

# “Service quality in a landlord – small business relationship in shopping centers”

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## Service quality in a landlord-small business relationship in shopping centres

### Abstract

The aim of the study reported on in this article is to measure the perceived service quality that small business tenants in shopping centres receive from landlords. There are numerous models available to measure service quality, but no studies have been done on the perceived service quality that small business tenants receive from landlords in shopping centres. A quantitative survey on a non-probability sample of 457 small business tenants in 27 different shopping centres in Pretoria, South Africa was conducted. It was found that small business tenants in shopping centres are in general not satisfied with the service quality they receive from landlords. An important finding is the fact that only two distinct dimensions of perceived service quality were found to be pertinent in this relationship, namely intangible (softer issues), and marketing and tangibles. Landlords need to know whether small business tenants are satisfied with the service they provide. This will help them to improve on their service quality in order to retain their tenants and be competitive with other landlords of shopping centres. The findings add to the literature on perceived service quality, specifically in the landlord-small business tenant relationship in shopping centres. It provides valuable information to landlords on having an understanding of how small business tenants perceive the quality of service rendered to them by the landlords.

**Keywords:** perceived service quality, shopping centres, small business tenants, landlords, anchor tenants, service quality models.

**JEL Classification:** L26.

### Introduction

Size does count. This is how many small businesses feel if they are tenants in shopping centres. They come up against landlords that favor big, well-known retailers, mainly for economic reasons (Damien, Curto & Pinto, 2011; Levy & Weitz, 2009; Terblance, 2011). As a result, the perception is that the service quality that small business tenants receive from their landlords leaves a lot to be desired.

Landlords have a significant influence on small business tenants' success in shopping centres. Although landlords of shopping centres realise the importance of accommodating small independent businesses in their centres, it is argued that small business tenants are at a competitive disadvantage regarding the service they receive in comparison with that of the large anchor tenants (Terblanche, 2011). Kinnard and Messner (1972) state that since at least 1960, there has been documentary evidence particularly for the claim that small retailers in shopping centres are discriminated against when it comes to prime retail locations in shopping centres. Numerous newspaper articles worldwide also mention other areas of poor service delivery by the landlords where small business owners feel they are being victimised and bullied (Barrios, 2007; Carswell, 2008; Terblanche, 2011).

Service quality has been the topic of many research studies during the last three decades. There are numerous studies on the measurement of service

quality in several service sectors, but none has addressed the quality of service rendered by landlords of shopping centres to their small business tenants. More recent studies include studies in healthcare services (Chaniotakis & Lymperopoulos, 2009), non-profit organizations (Haley & Grant, 2011), mobile communication services (Kung, Yan & Lai, 2009), the fast food industry (Bougoure & Neu, 2010), the public service sector (Agus, Barker & Kandampully, 2007), the banking sector (Kumar, Kee & Charles, 2010), the restaurant industry (Kueh & Voon, 2007), to mention only a few.

Of particular interest is the issue of service quality measurement. Service quality measurement was of particular interest for this study because the purpose of the study was to measure the service quality that small business tenants in shopping centres receive from their landlords. A review of the literature indicated that there are several models available to measure service quality. It was imperative that the correct model be used to measure the service quality that small business tenants receive from their landlords.

The study being reported here aimed to measure the perceived service quality that small business tenants in shopping centres receive from landlords. These findings may be used by landlords to address possible shortcomings in the quality of the service they offer to small business tenants. The findings of this study could also be provided to landlords to make them aware of the special needs that small businesses in shopping centres have. This is important as landlords as property managers are

gradually being subjected to increased competitive pressures in the economy. Lastly, tenants can use the findings of the study to evaluate the shopping centre prior to entering the lease agreement.

The article proceeds with the research objective (Section 1), the literature review (Section 2) and a discussion of the research design, covering the research approach and method (Section 3). A presentation of the results and a discussion of the findings follow. The article concludes with a brief synopsis of its main conclusions, its implications for practice and recommendations for future research (the final section).

