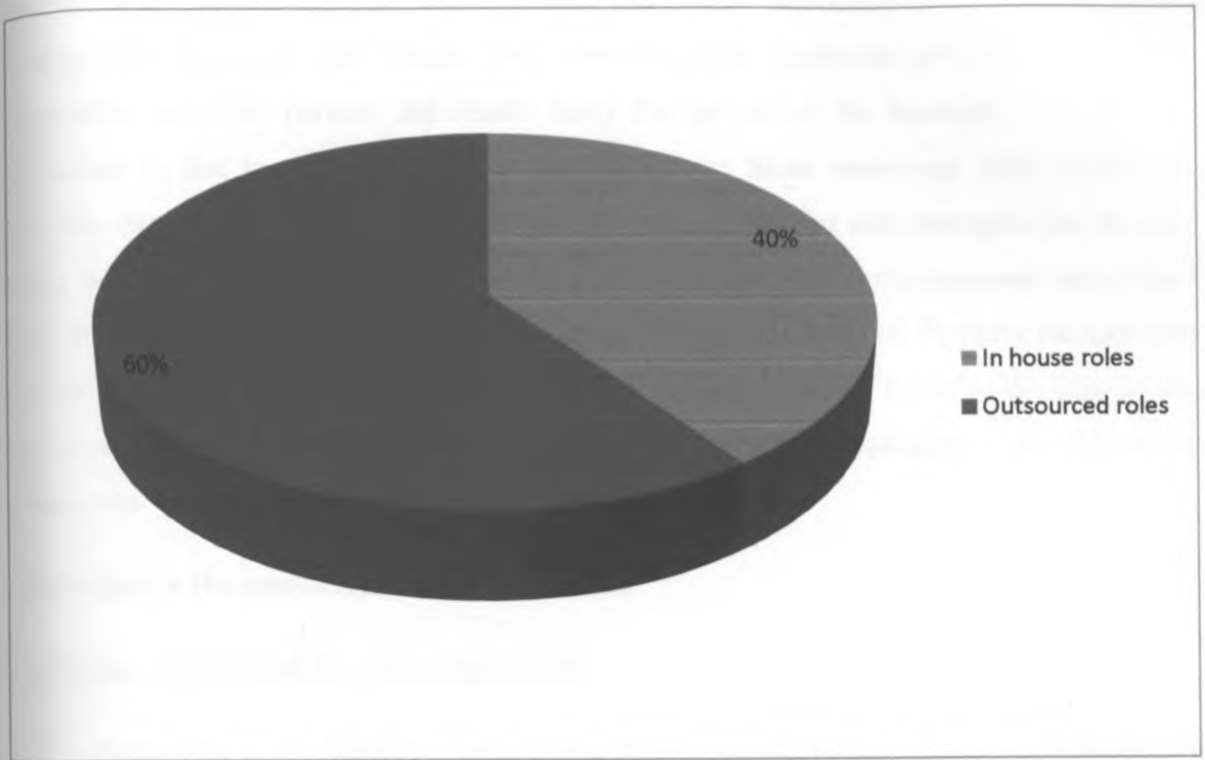
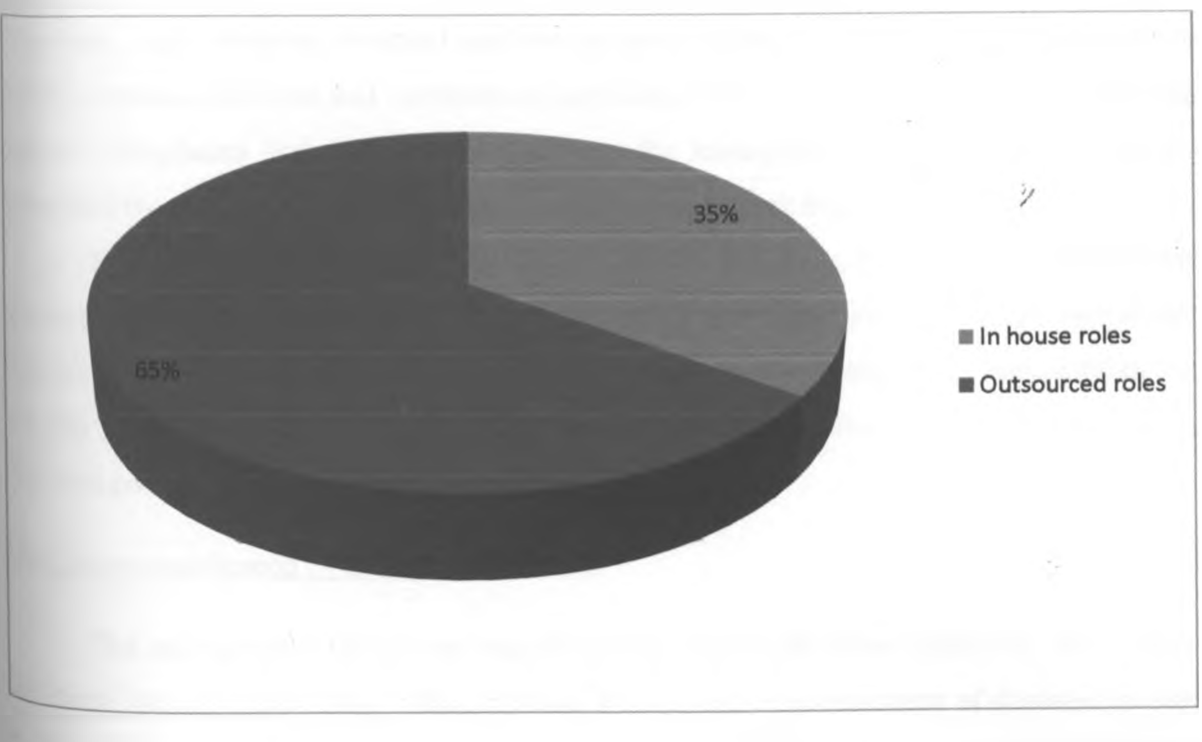


Chart 4.2: Distribution of in house and outsourced property manager roles in PCK



Pie Chart representation of the roles played by in house and outsourced management teams in NSSF and PCK respectively.

The roles played by the property managers in a combined management style are partly distinct and interrelated. The data indicate that NSSF outsources sixty percent of the management functions and retains forty percent of the functions in-house, while PCK outsources sixty five percent and retains thirty five percent of the functions in house. The difference is due to the fact that the corporations are more concerned with formulating policies, strategies and monitoring the implementation of policies and strategies. On the other hand, the outsourced management appears to carry out the routine management tasks which form the bulk of management functions. However these functions of Property management can only be effective if they are directed towards ensuring that the needs of the tenants and the state corporations are fully satisfied failure to which the property may fail as an investment.

Challenges in the combined management style

Challenges experienced by state corporations

According to the findings, corporations experienced challenges in the way outsourced managers dealt with them, sometimes the outsourced manager by passed the estate department when addressing various issues dealing with the property management. In some occasions, calls were not returned and the property manager was not readily available to address various problems and confusion of stipulated roles. There were delays in addressing tenants' complaints and dispatching reports on the management progress and the reports submitted by outsourced managers sometimes required rework before being used.

There is lack of confidentiality in information regarding the property management process, also the state corporations complained of the outsourced manager employing unprofessional support staff to take part in the management of their properties without the consent of the corporation. Other challenges included non remittance of collected rent on time and poor maintenance of the properties.

Challenges experienced by firm A and B

The management firms experienced various challenges when executing their duties, and these included, the delay in the selection process and announcement of decision to start management. In management process, firm A complained of bureaucracy in procurement of services. While firm B said that the utility account should be left under its management to avoid extra costs in rent collection process and complained of delays in approving expenses for repair and maintenance.

