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OPENING UP EFFICIENCY: A DEEP DIVE INTO PROPERTY MANAGEMENT IN ZANZIBAR'S COMMERCIAL HUBS

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Abstract. This study evaluates the performance of property management practices for commercial properties in Zanzibar, focusing on financial performance, operational efficiency, and tenant satisfaction. Using a case study approach, four properties, which are M/Kwerekwe Shopping Centre, Michenzani Mall, Chawl Building, and Thabit Kombo Building, were assessed. The research employed a mixed-methods design, incorporating quantitative and qualitative data collected through surveys, interviews, and document reviews.

Findings indicate significant operational efficiency and tenant satisfaction challenges despite reasonable financial performance. Income collection efficiency varied across properties, with rates ranging from 21.9 % to 51.5 %, averaging 41.25 %, indicating challenges in revenue collection. Operational efficiency ratings were low across parameters such as the speed of service delivery, the quality of maintenance, and the cost efficiency. Tenant satisfaction was also low, with frequent complaints about maintenance delays and poor communication.

The study provides insights into current practices and suggests recommendations for improving property management to enhance tenant satisfaction and operational efficiency. Key recommendations include adopting better revenue collection methods, implementing planned and reactive maintenance strategies, and improving effective tenant communication to foster a more positive rental environment.

Keywords: *property management, commercial properties, financial performance, operational efficiency, tenant satisfaction, Zanzibar.*

INTRODUCTION

Property management plays an integral role in the real estate sector, encompassing a wide range of activities essential for maintaining and enhancing the value of properties. This multifaceted discipline includes rent collection, maintenance, repairs, service delivery, tenant negotiations, and adherence to regulatory requirements (Is'haq et al., 2013). Effective property management ensures that properties generate consistent revenue, maintain operational efficiency, and satisfy tenants, which are critical components for the success of commercial real estate investments (Oyedokun et al., 2014).

The significance of property management has been recognized globally. Studies have shown that well-managed properties have higher occupancy rates, better tenant retention, and increased property values (Otty et al., 2021). For instance, Baharum et al. (2009) and Otty et al., (2021) highlight that effective property management practices are crucial for financial health, operational efficiencies, and tenant satisfaction. In the context of commercial properties, these practices are particularly vital due to the complexity and scale of operations involved.

Commercial properties such as shopping centers, malls, office buildings, and mixed-use developments require a higher level of management expertise due to their diverse tenant base and the need for continuous maintenance and upgrades (Oyedokun et al., 2014). Property managers must possess various skills, including organizational abilities, attention to detail, and strong communication skills, to handle several challenges and ensure smooth operations. Neglecting regular maintenance, inadequate screening of tenants, poor financial planning, and lack of communication can lead to significant operational inefficiencies and tenant dissatisfaction (Oyedokun et al., 2014; Thontteh & Olanrele, 2015; Swanzy-Impraim et al., 2022).

Globally, the property management profession has evolved significantly over the past few decades. Outsourcing property management functions to specialized firms has become a common practice, triggered by the need for specialized skills and technologies that may not be available in-house This trend allows property owners to focus on strategic activities while leveraging the expertise of external property managers to enhance operational efficiencies and financial performance (Is'haq et al., 2013). Studies by Lam (2012), Oyedokun et al. (2014), Didia and Nwokah (2015), and Otty et al. (2021) emphasize that outsourcing can lead to cost savings, better resource allocation, and improved tenant satisfaction.

Performance assessment in property management is essential to understand how well these practices fulfill their roles and responsibilities. Effective performance assessment involves evaluating various aspects such as financial performance, operational efficiency, and tenant satisfaction. Financial performance assessment examines the ability of property management practices to manage budgets, control costs, and enhance revenue generation (Didia & Nwokah, 2015 and Otty et al., 2021). Operational efficiency assessment focuses on the firm's capabilities to maintain and manage properties efficiently, while tenant satisfaction assesses how well the management meets tenant needs and handles tenant-related issues (Is'haq et al., 2013).

In Africa, the property management sector faces unique challenges. The complexity and intensity of property management activities are compounded by factors such as regulatory environments, economic conditions, and cultural differences (Oyedokun et al., 2014). Despite these challenges, there is evidence that effective property management is the key to significant improvements in operational performance and tenant satisfaction. For example, Abolade et al. (2013) and Is'haq et al. (2013) found that property management functions in Nigeria resulted in better tenant satisfaction and reduced operational costs. Similarly, Otty et al. (2021) noted improvements in operational efficiencies in Nigeria due to effective property management practices.