## 1. Research objective

As indicated in the literature review, several researchers have applied numerous service quality models as a service quality measure in a number of different service industries, but none has focused on the specific area of the landlord-small business tenant relationship in shopping centres. This study has attempted to address this issue. The research objective of this study was therefore to measure the perceived service quality provided by landlords to small business tenants in shopping centres by making use of the SERVPERF model and the one dimension of the FAIRSERV model of service quality. From the research objective, the following hypothesis was formulated:

*Small business tenants in shopping centres are in general not satisfied with the service quality that they receive from landlords.*

For this study, a score of 3 on the Likert Scale was regarded as a neutral response and therefore any score above 3 will be regarded as an indication of service satisfaction.

## 2. Literature review

As the purpose of this article is to report on the service quality that small business tenants receive from landlords in shopping centres, this section will give an overview of small businesses in shopping centres, landlords of shopping centres and the relationship between tenants and the landlord. Lastly, service quality in general will also be discussed.

**2.1. Small businesses in shopping centres.** It is increasingly recognized all over the world that small businesses, especially those with potential to grow, play an important role in the economic and social development of countries (Byrd & Megginson, 2013; Nieman & Niewenhuizen, 2009; Wickham, 2006). Much employment is generated by small businesses and it is widely considered to be vital for competitiveness and economic growth (Byrd & Megginson, 2013; Stokes & Wilson, 2010). It is from

this understanding that the South African government has strived since 1994 to create a favorable environment for small businesses as vehicles to address the challenges of job creation, poverty alleviation, economic growth and equity (Department of Trade and Industry, 1995). The major role played by government since then is through institutional restructuring, policy and regulatory reform that create a favorable environment for various institutions to work together and support small businesses in the country. If leases to small businesses in shopping centres were found to be inhibiting these businesses' ability to survive and to grow, it would be a cause for considerable concern that would be contrary to government's efforts.

The uses of retail land constitute a significant part of the urban environment in all developed countries, as well as in a substantial and growing proportion of developing countries (Prinsloo, 2010). It is therefore important that careful consideration be given to retail location. Retail location has long been considered an important strategic business decision for a number of reasons (Yan & Eckman, 2009). Firstly, according to spatial interaction models, which indicate the relationship between a customer's perception of utility and characteristics of a destination, customers' store-choice decisions are to a large extent influenced by accessibility of retail locations. Secondly, a sustainable competitive advantage through location strategy can be developed by retailers (Levy & Weitz, 2009). The most crucial measures of the value of a location and a site are, however, the number and type of people passing by. The site with the most pedestrian traffic is therefore often the best location for a business (Berman & Evans, 2010).

In South Africa, retailers, and in particular small business retailers, have a number of location options, ranging from unplanned retail locations such as central business districts (CBDs) to planned shopping centres. A shopping centre can be defined as "a group of retail and other commercial establishments that is planned, developed, owned and managed as a single property, with on-site parking provided" (Poloian, 2013; Berman & Evans, 2010; Pitt & Musa, 2009). Small businesses have come to realise the advantages of locating their businesses in shopping centres. From a South African perspective, the types of shopping centres are small, free-standing and convenience centres, neighbourhood centres, community centres, small regional shopping centres, regional centres, super-regional centres, lifestyle centres and strip centres (Muller, 2008).

Shopping centres play a major role in attracting customer traffic to all the tenants because visiting centres are convenient for customers and centres

provide an assortment of merchandise that in many cases exceeds that of the CBD (Levy & Weitz, 2009; Roberts, Merrilees, Herington & Miller, 2010). Binding together many stores under one roof creates a synergy that attracts more customers than if the stores were located in separate locations (Poloian, 2013). In most cases, there will be a shopping centre only a short drive from home and, in general, parking is not such a problem as in the CBD (Poloian, 2013).

Although planned shopping centres are an excellent site option for most businesses, these centres have some disadvantages. Firstly, the leasing fees in centres are relatively higher than those of some free-standing and CBD sites. For small businesses, this is especially troublesome because it can lower their eventual profits considerably (Williams, 2013). Secondly, shopping centres often limit retailers' flexibility in that landlords may require uniform hours and may specify the size and type of exterior design. Finally, competition within some shopping centres can be intense. It may be difficult, especially for small speciality stores, to compete directly with larger department stores (Levy & Weitz, 2009).