Challenges experienced by the tenants

Challenges and differences in any kind of management are bound to occur, however what matters is how they are handled. According to the findings the tenants of NSSF experienced a myriad of challenges; the researcher found out that, rent was reviewed upwards without prior notice to some of the tenants, the tenants who had this complaint, blamed it on the laxity and familiarity between the management and the tenants. Another tenant complained of being overcharged by paying VAT on service charge yet they were only supposed to pay the tax on rent only.

The tenants of PCK also had several challenges. Out of those sampled they all complained of unresponsiveness of management to repair and maintenance of the building. That it took so long to respond to the grievances of the tenants. For example, the lifts were not working, water shortages; the fire safety equipments were out of order. The root of the problems according to the tenants is the poor allocation of funds to cater for maintenance and repair and unwillingness of the landlord to respond to the issues on time. In addition the tenants felt that other cause of these problems might be that the procurement procedures may be too bureaucratic.

The working mechanisms and measures in place to enhance effective working relationship in a combined management style

Various measures and mechanisms according to the findings were essential in determining the effective working relationships in both NSSF and PCK, these included; a comprehensive management agreement covering all the covenants, the delivery of promised services, the roles to be played by each manager and adopting real time communication mechanisms to enhance progressive update. For example communication has been enhanced by using letters, liaison person and scheduled telephone calls.

A smooth relationship according to NSSF Corporation has also been enhanced by monthly meetings where the outsourced managers meet with top management of the corporations in charge of properties investments. In the meetings challenges are addressed and a way forward is given to enhance the property performance.

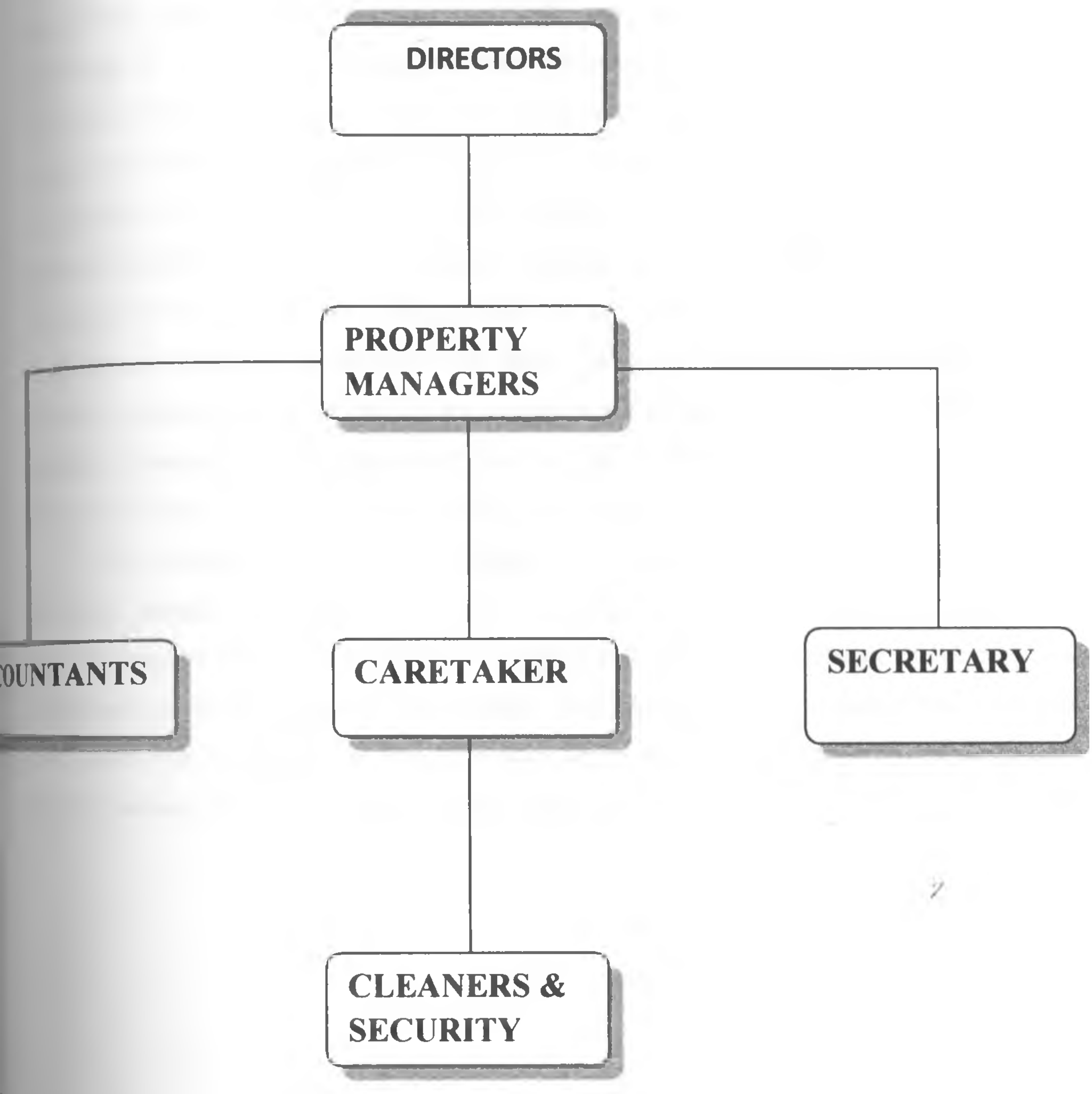
Suggestions provided by Firm A and Firm B and the state corporations on how to enhance effective relationship

The state corporations managers suggested that, to enhance a smooth relationship, it is imperative that a key liaison person is appointed to deal with the outsourced agents, all requests to be attended to immediately upon receipt. Payment of rent receipts to the corporation to be prompt to avoid accumulation of arrears and unnecessary feuds with the outsourced managers. The corporation to improve on the time they take to respond to challenges that crop up, especially with issues regarding repair, maintenance and disconnection of utility services due to delayed payment. Outsourcing of support services to be left in the hands of the agents or at least involve them in the whole process of sourcing for them.

Management structure of firm A and B

The organisational chart represents a typical functional organisation structure of Firm A and B. The firms have adopted a distinct department headed by a property manager who reports directly to the directors of the firm in charge of management. According to the findings the organisational structure is flat. The property manager for the corporation property may communicate directly to the in-house managers or the general manager in charge of property management depending on the magnitude of the need at hand, or liaise with the directors of the firm who in turn consults with the top management of the state corporation. The caretakers report directly to the property manager, while the accountants and the secretary assist the property managers in accounting and clerical work respectively. Both Firm A and B have a total of four staff members in charge of the management of the state corporation commercial property. The following is management structure outline;

Figure 4.3: Organisation Structure



The organisation structure showing the outsourced management department of firm A and B.