In Tanzania, particularly in Zanzibar, the interest in professional property management is increasing. Zanzibar, known for its rich cultural heritage and growing tourism sector, has witnessed a significant increase in commercial property investments. Substantial commercial properties in Zanzibar, such as M/Kwerekwe Shopping Centre, Michenzani Mall, Chawl Building, and Thabit Kombo Building, require effective management to ensure sustainability and profitability. Outsourcing property management to specialized firms has allowed property owners to leverage professional expertise, although challenges such as delayed maintenance and tenant dissatisfaction remain prevalent.

The delegation of property management responsibilities is intended to allow property owners to focus on their core business activities while ensuring the smooth operation of their properties. However, in Zanzibar, property owners are still heavily involved in activities that should be managed by professional property managers, undermining the benefits of outsourcing. This discrepancy between expected and actual roles highlights the need for a comprehensive assessment of property management practices to identify areas for improvement.

This study aims to assess the performance of property management practices in Zanzibar's commercial properties, focusing on financial performance, operational efficiency, and tenant satisfaction. By examining these aspects, the research seeks to identify strengths and weaknesses in current management practices and propose actionable recommendations for improvement. The findings will provide valuable insights for property managers, owners, policymakers, and other stakeholders to optimize property management strategies and enhance the overall performance of commercial properties in Zanzibar.

1. LITERATURE REVIEW

Property management involves overseeing day-to-day operations such as rent collection, maintenance, repairs, service delivery, and tenant negotiations (Abolade et al., 2013). Effective management enhances property value and ensures tenant satisfaction (Oyedokun et al., 2014). However, challenges such as neglecting regular maintenance, inadequate financial planning, and poor tenant communication can hinder performance (Sanderson & Read, 2020).

Globally, outsourcing property management has become common, bringing specialized skills and technologies that improve financial performance and operational efficiency (Baharum et al., 2009). Lam (2012) supports this by identifying economic forces influencing the outsourcing process of property management services. Studies highlight the importance of regular performance assessments to ensure management practices meet their objectives (Baharum et al., 2009).

Property management is complex and challenging in the African real estate market but can lead to significant improvements when effectively implemented (Oyedokun et al., 2014). In Tanzania and Zanzibar, there is a growing interest in professional property management (Mutunga, 2012). Chemutai (2019) examines the effect of outsourcing practices on the operational performance of real estate firms in Nairobi, providing insights applicable to the Tanzanian context. However, challenges like delayed maintenance and tenant dissatisfaction persist, underscoring the need for performance assessments to optimize management practices (Mutunga, 2012).

1.1. Comparison and Synthesis of Literature

The literature on property management reveals a multifaceted and evolving discipline. Abolade et al. (2013) emphasize the comprehensive nature of property management, involving numerous activities crucial for property upkeep and tenant satisfaction. Baharum et al. (2009) and Oyedokun et al. (2014) concur, highlighting the positive correlation between effective property management and property value enhancement.

Sanderson & Read (2020) and Mutunga (2012) delve into the challenges faced by property managers, such as neglecting maintenance and poor communication. Nsowah & Phiri (2023) discuss how outsourcing strategies affect operational performance, which is relevant to addressing these challenges. These insights are crucial as they underscore the practical difficulties that can undermine property management efficacy. The contrast between these operational challenges and the strategic advantages of outsourcing, as highlighted by Baharum et al. (2009), provides a balanced view of the field. While outsourcing brings specialized skills and technologies, it also requires careful management to avoid common pitfalls.

The global perspective on property management underscores the importance of adapting these practices to local contexts. Oyedokun et al. (2014) and Mutunga (2012) highlight the unique challenges faced in African markets, including regulatory, economic, and cultural factors. Despite these challenges, studies by Abolade et al. (2013) and Baharum et al. (2009) demonstrate that effective property management practices can lead to improved operational efficiencies and tenant satisfaction in African contexts.

