Service Quality as Driver for Improving non-Financial Performance of Commercial Properties in Kano, Nigeria

Raji, A. U. and Joseph, B. M.
Department of Architecture
Faculty of Earth and Environmental Science,
Bayero University Kano, Nigeria
Correspondence email: auraji.esm@buk.edu.ng

Abstract

This study investigates the relationship between service quality and non-financial performance of commercial properties in the Tarauni local government area of Kano State, Nigeria. It aims to identify service qualities, examine determinants of non-financial performance indicators, and establish the relationship between service quality and non-financial performance. A survey research design was used with 132 respondents from a population of 200. Key findings show that comfortability, reliability, empathy, and assurances influence non-financial performance. Non-financial performance measures include customer achievement, return on investment, employees' attitude, and health and safety. The study recommends that commercial property management should prioritize customer needs, on-time delivery, team performance, and technology utilization as non-financial performance measures.

Keywords: Service Quality, Non-Financial Performance, Commercial Property.

INTRODUCTION

Quality service in building refers to the delivery of exceptional services and experiences to occupants, tenants, or customers in the building environment. There is a strong correlation between quality service delivery and profitability, making high-quality-service providers more successful than low-quality-service counterparts in terms of maximizing return on investment and sustaining competitive advantage (Dean, 2002). However, there is a scarcity of research on occupier satisfaction in the real estate industry. This concept, known as the "Service-Profit Chain" (Heskett & Sasser, 2010), emphasizes the importance of tenant satisfaction and lasting relationships for property managers. Bell (2004) emphasizes the need for property managers to improve service and maintain tenant satisfaction and retention.

In commercial property management, the "Service-Profit Chain" suggests that landlords should aim for a return on investment by delivering quality property management services. Increased profitability can be achieved through higher lease renewal rates without compromising rents, improved reputation, and trustworthiness, which attract new tenants and reduce void rates. The financial performance of commercial properties is assessed based on total return, including net income from rents and the property's capital value. Rental income depends on occupiers' rents and occupancy rates, which also affect the property's capital value.

Woldie (2003) found a significant level of dissatisfaction with services provided by Nigerian property owners, evident through complaints related to poor complaint handling, disrespect, power outages, and delays in resolving issues. This raises concerns among scholars and practitioners. Olaleke (2010) further indicates that poor service quality is common in the Nigerian service sector.

The management of urban commercial properties holds significant importance in the global real estate management profession, including Nigeria. Commercial properties play a crucial role in sustaining economic activities by serving as venues for trading, marketing, and service delivery. In Nigeria, the commercial property market is identified as a dominant market, primarily comprising shop and office spaces with income-generating potential (Bello & Oyedokun, 2010). The main purpose of investing in commercial properties is to achieve sustainable financial returns, which makes their management a focal point for both property owners as investors and property managers as agents.

However, previous studies have predominantly focused on non-financial performance measures in sectors such as banking, hotel facilities, and airports, with limited emphasis on commercial properties, particularly mega shops. It is evident that poor service quality significantly impacts the non-financial performance of commercial properties. Thus, this study aims to bridge this gap by investigating the role of service quality as a driver for improving the non-financial performance of commercial properties in Tarauni, Kano State, Nigeria.

The Concept of Service Quality

Service quality, as defined by Zeithaml, Bitner & Gremler (2000), is a measure of how well a delivered service aligns with customers' expectations. This is particularly relevant in the banking sector, where focusing on service quality has proven to increase customer satisfaction, loyalty, and overall business performance (Kunst & Lemmink, 2000). In the context of services, quality refers to the extent of matching between customer expectations and their actual experience (Parasuraman, Zeithaml & Berry, 1988). Customers evaluate service quality by comparing what they desire or expect with what they perceive they are receiving (Parasuraman, Zeithaml & Berry, 1985; Lewis & Mitchell, 1990).

Lewis and Mitchell (1990) define service quality as the degree to which a service meets customers' needs or expectations. When performance falls short of expectations, perceived quality is deemed unsatisfactory, leading to customer dissatisfaction (Parasuraman, Zeithaml & Berry, 1985; Lewis & Mitchell, 1990). Grönroos (2007) describes service quality as the difference between customers' expectations and their perceptions of what they receive. Luiza (2011) supports the definition by Parasuraman, Zeithaml & Berry (1985), which defines service quality as the degree and direction of the gap between customers' expectations and perceptions across 10 dimensions: reliability, responsiveness, competence, access, courtesy, communication, credibility, security, understanding/knowing the customer, and tangibles.