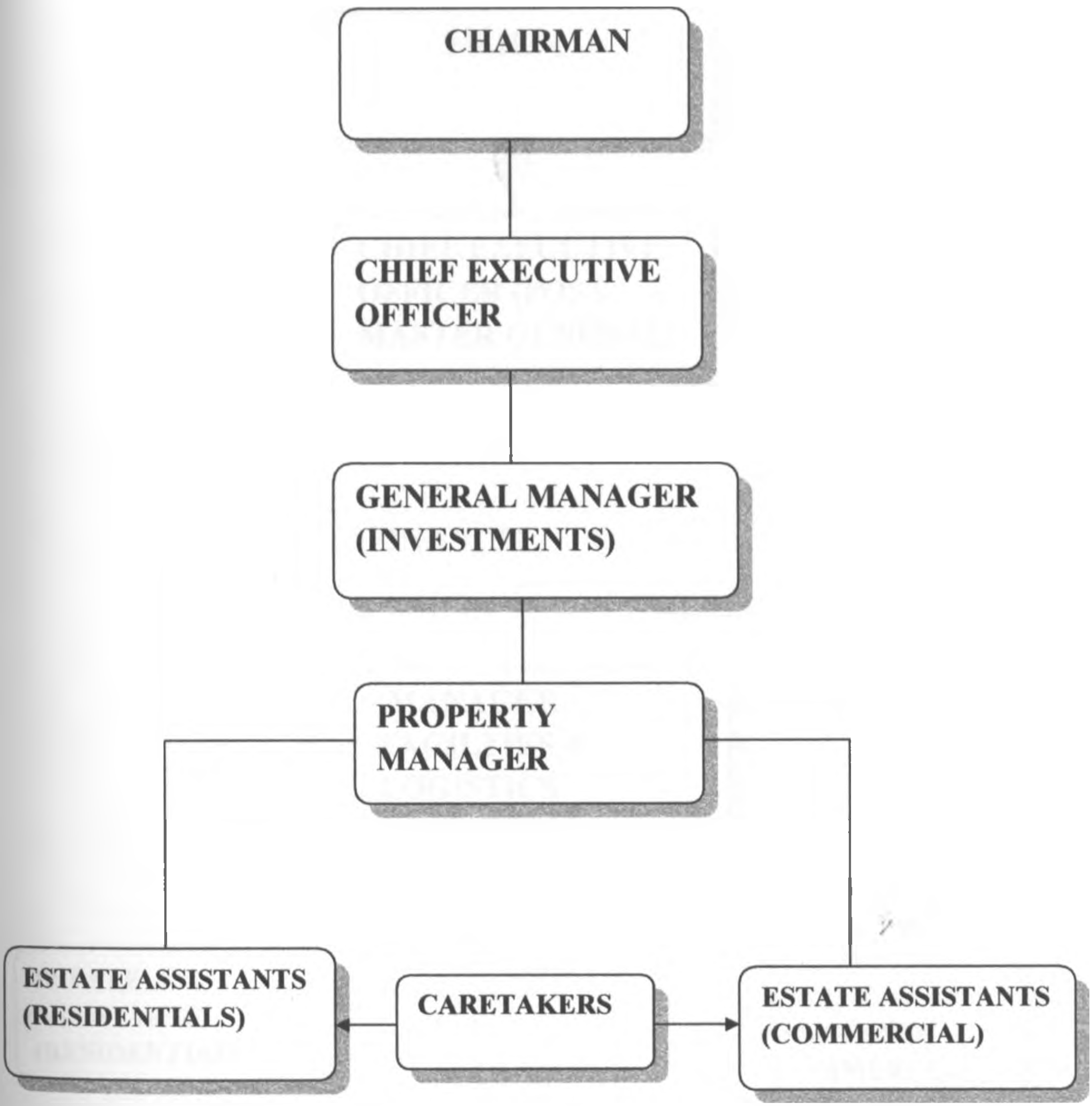
SOURCE: FIELD STUDY, 2012

The organisation structure of NSSF and PCK Corporations

The organisation structure of **NSSF** represents the department responsible for investment, finance, property managers and the reporting channels in the organisation. The chairman is in charge of making strategic decisions for the corporation while the Chief Executive Officer (CEO) implements the strategy and oversees day to day management of the corporation affairs. The general manager is in charge of finance and investments. She/he coordinates the general directions of the corporation's investments. The general manager reports directly to the CEO. The property manager is in charge of overseeing the property management department and liaising with the outsourced firms and making known the management policies and strategies to them. The estate assistants report directly to the property manager while the care takers report to the estate assistants and sometimes to the property manager of the corporation. The findings revealed that the property management department has a staff ranging from 10-20 employees.

The organisation structure of **Postal Corporation of Kenya** outlines the various levels of management starting from the chairman, post master general, finance to facilities and logistics department. The manager facilities and logistics is in charge of the real estate department in the organisation. The manager coordinates all the activities of the department and liaises with the outsourced firm. The estate assistants and care takers report directly to the facility manager and sometimes liaise with the outsourced managers.