1.2. Performance Assessment

Performance assessment is critical in understanding the effectiveness of property management practices. Baharum et al. (2009) and Baharum et al. (2009) emphasize that comprehensive performance assessments, including financial performance, operational efficiency, and tenant satisfaction, are essential for continuous improvement. Oyedokun et al. (2014) provide empirical evidence on occupier satisfaction with management of rented commercial properties, highlighting the importance of tenant feedback in performance assessments. Didia & Nwokah (2015), Baharum et al. (2015) and Sanderson & Read (2020) further elaborate on the benefits of regular audits and performance evaluations, which help maintain high service standards and ensure that outsourcing meets its intended goals.

In Zanzibar, the interest in property management is growing, particularly with significant commercial properties like M/kwerekwe Shopping Centre and Michenzani Mall (Mutunga, 2012). However, challenges such as delayed maintenance and tenant dissatisfaction, as Abolade et al. (2013) highlighted, indicate the need for a thorough assessment of current practices to identify areas for improvement.

The literature review reveals that while property management is a complex and challenging field, effective practices can significantly enhance property value, operational efficiency, and tenant satisfaction. The global trend towards outsourcing property management highlights the importance of specialized skills and technologies but also underscores the need for careful performance assessment to ensure these practices meet their objectives. Although there is a growing demand for professional property management in Zanzibar, there are still issues that must be resolved that call for thorough performance evaluations in order to maximize management tactics.

2. METHODS

The methodology adopted in this study was designed to support the objectives of assessing the performance of property management practices for commercial properties in Zanzibar. The study employed a descriptive research design, using a mixed-methods approach that combined qualitative and quantitative data collection and analysis. This approach aimed to gather comprehensive data and insights to utilize qualitative and quantitative methods, ensuring a thorough evaluation of the management practices.

Qualitative methods involved interviews with property managers to gather in-depth insights into operational efficiency and financial performance. These interviews facilitated a detailed exploration of the challenges and success factors experienced by property managers. Additionally, qualitative data on financial performance were collected from property management records and financial reports, enabling a systematic analysis of performance metrics. This approach helped to identify and understand the specific contract terms and management strategies that influence financial performance and operational efficiency. Quantitative methods included distributing surveys and structured questionnaires to tenants to assess their satisfaction with the property management practices. The use of statistical tools allowed the identification of patterns and trends, providing clear, unbiased evidence to support the findings. This approach also enabled the comparison of data across different properties and periods, enhancing the reliability and generalizability of the results.

The selection of case studies was based on purposeful sampling, allowing the identification of properties with rich information. The selected properties – M/Kwerekwe Shopping Centre, Michenzani Mall, Thabit Kombo Building, and Chawl Building –are notable commercial buildings in Zanzibar, overseen by different property managers. These properties were chosen due to their significance in the commercial real estate market of Zanzibar, to ensure the collection of adequate and relevant information about property management practices. The selection was also influenced by time and financial limitations, as these areas were easily accessible and provided a focused space for data gathering.

The study area focused on the urban region of Zanzibar, specifically the commercial properties located in key commercial areas within Zanzibar City, the economic hub of the East African region. This Urban area was selected due to its diverse commercial activities, significant economic importance, and the varied property management practices employed across these properties. The concentration of commercial properties in this urban region facilitated efficient data collection and ensured that the findings were relevant to the local real estate market dynamics.

The population for this study included all commercial properties in Zanzibar, with the targeted population specifically comprising property managers and tenants from the selected buildings. This focus allowed for a detailed and relevant assessment of the performance of property management practices within these key properties. By targeting property managers, who provided crucial data on operational efficiency and financial performance, and tenants, who offered valuable feedback on their satisfaction with the management services, the study captured expert insights and direct user experiences. This dual perspective was essential for a comprehensive evaluation, reflecting the effectiveness and quality of the property management practices.

The study employed non-probability sampling techniques, specifically purposive and accidental sampling. Purposive sampling was used for property managers, who were the key informants capable of providing detailed data about the management of the properties. Accidental sampling was used for tenants, selecting participants based on their availability and willingness to participate in data collection. This approach ensured that a diverse range of tenant perspectives was included, reflecting the overall satisfaction and concerns of the tenant population. The sample size included four property managers, one from each selected building, and a total of 121 tenants, for a total of 125 participants.