Dimensions of Service Quality

This study examines eight dimensions of service quality in the context of a dealership. The dimensions include tangibles, responsiveness, empathy, assurance, reliability, access, financial aspects, and employee competences.

i. Reliability
Reliability refers to the extent to which the dealership fulfills its promises to customers (O'Neill & Palmer, 2003; Briggs, Claiborne, & Cole, 2006). Studies by Lam (2002) rank reliability as the most important dimension of service quality. It represents the dealership's ability to consistently and accurately deliver the promised service. This includes keeping promises, providing the correct service, maintaining consistency and dependability, performing services accurately the first time, accurate billing and record-keeping, available merchandise, and error-free sales transactions and records.

ii. Assurance

Assurance pertains to the confidence and trust that the dealership instills in its customers through interactions (Zeithaml, Bitner, & Gremler, 2006; O'Neill & Palmer, 2003). It involves keeping customers informed, regardless of their background, and demonstrating friendly, confidential, courteous, and competent service (Parasuraman, Zeithaml & Berry, 1994).

iii. Responsiveness

Responsiveness refers to the willingness of the dealership to provide assistance and prompt service to customers (Zeithaml, Bitner, & Gremler, 2006; O'Neill & Palmer, 2003). It encompasses the desire and willingness to help customers, understanding their needs and wants, offering convenient operating hours, providing individual attention, addressing problems promptly, and ensuring customer safety during transactions (Mengi, 2009; Kumar, Kee, & Manshor, 2009).

iv. Tangibles

Tangibles relate to the physical aspects or evidence of the service provided by the dealership (Parasuraman, Zeithaml & Berry, 1994). This includes the appearance of equipment, fixtures, physical facilities, communication materials, and personnel. Tangibles also encompass the convenience of physical facilities and layouts. Some researchers argue for the inclusion of additional factors under tangibles, such as operating hours and overdraft privileges (Agbor, 2011; Sharmin, Tasmin & Shimul, 2016).

v. Empathy

Empathy refers to the caring and personalized attention provided by the dealership (Butcher, 2001; Ndubisi, 2007; Ehigie, 2006). It involves understanding customers, good customer service, convenience in terms of parking and operating hours, and effective communication.

vi. Access to Service

Access to service refers to the approachability and ease of contact with the dealership (Yarimoglu, 2014). It includes factors such as telephone accessibility, minimal waiting time, convenient operating hours, and a service facility located in a convenient location. Access to service has a significant influence on customer satisfaction and loyalty (Ladhari, Souiden, Ladhari, 2011).

vii. Financial Aspect

The financial aspect pertains to the pricing policies and competitiveness of the dealership (Lakshmi-Narayana, Sri Hari, & Paramashivaiah, 2013). This includes offering customers competitive interest rates on loans and deposits, comparing charges with other banks, and considering financial fines as part of customer satisfaction. The financial aspect has a positive influence on customer behavior and ultimately affects the profitability of the dealership.

viii. Employee Competences

Employee competences refer to the skills and capabilities of the dealership's workforce (Olaleke, 2010). Competent employees play a crucial role in delivering high-quality service. Job satisfaction and the perception of employee competences strongly impact overall satisfaction with the work environment.

The Non-financial Performance Measures

Twenty four (24) items as nonfinancial performance measures were identified by Le Cornu, & P. Luckett, (2000); (i) Customer satisfaction, (ii) Customer acquisition, (iii) Response time,

(iv) technology utilization, (v)Percentage of market share, (vi) Level of brand recognition, (vii) Employee training, (viii) Employee attitudes, (ix) Employee performance (e.g. labour efficiency and productivity), (x) Team performance, (xi) Measures of rework, (xii) Measures of scrap, (xiii) Measures of returns, (xiv) Measures of defect rates, (xv) Ongoing supplier evaluation, (xvi) Community relations, (xvii) Environment, (xviii) Health and safety, (xix) After-sales service,   (xx) New product introductions vs competitors, (xxi) New product innovation, (xxii) New product lead time/time to market, (xxiii) On-time delivery and (xxiv) Process productivity.

The use of non-financial measures to manage organizations appears to be positively associated with organizational performance on average. The association is often weak, however; there is considerable variation in the experience of individual organizations. Attempts to predict which types of organizations will benefit more from nonfinancial measures than others had mixed results (Hoque & James, 2000).

Briggs, Claiboborne & Cole, (2006) pointed out that financial measures are generally lagging measures of performance while nonfinancial measures such as sustainability, learning and growth, and internal process improvements are leading measures of performance that offer insight about future performance. They estimated that investments affect gross operating income with a three-period lag but they affect nonfinancial measures without any time lag.