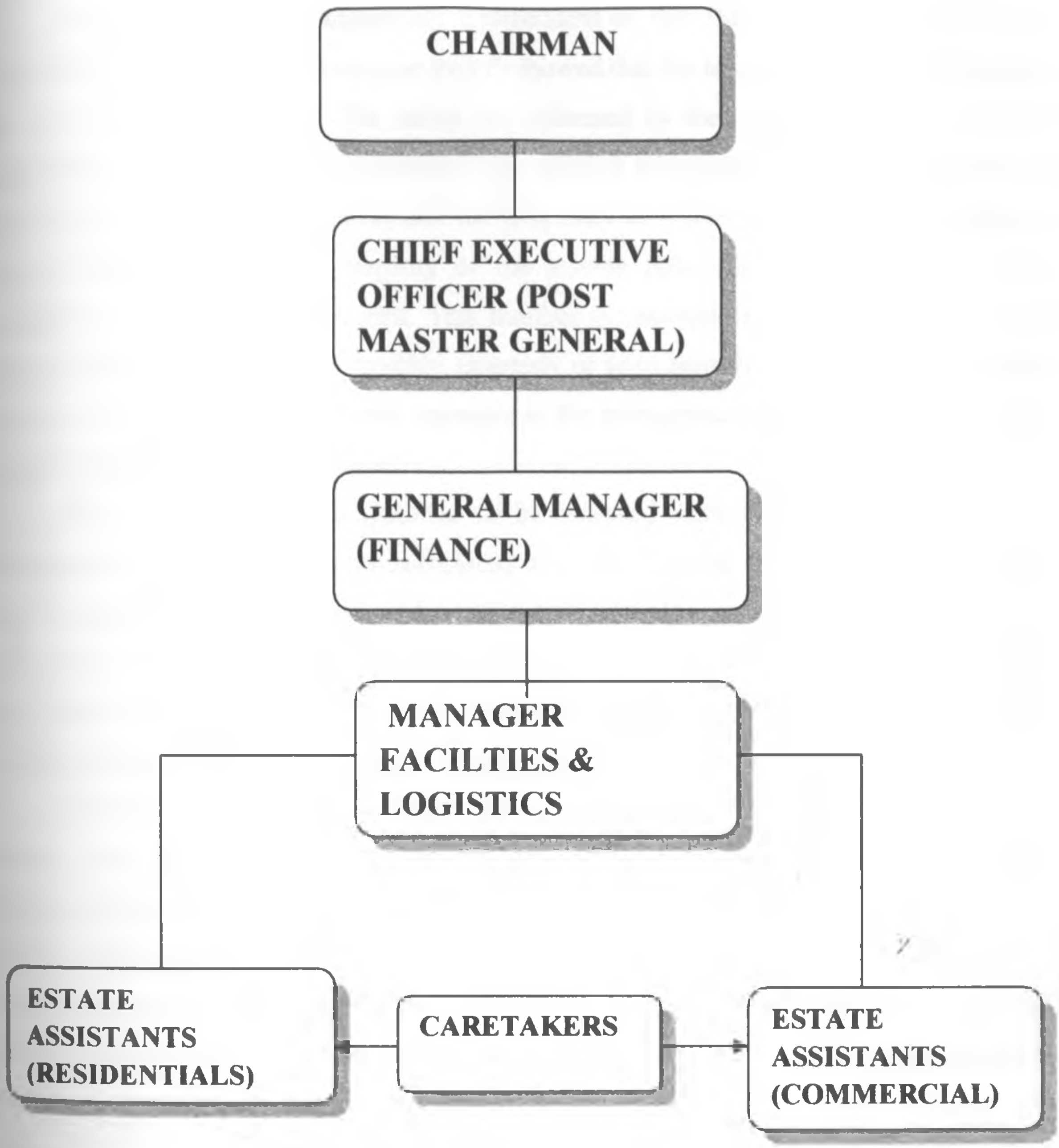
Figure 4.4: NSSF organisation structure



NATIONAL SOCIAL SECURITY FUND MANAGEMENT ORGANISATION STRUCTURE

SOURCE: FIELD STUDY, 2012

Figure 4.5: PCK Organisation Structure



POSTAL CORPORATION OF KENYA MANAGEMENT ORGANISATION STRUCTURE

SOURCE: FIELD STUDY, 2012

Tenant satisfaction

The success of any management is dependent on how they provide services to their clients. The findings from the two case studies showed that the tenants had varied opinions on the level of their satisfaction. The rating was informed by their perception of the level of maintenance, quality of services provided, the speed at which the management responds to emerging problems in the premises and the frequency at which they meet management on various issues. For instance, majority of the tenants indicated that they only met the management when paying their rent. This number of encounters depended mainly on the mode of payments for example monthly, quarterly or semi annually. A Few others indicated that they consulted with the property manager or the management team when any issue that needed immediate attention surfaced.

In NSSF, the tenants appeared to be satisfied with the services provided by management and the response to complaints that arise during their tenancy period. The tenants commended the management for maintaining cleanliness and keeping the building in good state of repair. The major complaint that was common with all the tenant was faulty lifts. They blamed the slow response to rectify the situation on the lengthy procedures that Property manager has to follow to enable the corporation respond to the problem.

On the other hand the tenants of PCK, Complained on the poor level of service delivery. The problem was mainly caused by slow response to arising challenges in the building. The complaints ranged from poor state of repair and maintenance, cleanliness of the building not being up to standard. The tenants placed the blame totally on the corporation and the management firm, claiming that the corporation and the managing agent need to improve their working relationship and set aside funds to cater for repair and any complaints so as to ensure their comfort and satisfaction as tenants

Tables 4.6: The response rate and satisfaction rating given by tenants of NSSF (Hazina Towers)

Rating scale	Frequency	Response percentage
Excellent	4	6.7%
Very good	10	16.67%
Good	42	70.00%
Satisfactory	4	6.67%
Poor	0	0
Total	**60**	**100%**

Table 4.7: The response rate and satisfaction rating given by tenants of PCK Building

Rating scale	Response Rate	Response percentage
Excellent	0	0
Very good	0	0
Good	0	0
Satisfactory	6	75%
Poor	2	25%
Total	**8**	**100%**

SOURCE: FIELD STUDY, 2012

Chart 4.6: Distribution of response rate and satisfaction level among the (NSSF) tenants

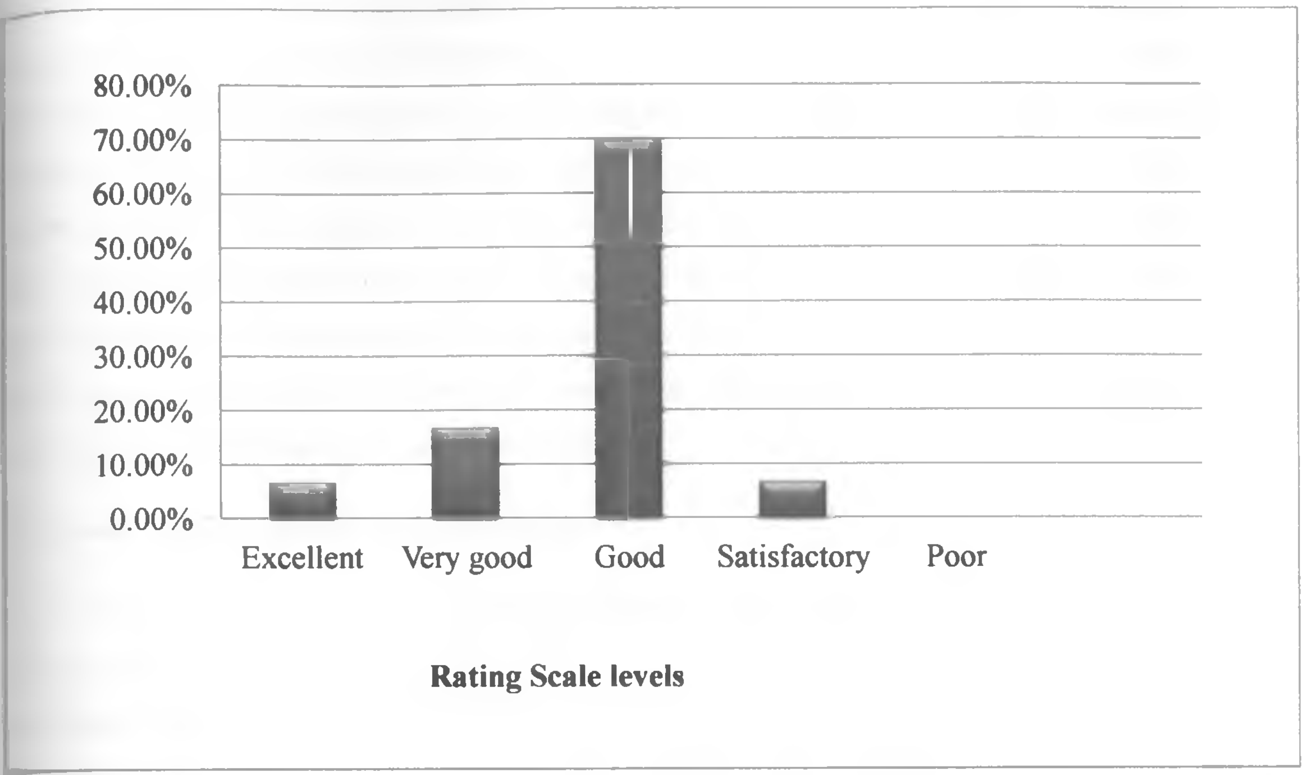
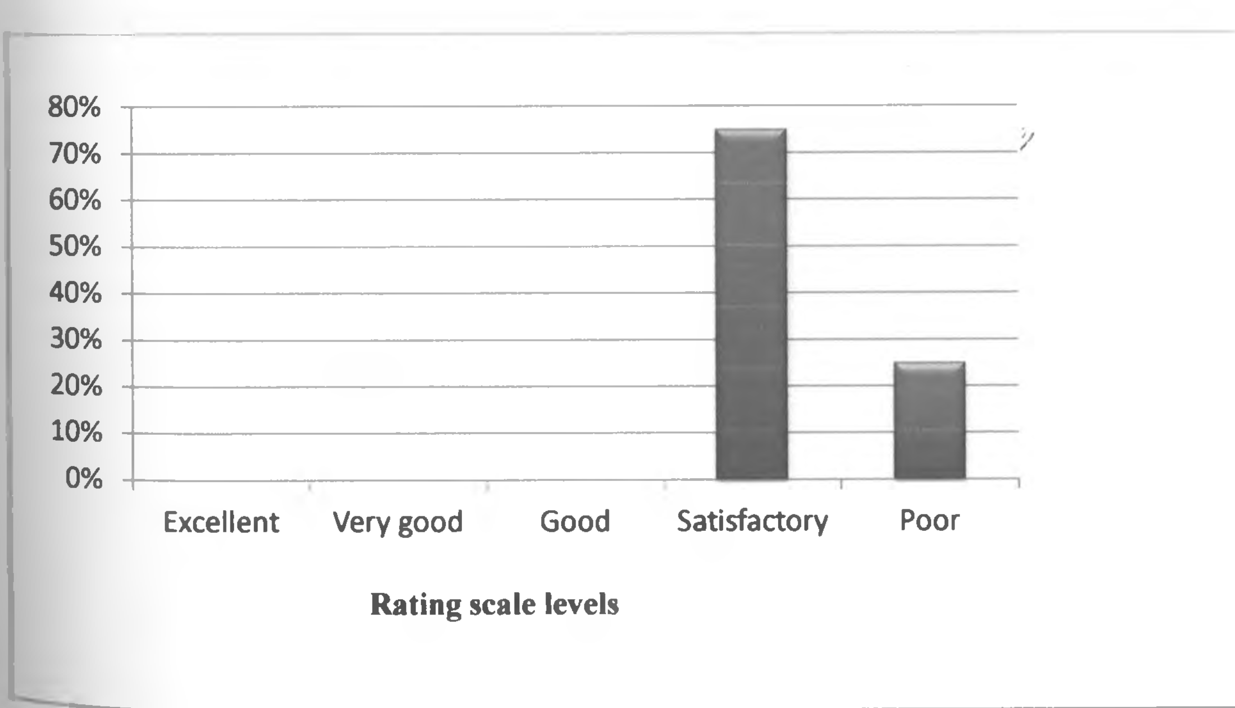