Data collection involved interviews, questionnaires, and document review that addressed the objectives of operational efficiency, financial performance, and tenant satisfaction. Interviews with property managers focused on operational efficiency and financial performance, using open-ended questions to facilitate detailed and nuanced responses. Questionnaires were used to collect quantitative data from tenants, targeting tenant satisfaction and operational efficiency. Document review provided objective and accurate financial data, reflecting the actual performance of the management practices over time.

Data analysis included thematic analysis for qualitative data and descriptive statistics for quantitative data. The thematic analysis allowed the identification and categorization of common themes and patterns in qualitative data, while descriptive statistics provided a structured approach to summarize and interpret quantitative data. This combined use of thematic analysis and descriptive statistics ensured a comprehensive evaluation of property management practices, providing valuable insights into the effectiveness of these practices in enhancing financial performance, operational efficiency, and tenant satisfaction.

Data presentation involved detailed textual descriptions and illustrative quotes for qualitative data and tables, graphs, and charts for quantitative data. This combined approach ensured comprehensive data presentation, facilitating informed decision-making and planning based on both qualitative insights and quantitative findings.

Validity and reliability were considered to ensure the robustness and accuracy of the findings. Internal validity was ensured through clear operational definitions and control of extraneous variables, while external validity was enhanced by employing representative sampling techniques. Reliability was ensured through standardized measurement tools, inter-rater reliability tests, and data validation procedures.

Ethical considerations were central to the research process, particularly when involving human participants and sensitive data. The study adhered to ethical standards to ensure the confidentiality and protection of participants' information, maintaining the integrity and credibility of the research.

3. RESULTS

The analysis of property management practices for M/Kwerekwe Shopping Centre, Michenzani Mall, Chawl Building, and Thabit Kombo Building over the 12 months from June 2023 to May 2024 provides a detailed view of financial performance, operational efficiency, and tenant satisfaction.

Income collection efficiency varied significantly among the properties. M/Kwekwe Shopping Centre demonstrated an efficiency rate of 51.5 %, while Michenzani Mall achieved a rate of 40.7 %. Chawl Building had the lowest efficiency at 21.9 %, and Thabit Kombo Building's efficiency was slightly lower than M/Kwerekwe Shopping Centre at 50.9 %. On average, the income collection efficiency across the four properties was 41.25 %, reflecting challenges in revenue collection (Table 1).

Table 1. Distribution of Income Collection Efficiency for 12 Months

Property	Total required amount (TZS)	Total collected amount (TZS)	Efficiency (%)
M/Kwerekwe Shopping Centre	378 960 000	195 072 366	51.5 %
Michenzani Mall	5 073 607 560	2 066 071 366	40.7 %
Chawl Building	397 900 800	87 100 000	21.9 %
Thabit Kombo Building	645 147 600	328 300 000	50.9 %
Average			**41.25 %**

The outstanding rental debts varied by property and month. M/Kwerekwe Shopping Centre and Thabit Kombo Building exhibited fluctuating but generally increasing debts over the period. Michenzani Mall saw a notable rise in outstanding debts, while Chawl Building's debts remained relatively high but stable. This pattern is evident from the data presented in Table 2.

Table 2. Distribution of Outstanding Debts for 12 Months (TZS)

Month	M/Kwerekwe Shopping Centre	Michenzani Mall	Chawl Building	Thabit Kombo Building
June 2023	12 129 694	221 350 324	25 058 402	24 763 300
July 2023	10 119 700	222 340 337	24 178 399	25 242 312
Aug 2023	21 079 300	321 299 932	26 123 398	24 278 304
Sept 2023	21 779 910	312 500 544	26 685 407	26 423 311
Oct 2023	13 379 900	242 600 539	27 282 025	26 629 302
Nov 2023	20 980 000	219 200 634	27 353 782	23 374 125
Dec 2023	11 699 960	223 920 591	26 457 400	28 558 102
Jan 2024	20 980 000	231 200 633	26 158 254	22 241 366
Feb 2024	15 980 000	230 200 635	26 349 129	24 334 023
Mar 2024	20 080 000	239 200 634	25 758 200	26 989 309
Apr 2024	21 580 000	235 200 633	25 162 227	23 975 322
May 2024	22 180 000	237 200 634	24 769 367	22 943 231

Operational efficiency was assessed using various parameters, including speed of service delivery, quality of maintenance strategies and repair, cost efficiency, and maintenance response time. The mean scores and standard deviations for these parameters are shown in Table 3. The ratings across all parameters were relatively low, indicating significant issues with the speed and quality of service, cost management, and maintenance response times.