In spite of these difficulties, many small businesses find that the advantages of locating in shopping centres far exceed the disadvantages. Landlords, however, have a significant influence on small business tenants' success in shopping centres (Poloian, 2013).

**2.2. Landlords of shopping centres.** Shopping centres are built by developers and are sold to the institutional investment community. Most of these institutions are life insurance companies and big pension funds (Pitt & Musa, 2009; Poloian, 2013). The main focus for investors is to maximize profit by leasing out space in shopping centres. The core business of a shopping centre is therefore, above all, an investment (Musa & Pitt, 2009). In South Africa, a great deal of the estimated 1 300 shopping centres are owned by pension funds and life insurance companies (Muller, 2008). There also has been a massive inflow of investment from listed property groups and private developers. In this way, the shopping centre owners seek to secure a future stream on the capital investment while also adding capital value to the investment. The effort by shopping centre management for maximum return on investment (ROI) for their owners often serves as a spoke in the wheel when it comes to the service quality being offered to the tenants (Muller, 2008). In order to satisfy the owners, centre managers often try to cut costs when it comes to services offered to the tenants (Muller, 2008).

It is furthermore the responsibility of the owners (landlords) to ensure the success of shopping centres by managing the facilities as well as the tenant mix (Lusch, Dunne & Carver, 2011). The most important factor to ensure the success of shopping centres is the managing of the tenant mix (Lusch et al., 2011). Tenant mix refers to "having a variety of stores that work well together to enhance the performance of the entire centre, as well as performing successfully as individual businesses" (Greenspan, 1987). According to Levy and Weitz (2009), the tenants in shopping centres can be categorized into traffic attractors (anchor tenants) and traffic users (smaller independent tenants). Landlords are well aware of the fact that the realisation of maximum return on their investments requires the presence of a major anchor tenant (Poloian, 2013). For this reason, landlords often favor these stores, and small business tenants have to pay a much higher leasing fee per square metre than the anchors tenants (Terblance, 2011).

Like many businesses, landlords as property managers are being subjected to increased competitive pressures of the changing business and economic environment. According to Levy and Weitz (2009), there is, for instance evidence that the shopping centre traffic and sales have been declining in the United States of America (USA) and limited resources are being spent on new shopping centre development. New shopping centre development has dropped by nearly 70% between 1989 and 1993 (International Council of Shopping Centers, 2013). Since the mid-1990s, at least 300 older shopping centres in the USA, each with one or two anchor stores, have shut down (Levy & Weitz, 2009). By 1992, the general trend in the shopping centre industry in the USA had become the remodelling and expansion of existing projects (International Council of Shopping Centers, 2013). Only five new shopping centres were opened per year between 2000 and 2005 (Levy & Weitz, 2009). By 2010, due to the downturn in the USA's economy, sales took a hit and shopping centre development saw little to no activity during the latter half of the decade (International Council of Shopping Centers, 2013). Although the worldwide economic recession did not affect South Africa equally hard as the USA, the above-mentioned scenario in the USA should be reason for concern for South African landlords of shopping centres. Landlords should realise that all their tenants have to be treated as valued customers and that it is very important that the tenants' needs should be met (Pinder, Price, Wilkinson & Demack, 2003). The matter of service quality is therefore of particular interest to the tenants.

**2.3. The relationship between tenants and the landlord.** For the success of a shopping centre as well as the success of an individual tenant, it is important that there should be a good relationship between the landlord and the tenant (Sinchaloenman & Ngamyan, 2013). Maintaining tenant satisfaction and goodwill has become as important to property management as rent collection. It is of particular importance for landlords to ensure that their tenants stay with them, as the costs of attracting new tenants are much higher than the costs of keeping present tenants (Ashley, 2009). It is therefore logical that landlords in shopping centres will have to be proactive in the area of service quality. According to Roberts et al. (2010), satisfied tenants are more committed, making them more loyal to the landlord and less likely to move to other premises than unsatisfied tenants.