Chart 4.7: Distribution of response rate and satisfaction level among (PCK) tenants



The data indicates that the tenants of NSSF appear to be contended with the quality of management services they are provided with. Majority considered the management services as good this is due to the well structured procedures and policy strategies laid down to ensure there is smooth flow of information in addressing tenants challenges. On the other hand, the tenants of PCK seemed not to approve of the services and quality of management provided by the managers in the combined style. This can be attributed to the absence of a well laid down structure and management policies to address the tenants' problems in order to afford them the satisfaction and comfort in the building. Also the outsourced manager and the postal corporation appeared to have communication breakdowns when addressing tenants' problems and overall management of the building.

Conclusion of data analysis and presentation

The analysed data has revealed that there are three types of management style in practice today that is in house, outsourced and a combined management style. In the combined management styles various roles are shared between the in house and outsourced managers. The roles carried are somewhat distinct and interrelated purposes. The corporations own real estate mainly for operational and profit. The tenants of NSSF appear too satisfied with the level of service delivery as compared by the tenants of PCK building as indicated by their level of satisfaction rating in table 4.6 and 4.7.

CHAPTER FIVE

CONCLUSIONS AND RECOMMENDATION

This chapter presents a summary of findings, conclusions, a general conclusion, recommendations and areas of further study. The recommendations are based on the objectives of this study, this is to ensure the recommendations are appropriate and within the scope of the stated problem statement, literature review, the case studies, finding and analysis.

Summary of findings

In summary, the findings from NSSF and PCK reveal that there are only three types of management styles, which is in house, outsourced and combined management style. A combined management style has been adopted by the two corporations, where the corporation maintain an in-house team department and outsources for professional management firms to manage the commercial building simultaneously with the in-house team. The outsourced firm is sought through news papers where interested parties are invited to tender their services. The main reasons given for the choice of a management style by the corporation is to adequately spread the risks, cut back on management fee, foster independence and ensure security of tenure.

The two corporations have other kinds of assets apart from commercial properties. These assets include residential, agricultural and paper assets such as bonds and stocks. For example NSSF, has residential properties and paper assets apart from the various commercial property assets, while PCK owns several residential properties. Corporate property management according to the findings has several functions just like management process of other properties. The corporations' in house role is mainly to formulate policies and strategies on how its commercial properties are to be managed. The bulk of the roles mostly routine and current roles are executed by the outsourced management firm. For instance, NSSF in-house team carries forty percent of the roles while the remaining sixty percent is carried out by the outsourced management firm; for PCK, thirty five percent of the roles are in-house while the outsourced firms carries out sixty five percent. Few roles are shared between the in-house and outsourced firm. For example, rent collection, repair and maintenance.

The in house and outsourced property managers of the corporation both contend that that the management style fulfils the requirement and objectives of the state corporations and rates it as good. On the other hand, the opinion on level of service delivery by the property managers varied among the tenants. Some tenants of NSSF opined that the management services is good while the tenants of PCK building complained on the poor state of service delivery especially cleanliness, repair and maintenance of the building and rated it as satisfactory.

To ensure effectiveness and cohesiveness in the partnership between in house team and outsourced firms, the corporations in consultation with the agent have several inbuilt measures and mechanisms. The mechanism include, instituting a management agreement, monthly meetings, delivery of promised services and improved real time communication. For NSSF, monthly meetings and a practical management agreement are the main mechanisms adopted by it, while PCK depends on the instituted management agreement and delivery of promised services. Moreover, to enhance a smooth relationship, the in house property managers recommended that the outsourced agent should submit collected rent on time and address tenants' complaints on time. On the other hand the outsourced firms' manager insisted on having consultations especially in procurement of services which are integral in management of the building.

Conclusions

It appears that there are only three types of management styles in the management of corporations' properties; that is in house, outsourced and combined management style. The reasons cited for the choice of management cut across the two organisations, for example, the two corporations opted to outsource and retain an in house team because of the large size of property investment. This is true because NSSF has eight commercial properties, one of the commercial properties has over 200 tenants while another has 95 tenants, this can be overwhelming to an in house team to ensure adherence to regulation and offering the much needed services.

On the other hand it is clear that PCK outsourced the management of some of their properties primarily to enhance the security and flow of income from the let space, this is because most space is used for their own operational purposes. This explains why majority of their commercial buildings is managed in house. In addition both firm A and B appeared to be satisfied with benefits they gained by providing services for the state corporations.

It is apparent that NSSF is undoubtedly into real estate investment as indicated by their aim to invest wisely the members' contribution. PCK investment in real estate is mainly for operational purposes, to fulfil their main aim of existent. NSSF has a clearly set objective for their involvement in real estate; this can be confirmed by their vast investment in commercial properties within the CBD. For example, Hazina Towers was bought mainly for investment purposes. On the other hand PCK Invests in commercial real estate for their operational purposes and only lets out extra unused space for profit maximization which comes out as a second thought.

It appears that most challenges experienced by the corporation, is in ensuring efficient communication and making sure all procedures and designate roles of the in-house and outsourced manager are followed to the latter, failure to which it may lead to break down of communication and subsequent poor management. For the outsourced managers, the lengthy procedures in procuring for services, causes disillusionment and feel of being out of control of management of the property. Moreover, disillusionment is further enhanced when the utility accounts and rent account is directly managed by the state corporation itself.

On the other hand, the tenant experienced challenges mainly due to the aftermath of overlapping roles of the managers in the combined management style and lack of a clear management policy. This is true for PCK, because their tenants complained of unresponsiveness to their grievances. This problem is compounded by the fact the outsourced manager cannot make outright decisions without the involvement and consultation with in house management hence leading to unnecessary delays in addressing problems.