METHODOLOGY

This paper adopts survey research design because it attempts to establish the focus of service quality as a driver for improving the non-financial performance of commercial properties in in Tarauni local government of Kano State, the variables for this study include; service quality as the independent variable, and non-financial performance as the dependent variable. A population of 200 occupiers of mega shops in shopping complexes were identified, reason for this population was as a result of the whole population of complexes in the study area was 300 shops so the researcher decided to use a cluster sampling technique by focusing on 200 mega shops, while a sample size of 132, with a margin error of 5.0 and degree of confidence to be 95% were determined based on Saunders & Lewis scientific table. The application of Saunders, Lewis & Thornhill, (2007) model require no calculation because they have developed a table for selecting an appropriate sample size. This study has employed a quantitative approach in which statistical computation was used to explain the relationship between variables under investigation. Regression analysis method using the Statistical Package for Social Sciences (SPSS) version 23 was used specifically to determine service quality as a driver for improving financial performance of commercial properties in Tarauni local government area of Kano state. The target was 132 respondents that was realized based on the Saunders and Lewis table (2007) and the response was 115 with a response rate of 87%.

RESULTS AND DISCUSSION

From Table 1, among all the service quality dimensions, the comfortability of the allocated space, a conducive environment, and adequate in-house facilities in the property ranked 1st with a mean item score of 4.48. Adequate record keeping, a sound relationship with the property owner, and the authenticity of the tenancy agreement ranked 2nd, 3rd, and 4th, respectively. Overall, tangibility, reliability, empathy, and assurance are the key service quality dimensions that influence non-financial performance measures.

Table 1: Finding on Service Qualities enjoyed by Occupiers in Tarauni LGA

Service Qualities	N	Mean	Std. Deviation	Mean (x) Ranking
Tangibility as a service quality dimension	115	4.49	.640	1st
Reliability as a service quality dimension	115	4.29	.710	2nd
Responsiveness as a service quality dimension	115	4.12	.829	6th
Assurance as a service quality dimension	115	4.17	.772	4th
Empathy as a service quality dimension	115	4.22	.770	3rd
Access to service as a service quality dimension	115	4.08	.818	8th
Financial Aspect as a service quality dimension	115	4.15	.786	5th
Employee Competence as a service quality dimension	115	4.10	.765	7th
Valid N (listwise)	115			

Note: N represents the sample size, Mean indicates the average score, Std. Deviation represents the variability of responses, and Mean (x) Ranking denotes the ranking of each dimension based on mean scores.

From Table 2, among all the non-financial performance measures experienced by occupants, achievement in terms of profit was ranked 1st with a mean score of 4.44. The level of returns enjoyed by occupants, the level of attitude portrayed by the owner/agent of the property regarding complaints, and the safety measures put in place with respect to the property ranked 2nd, 3rd, and 4th, respectively. In conclusion, it can be inferred that customer achievement, measures of return, employees' attitude, and health and safety are the major non-financial measures that occupants enjoy on the property.

Table 2: Non-financial performance measures enjoyed by occupiers in Tarauni LGA

Non-financial performance measures	N	Mean	Std. Deviation	Position
Customer Achievement	115	4.44	.786	1st
Technology Utilization	115	4.17	.729	6th
Employees Attitude	115	4.23	.787	3rd
Environment	115	4.21	.707	5th
Health and Safety	115	4.23	.776	4th
On-time Delivery	115	4.17	.772	8th
Measure of Return	115	4.28	.708	2nd
Team Performance	115	4.17	.729	7th
Valid N (listwise)	115			

Note: N represents the sample size, Mean indicates the average score, Std. Deviation represents the variability of responses, and Position denotes the ranking of each measure based on mean scores.

CONCLUSION

The study findings indicate that tangibility, reliability, empathy, and assurance are the most important and highly ranked service qualities among other service quality dimensions. In terms of non-financial performance measures, customer achievement, employees' attitude, and measures of return were ranked higher than other indicators. It is evident that the quality of commercial shopping facilities and their management are crucial. However, effective

management can only be meaningful if the facility itself is well-maintained, contributing to both financial and non-financial aspects.

Specifically, the study revealed that tangibility, reliability, empathy, and assurance were identified as important service qualities for commercial properties in the study area. On the other hand, service qualities such as financial aspect, responsiveness, employee competence, and access to service were ranked lower in importance. Among the non-financial performance indicators, customer achievement, measures of return, employees' attitude, and health safety received the highest rankings. Conversely, environment, technology utilization, team performance, and on-time delivery were ranked lower as non-financial performance indicators.

Based on these findings, the study recommends that the management of commercial properties should focus on improving their responsiveness to customers' needs. It is crucial for owners/managers to display a certain level of competence that includes knowledge, skills, abilities, values, motivation, initiative, and self-control. By implementing processes that enhance responsiveness and displaying competency, satisfaction levels can be substantially improved.

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