Table 3. Operational Efficiency Ratings

Parameter	*N*	Mean	Standard Deviation
Speed of service delivery	88	2.7273	0.9025
Quality of maintenance and repair	88	2.5000	1.0025
Cost efficiency	88	2.6364	0.9010
Maintenance response time	88	2.6136	0.9536

Tenant satisfaction surveys revealed a general dissatisfaction with maintenance response times and communication with property management. Tenants reported frequent delays in maintenance and poor communication as major concerns. These issues are reflected in the survey results, which indicate low satisfaction levels regarding these aspects.

In summary, the financial performance of the properties showed difficulties in income collection and rising outstanding debts. Operational efficiency was generally low, with significant concerns regarding proper maintenance and service delivery. Tenant satisfaction was adversely affected by delays in maintenance and poor communication. To improve property management in Zanzibar, addressing these financial, operational, and tenant satisfaction issues should be a top priority for property managers.

4. DISCUSSION

The study underscores the urgent need for a more proactive and integrated approach to property management in Zanzibar. The analysis reveals several critical areas requiring improvement to enhance the overall performance of commercial properties. Poor financial performance, as demonstrated by the low-income collection efficiency and increasing outstanding debts, stresses the necessity for better revenue collection methods and debt management strategies. The low average collection rate of 41.25 % and the rising rental debts indicate systemic inefficiencies that must be addressed to ensure financial stability and operational effectiveness.

Operational efficiency also demands significant improvements. The study found that tenants were dissatisfied with maintenance and repair services, citing slow response times and inadequate quality. The mean scores for operational parameters, such as the speed of service delivery and quality of maintenance, were notably low, reflecting a need for property managers to adopt both planned and reactive maintenance strategies. Enhancing cost efficiency and improving the effectiveness of maintenance response are crucial to addressing these issues. Technological integration to streamline operations and improve communications can also contribute to better management practices.

Tenant satisfaction, a lifeblood of successful property management, was also lacking. A considerable portion of tenants expressed dissatisfaction with property management practices, particularly in areas related to communication and maintenance. Addressing these concerns by improving responsiveness to tenant needs and maintaining open lines of communication is essential for enhancing tenant satisfaction and retention. The findings suggest that property managers should focus on increasing tenant engagement and satisfaction to foster a more positive and supportive rental environment.

Overall, the study suggests that by implementing the recommended improvements in financial management, operational efficiency, and tenant satisfaction, property managers in Zanzibar can significantly enhance the performance of commercial properties. Adopting a holistic approach that integrates these elements is crucial for achieving better financial outcomes and operational effectiveness.

CONCLUSIONS

This study aimed to evaluate the performance of property management practices for commercial properties in Zanzibar, focusing on financial performance, operational efficiency, and tenant satisfaction. The results reveal substantial shortcomings in these areas. Financial performance is notably poor, characterized by low-income collection efficiency and rising outstanding rental debts, underscoring the need for enhanced revenue collection methods and more effective debt management strategies.

Operational efficiency also falls short, as evidenced by tenant dissatisfaction with maintenance and repair services. The findings indicate a critical need for property managers to improve the quality and timeliness of maintenance, enhance cost management practices, and adopt more effective operational procedures. Addressing these issues is essential for improving overall performance and increasing tenant satisfaction.

Analysis of tenant satisfaction revealed overall low satisfaction, suggesting that current property management practices do not meet tenant expectations. To improve the satisfaction and retention of tenants, property managers must focus on enhancing effective tenant communication, responsiveness, and overall tenant engagement. Property managers can considerably contribute to the creation of a contemporary and tenant-centric experience by swiftly addressing these complaints and issues from tenants.

In conclusion, the study highlights significant areas for improvement in managing commercial properties in Zanzibar. Implementing the recommended strategies – such as improving revenue collection and debt management, enhancing the quality of maintenance and repair services, and increasing tenant satisfaction and retention – can lead to better financial performance, enhanced operational efficiency, and a more effective and sustainable property management model. Future research should explore the impact of technology on property management, investigate sustainable practices, and examine tenant attitudes toward property management practices to provide further insights and solutions for enhancing commercial property management.

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