The relationship between in house and outsourced management can only be effective and possible if there is capacity building and training workshops targeting the in-house and the outsourced managers to understand and appreciate partnerships. This can be achieved through avenues such as the monthly meetings. NSSF appear to have this mechanism in place while PCK does not have a well stipulated way of enhancing cordial relationship between the in-house and this explains why there is high level of tenant complaints on various issues.

General conclusion

In conclusion, the corporations can adopt various management styles depending on their various requirements. A combined management style according to the findings is beneficial but has its own share of challenges that cannot be wished away. However these challenges can be minimised through frequent meetings, a practical management agreement and improved communication. A combined style can only be termed successful if the in-house and outsourced manager understand and stick to their roles, appreciate partnerships and are aware of the objectives of the state corporation. In addition, tenants and the state corporation complaints ought to be attended to on time, to ensure they are all happy and comfortable with the services provided by the management.

According to the findings, it appears the role of the in house management team is mainly policy and strategy formulation. In this role, the in house team monitors and evaluates the management progress to ensure it is in tandem with the objectives of the corporation. In addition to this role in house crew carries out several roles such as maintenance, repair and reconciling rent collected to ensure it meets the standards set. A property manager in estate agency can offer the services of assessing rent and service charge, selection of tenants, allocation of space, letting of premises, re-letting of premises, collecting of rent and supervising maintenance work. To ensure transparency and accountability of rent collected, the utility account is in the corporations name because this will rarely change.

A combined management style may be viable by having, a functional property management information system that thoroughly incorporates all the possible and practical working mechanisms and measures. However, for a successful combined management system, the key lies in resolving in house and external agent problems which is realised or found in the development of long term relationships built on mutual trust, professional integrity and sustained performance.

In reference to the three objectives adopted for this study, the following has been achieved. Objective one, to explore the various management approaches and factors considered when choosing the management style. In this objective the researcher found out that there are only three management styles in practice today that is in house, outsourced and combined styles. The corporation considered factors such as size of the investment, fostering independence and the need to spread risks as the main factors on deciding on the type of management style. Objective two, set out to find out the roles of a corporate property manager. The study revealed that there are indeed various functions of corporate property manager. Some of the functions are distinct while others are shared and interrelated. Objective three, identifying the various measures and mechanisms in place; these comprised instituting a management agreement, real time communication, frequent meetings and delivering on promised services.

HYPOTHESIS TESTING

In this study it was hypothesised that; 'A combined management style is necessary for the management of state corporation's assets and in ensuring client satisfaction.' The findings in the study have confirmed that the combined style is indeed necessary in management of state corporations' property. Moreover combined style ensures the corporations do not lose focus on its objectives while at the same time utilizing their real estate assets optimally, hence the hypothesis is positive. The in house team is responsible for policy, strategy formulation and executing the non routine tasks while the outsourced firms implements the policies, strategies and carry out routine tasks and other responsibilities as directed by the corporation. For example for NSSF, 60 percent(%) of the management roles are carried out by outsourced firm while 40 %(percent) of the roles are carried out by the in house department. On the other hand, PCK outsources 65 percent (%) of the roles and retains 35 percent (%) of the management roles.

In terms of ensuring satisfaction, Managers in both corporations rated the satisfaction levels as good. While for the tenants the satisfaction level varied, for NSSF, 5.7 percent (%) rated it as excellent, 17.41 percent (%) very good, 71.4 percent (%) good and 5.7 percent (%) satisfactory. For PCK, 75 percent (%) of the respondents rated it as satisfactory and 25 percent (%) as poor.

RECOMMENDATIONS

The state corporation and the outsourced firms should comprehensively formulate a property management policy. The policy should address all the aspects of corporate property management. It should clearly indicate the management styles to be adopted for a particular set of commercial properties and factors to be considered in choosing a particular management style.

The policy should in detail cover the roles to be played by each manager in combined style. With the management roles, the in-house crew should fully involve itself with strategy formulation and overseeing its implementation, while the outsourced management firm should indicate their capacity and approach in managing state corporation property in their management policy, before embarking on management of the properties. Particularly, the policy should indicate the one responsible for rent collection, maintenance, and repair and addressing tenants' complaints. These three roles according to the findings are among the main ones that determine the success of management. In regard to rent collection, it is imperative to open a separate rent collection account to be administered either by the outsourced managers or the corporation. It is therefore, prudent for the state corporations and the outsourced firm to formulate an agreeable policy to eliminate any differences that might surface.

A combined management style can only be viable if appropriate mechanisms and measures are put in place to cater for the consequent needs and demands that arise in the cause of managing a property. The mechanism will help to develop cordial rapport and appreciation of the roles and expertise of managers involved in overall management of the commercial properties. Various mechanisms such as frequent meetings and regular circulars on management progress, improved communication and a possible management agreement should be put in place by the in house and outsourced firm. To further enhance adherence to this mechanisms, benchmarks should be set, where the performance, management progress and practices can be evaluated against to ensure the property managers are meeting the targets set.

Maintenance and repair is crucial in keeping and restoring the general outlook of the building and how it is rated by the actual and potential users. Maintenance can take many forms ranging from planned maintenance, preventive maintenance, deferred and emergency maintenance. The corporations ought to have a detailed policy indicating how each defect in a building will be carried out and the approach to be applied. Positive results can be obtained by establishing sinking fund for priority maintenance which can be set at five percent (5%) of the value of the asset (Draft maintenance policy, 2011). The fund can be obtained from the rent collected and set aside each month to cater for this need. The amount set aside may depend on the size of the building and the level of maintenance in the building. The policy should specify clearly the property manager, who can either be in house or outsourced responsible for implementing the maintenance schedule. For example PCK can benefit from such a policy that ensures repair and maintenance problems are addressed on time to ensure the tenants are comfortable and able to carry out their daily business.

Capacity building and training is important in every facet of corporate property management. The training should be targeted toward all the actors in the property management process, for example, the care takers, general managers, estate assistants and the property managers. The property managers of the outsourced firm and the corporations should be adequately equipped with skills and techniques to enhance corporation and partnership in a combined management style. This training should involve the institution surveyors of Kenya and Estate Agent Registration board as key facilitators. These two boards are critical in the real estate industry because they are involved in the registration and overall regulation of registered members.

It is imperative that frequent workshops are set up by the state corporation to enhance better management practices. This will go a long a way in helping the managers to address issues inherent in a combined management style amicably. In addition, the tenants should be provided with brochures during pre-occupancy education explaining the various management styles in place and the roles played by each property manager. Such an arrangement will make it easy for tenants when lodging complaints that need immediate response.

Limitations of the study

The study set out to analyse the viability of a combined management style in properties owned by state corporations. Although the data that was obtained from the field study provided an in depth and intensive information of the combined management style in place, it was mildly extensive because, first, the study was restricted by failure of some respondents to fill the questionnaire. This challenge was mainly exacerbated by the tenants. Second, due to time and financial constraint, it was only possible to study one commercial property from each corporation, in spite of the other properties owned by NSSF and numerous others owned by PCK.

AREAS OF FURTHER RESEARCH

Due to the constraint of time and budget, the study was confined to commercial properties owned by corporations. But during the entire study, the researcher discovered that corporations own other types of properties such as residential, agricultural, industrial properties and utilities. Therefore other possible areas of study may include the following;

1. The analysis of the viability of a combined management style in corporate residential properties
2. The evolving role of a corporate property manager in industrial properties.

Logistical framework matrix

This matrix discusses the various activities or recommendations that need to be implemented by the appropriate parties to ensure effectiveness and efficiency in the management of corporate real estate. It allocates responsibility to various authorities in real estate and the time frame for achieving the verifiable results.

Table 5.1: Log frame matrix

...tivity	Objectives	Verifiable results	Responsibilities	Time frame
...mulating ...perty ...agement ...cy	a) To ensure effective management b) To eliminate red tape c) To allocate management roles appropriately	a) Client satisfaction guaranteed b) Quick implementation of tenants complaints c) The in house and outsourced management would be conversant with their roles	a) NSSF and Postal corporation management b) Contracted management firm A and B.	Short term within six months.
...loping ...priate ...anisms and ...ures	a) To develop a cordial rapport between the management teams b) Instituting frequent meetings c) Disseminating periodicals reports d) Setting benchmarks	a) A cordial rapport will be created. b) Improvement of communication procedures c) An enabling environment that elicits trust and confidence between in house and outsourced management	a) The corporation via in house management b) The outsourced management firm	1-1/1/2 years Checked monthly
...veloping ...intenance and	a) Reserve funds b) To determine a	a) Adequate reserve funds	a) Corporations -to set aside	Short term-daily

...air policy ...chedule)	scheduled maintenance c) To secure the presence of a maintenance personnel	will be set aside to cater for future maintenance needs b) Tenants will be satisfied with services provided	the maintenance fund b) Contracted management to note any defect on time c) Tenants report any maintenance and repair needs	maintenance Long term(Annually)-to obtain funds
...acity building	a) To ensure professionalism b) To train management on emerging trends in the real estate industry	a) Ensure client satisfaction b) Effective coordination between in house and outsourced	a) ISK b) Estate Agents Registration Board c) Management consultants	Semi annually

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Appendix I

Questionnaire to (In house) property managers

This is a questionnaire being administered **by Brian Nabutola**, a student at the University of Nairobi in the department of Real estate and construction department to assist in a study on *the viability of a combined management style in management of corporate properties.*

All information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

1) Which management style do you adopt in your buildings?

a) ( ) In house
b) ( ) Contracted
c) ( ) Combined, that is (a and b)
d) ( ) Hierarchical division
e) Other. Please specify;

....

....

2) Do you know of any other management style that is in or not in practice? Please indicate below;

....

....

3) Is the management style procedure officially documented?

( ) Yes ( ) No

4) What are the reasons that made you take the above management style?

a) ( ) Cost of management process
b) ( ) Size of the Property investment
c) ( ) To enhance the security of capital and income
d) ( ) To foster Independence
e) ( ) Risk exposure and bearing capacity
f) ( ) Conducted a feasibility study
g) ( ) Relied on past experience and knowledge
h) Other reasons. please specify below,

....

....

....

5) Does the management approach satisfy the objectives of the organisation,

( ) Yes ( ) No

Please rate the satisfaction level.

( ) Excellent ( ) Very good ( ) Good ( ) Satisfactory ( ) Poor

6) What are some of your corporate objectives?

....
....
....
....

7) Is real estate ownership one of your objectives as a corporation?

( ) Yes ( ) No

I) if no, why is that so?

....
....
....

II) If Yes, What is the role of real estate ownership to the corporation, please check where relevant,

a) ( ) Operational
b) ( ) Profit maximization
c) ( ) Prestige and political
d) ( ) Independence
e) ( ) To ensure continuity
f) ( ) Social benefit
g) Please state any other reason below;
....
....

8) Does the organisation have an organisation chart?

( ) Yes ( ) No

If yes, please check which of the following features it does display?

a) ( ) Reporting channels/relationship between in house and outsourced management
b) ( ) Roles of each management style in managing the corporate assets?
c) Other features. Please specify,
....
....
....
....

9) Does the corporation have an estate department?

( ) Yes ( ) No

i) If yes, what is the management team made up of?

i) ( ) Professional real estate personnel (Land economist)
ii) ( ) Headed by an asset manager
iii) ( ) Other discipline. Please specify

....

....

ii) What is the size of the department in terms of personnel?

a) ( ) 5-10 b) ( ) 10-20 ( ) C) 20 and above

10) What are some of the roles of in house management, in the management of the organisation assets?

a. ( ) Designer assistance
b. ( ) Advertising and marketing of space
c. ( ) Selection of occupants/tenants
d. ( ) Preparation of letter of offer
e. ( ) Rent collection
f. ( ) Lease administration
g. ( ) Maintaining favourable tenant and employee relations
h. ( ) Purchasing supplies, authorizing wages and paying expense
i. ( ) Cleaning, repair and maintenance of the property
j. ( ) Managing Security
k. ( ) Record keeping and accounting
l. ( ) Valuation of assets
m. ( ) Handling legal matters
n. Please Specify any other roles you undertake below;

....

....

....

11) What type of real estate assets does the corporation have?

a) ( ) Commercial that is office and retail,
b) ( ) Residential
c) ( ) Industrial
d) ( ) Warehouse
e) ( ) Agricultural
f) ( ) Recreational
g) Other types of assets. Please specify;

....

....

....

12) State separately the total number of commercial or residential buildings you manage for the corporation/organisation/company below;

....

....

....

13) Check the procedure or method used to seek external property managers/agent; Skip to **14(b)** if it is an in house management style only.

a) ( ) Professional affiliations
b) ( ) Real estate publications
c) ( ) The News papers
d) ( ) Networking
e) Other methods. Specify below;

....

....

14(a) which areas do you experience challenges with external management?

I) Communication breakdown that is;

a) ( ) by-passing the estate department.

b) ( ) Calls not returned and the property manager not readily available

c) ( ) Confusion of designate roles

II) Delays in;

a) ( ) Dispatching reports

b) ( ) Addressing tenant's complaints

c) ( ) Untimely feedback

III) ( ) Lack of commitment

IV) ( ) Unprofessionalism that is

a) ( ) Lack of confidentiality,
b) ( ) Request of personal favours,
c) ( ) Reports submitted require rework

V) ( ) Unjustified management fee request

Please state any other challenges experienced;

....

....

....

14(b) Are there areas you experience challenges in management of the company/organisation properties?

( ) Yes ( ) No

If yes, specify the challenges;

....

....

....

....

15) What are the working mechanisms and measures in place to enhance effective working relationship between the in house and outsourced management teams? Skip to question **(16)** if the organisation has an in house management style only.

a) Instituting a management agreement
b) Improved interim communication
c) Delivery of promised services
d) Understanding and appreciating partnerships
e) Others. Please specify below;

....

....

....

16) Do you have any suggestions on how corporations or companies can improve and ensure a successful working relationship between various approaches adopted especially in a combined management approach/style?

( ) Yes   ( ) No

If yes, please state your suggestions below;

....

....

....

....

Thank you for the assistance!

Appendix II

Questionnaire to (Outsourced) property managers

This is a questionnaire being administered **by Brian Nabutola**, a student at the University of Nairobi in the department of Real estate and construction department to assist in a study on *the viability of a combined management style in management of corporate properties.*

All information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

1) Which management style do you adopt for your corporate clients?

f) ( ) In house
g) ( ) Contracted
h) ( ) Combined i.e. (a and b)
i) ( ) Hierarchical division
j) Other management style/approach. Please specify;

....

....

2) Do you know of any other management style that is in or not in practice? Please indicate below;

....

....

3) Are these management styles documented?

a) ( ) Yes b) ( ) No

4) What are the reasons that made you adopt the management style mentioned above?

i) ( ) Favourable management fee
j) ( ) The size of the property investment
k) ( ) To ensure security of capital and income
l) ( ) To foster independence
m) ( ) Risk exposure and bearing capacity
n) ( ) Conducted a feasibility study
o) ( ) Relied on past experience and Knowledge

h) Other reasons. Please specify below?

....

....

....

10) Are you aware of the objectives and culture of the corporation?
( ) Yes ( ) No

11) Does the management approach satisfy the objectives of the organisation/corporation/company?
Please rate satisfaction level;
( ) Excellent ( ) Very good ( ) Good ( ) Satisfactory ( ) poor

12) What is the role of real estate ownership to the corporation, please check where relevant,

( ) For Operational ( ) Profit maximization ( ) Prestige and political ( ) to foster Independence ( ) to ensure continuity ( ) Economic and Social benefit

Please state other reasons below;

....

....

13) Does the management firm have an organisation chart?

( ) Yes ( ) No

I) if yes please check, which of the following features it does display;

d) ( ) Reporting channels/relationship between in house and outsourced management
e) ( ) Roles of each management style in managing the corporate assets
f) Other features. Please specify below

....

....

9) What is the size of the staff responsible for managing the organisation/companies real estate assets?

a) ( ) 5-10 b) ( ) 10-20 C) ( ) 20 and above

10) Does the corporation have a fully fledged estate department? Skip to question **11(b)** if the organisation has an outsourced management style only.

( ) Yes ( ) No

If yes, what is the management team made up
iv) ( ) Professional real estate personnel(Land economics)
v) ( ) Headed by an asset manager
vi) Other. Please Specify;

....

....

....

11(a) what are the roles of the in house department in management of its corporate real estate assets?

a) ( ) Designer assistance

b) ( ) Advertising and marketing of space
c) ( ) Selection of occupants/tenants
d) ( ) Preparation of letter of offer
e) ( ) Rent collection
f) ( ) Lease administration
g) ( ) Maintaining favourable tenant and employee relations
h) ( ) Purchasing supplies, authorizing wages and paying expenses
i) ( ) Cleaning, repair and maintenance
j) ( ) Record keeping and accounting
k) ( ) Valuation of corporate assets
l) ( ) Handling legal matters
m) Other roles. Please specify below;

....
....
....

11(b) what are some of the roles that your management firm plays in management of the companies /organisation assets?

a) ( ) Designer assistance
b) ( ) Advertising and marketing of space
c) ( ) Selection of occupants/tenants
d) ( ) Preparation of letter of offer
e) ( ) Rent collection
f) ( ) Lease administration
g) ( ) Maintaining favourable tenant and employee relations
h) ( ) Purchasing supplies, authorizing wages and paying expenses
i) ( ) Cleaning, repair and maintenance
j) ( ) Record keeping and accounting
k) ( ) Valuation of corporate assets
l) ( ) Handling legal matters
m) Other roles. Please below;

....
....
....

12(a) what type of real estate assets do you manage for the corporate client?

a) ( ) Commercial
b) ( ) Residential
c) ( ) Recreational
d) ( ) Industrial
e) ( ) Agricultural
f) Please Specify other assets below;

....

....

12(b) State separately the total number of commercial or residential buildings you manage for the corporation/organisation/company below;

....

....

13) What motivates you to provide management services for corporate clients?

a) ( ) The amount of fees offered
b) ( ) Professional exposure
c) ( )Desire to develop new expertise
d) ( ) Size of the project
e) ( ) Long term relationship with the corporation/company
f) Please specify other reasons
   ....
   ....
   ....
   ....

14) Please check the areas you mostly experience challenges with corporate clients,

Selection process;

a. ( ) Timeliness of decision
b. ( ) Decision feedback
c. ( ) Pre-awarded request

The mandate is poorly defined in terms of;

a) ( ) Project scope
b) ( ) Unrealistic timing
c) ( ) Fee justification
d) ( ) Unrealistic expectations
e) ( ) Extra work delegated not in the agreement

Communication breakdown;

a) ( ) Untimely feedback on issues
b) ( ) Client unavailability
c) ( ) Unreasonable update frequency requirements
d) ( ) Lack of Interest in management progress
e) ( ) Unresponsiveness to emerging problems or challenges
f) ( ) Calls not returned

Please specify below any other challenges (s) you normally experience in management of the corporate assets

....
....
....
....
....

15) What are the working mechanisms and measures in place to enhance effective working relationship between the in house /corporation and outsourced management teams?

f) ( ) Improved interim communication
g) ( ) Delivery of promised services
h) ( ) Instituting a management agreement
i) ( ) Understanding and appreciating partnerships
j) Others. Please specify below

....
....
....

16) Do you have any suggestions on how to ensure a successful working relationship between various management styles /approaches adopted by a corporation especially in a combined management style/approach?

....
....
....
....

Thank you for the assistance!

Appendix III

Questionnaire to the tenants

This is a questionnaire being administered **by Brian Nabutola**, a student at the University of Nairobi in the department of Real estate and construction department to assist in a study on *the viability of a combined management style in management of corporate properties.*

All information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

1) Your name or business name (optional)..

2) What is the rent per square foot of the space you occupy?

....

4) Are you aware of the management style/approach in place?

( ) Yes ( ) No

If yes, what is the management style?

a) ( ) In house
b) ( ) Outsource/contracted agent
c) ( ) Combined system that (a plus b)
d) ( ) Hierarchical division
e) Please specify other types that you know;
....
....

3) What type of management services do you receive?

a) ( ) Rent collection
b) ( ) Cleaning services, maintenance and repair
c) ( ) Lease administration
d) ( ) Pre-occupancy education/information
e) Specify other type of services below,
....
....
....

3) Did you sign a lease before occupation?

( ) Yes ( ) No

4) How often do you encounter or come in contact with the property management team?

....

5) Please rate management promptness and quality offered when called for?

( ) Excellent ( ) Very good ( ) Good ( ) Satisfactory ( ) Poor

6) In your opinion do you think the property is well maintained?

( ) Yes ( ) No

If yes, please rate the quality of maintenance

( ) Excellent ( ) Very good ( ) Good ( ) Satisfactory ( ) Poor

7(a) Have you had any challenges with the management team during your stay in the building?

( ) Yes ( ) No

If yes, please explain the problem

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....
....
....

7(b) what are the causes of such problems in the management process

....
....
....
....

8) Do you have any recommendations on how to improve the property management process?

( ) Yes ( ) No

If yes, please specify below;

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....
....

Thank you for the assistance!

Appendix IV

Questionnaire to ISK (Valuation and Estate Management Chapter)

This is a questionnaire being administered **by Brian Nabutola**, a student at the University of Nairobi in the department of Real estate and construction department to assist in a study on *the viability of a combined management style in management of corporate properties.*

All information provided will be strictly for academic purposes and will be treated with utmost confidentiality.

1) Name of the (ISK) official (optional)...

2) Which are the set property management styles in practice today?

a) ( ) In house
b) ( ) Outsourced/Agents
c) ( ) Combined approach (a and b)
d) ( ) Hierarchical division
e) Please state any other management style below,

....
....
....

3) Are there any proposed methods that are yet to be introduced in the market?

( ) Yes ( ) No

If yes, please state the proposed management styles below,

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....
....

4) Which ones do members adopt mostly and why?

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....

5) Which ones do you recommend for management of corporate real estate and why?

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6) Are there any set guidelines/regulations that can guide corporations/organisation in choosing the most suitable management style/approach for their corporate real estate assets?

( ) Yes ( ) No

If yes, what are the guidelines/regulations in place?

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....

7) What suggestions do you have on how corporations such as, state and private corporations can ensure a successful working relationship between various styles adopted by them that is, in case of a combined management style?

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8) Do you have documented rules/regulations that ensure professionalism in the management approaches adopted by the corporations?

( ) Yes ( ) No

If yes, what are these regulations?

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Thank you for the assistance!