One reason why so many landlords seldom keep the promise of quality service to their tenants is that service quality is often difficult to quantify. As a result, although landlords intend to make service quality a top priority, they never really know how well the objective of service quality is being achieved (Gray, 1992). Property managers, landlords and asset managers in the real estate industry are acknowledging the value of measuring and benchmarking the level of service quality as a technique for retaining tenants at their properties (Gray, 1992). Measuring service quality can help landlords to identify the areas that can provide them with a competitive edge and those areas that need to be improved upon (Gray, 1992). This article will attempt to give landlords insight into their tenants' perception of the quality of service rendered to them.

**2.4. Service quality.** Perceived service quality is defined by Parasuraman, Zeithaml and Berry (1988) as a global judgement or attitude relating to the superiority of the service and, by Zeithaml (1988) as the customer's assessment of the overall excellence or superiority of the service. Service quality has been the topic of many research studies during the last three decades. Of particular interest is the issue of service quality measurement. Service quality measurement was of particular interest for the current study because the purpose of the study was to measure the service quality that small business tenants in shopping centres receive from their landlords. Review of the literature indicated that there are several models available to measure service quality. It is imperative that the correct model be used to measure the service quality that small business tenants receive from their landlords.

By far the most popular and most often used model is the SERVQUAL model as proposed by Parasuraman

et al. (1988). SERVQUAL was proposed by Parasuraman et al. (1988) as a multiple-item scale for measuring customer perceptions of service quality. The model is based on five dimensions of service quality, namely tangibles, reliability, responsiveness, assurance and empathy. The measurement scale developed included a 22-item scale termed SERVQUAL that evaluates service quality on the five service quality dimensions by comparing customer's expectations and perceptions.

One of the better known alternatives to SERVQUAL is the SERVPERF instrument (Cronin & Taylor, 1992) that measures experiences only and does not ask respondents about expectations. As a result, SERVPERF uses only the perceptions part of the SERVQUAL scale. Cronin and Taylor (1992) argue that service quality is better predicted by perceptions of actual service received only, and not as the difference between perceptions and expectations as suggested by Parasuraman et al. (1988).

Another model that is worth mentioning and which was applicable to this research study is the FAIRSERV model of Carr (2007). Carr (2007) feels that an important deficiency of SERVQUAL and SERVPERF is that they do not include equity (fairness) theory as the basis for any of their scales, even if it is clear from previous experience that equity is often evaluated in service encounters.

All the components of the FAIRSERV model were not suitable for the current study, due to its focus on satisfaction and repatronage intentions. It was however, important to pay attention to FAIRSERV's fairness dimensions because, small business tenants in shopping centres often experience perceived unfairness when it comes to the treatment and services provided by the landlords to them as compared to those received by large anchor tenants.

### 3. Research methodology

The research methodology presented here focuses on the research design, the methods and procedures for data collection, and the measuring and analysis of data used in the study.

**3.1. Measuring instrument.** The study was designed as a formal study, and a quantitative survey design was used to achieve the objectives of the study. The primary data for this study was collected by means of a self-administered questionnaire, which consisted of multiple-choice, single-response questions, a five-point Likert-type scale and free-response questions. The questionnaire was pre-tested by distributing it to ten small business tenants in two different shopping centres. Minor adjustments were made after the pre-

test. The questions on the questionnaire where respondents had to select from a 5-point Likert-type scale from strongly disagree (1 on the Likert-type scale) to strongly agree (5 on the Likert-type scale), were set up according to the combined SERVPERF and FAIRSERV service quality models. The questions were divided into the five dimensions of the SERVPERF model (reliability, responsiveness, assurance, tangibles and empathy) as well as a sixth

dimension (fairness) that was based on the FAIRSERV model. The questions that were based on the SERVPERF model were asked in exactly the same way as suggested by the model. A few more questions that were considered to be applicable to the specific relationship between landlords and small business tenants in shopping centres, were added (see Table 1). These questions, as well as the FAIRSERV questions, were sorted randomly.

Table 1. The combined SERVPERF and FAIRSERV scale

PERCEPTIONS
Reliability
<ul style="list-style-type: none"> <li>◆ When XYZ company promises to do something by a certain time, they will do so.</li> <li>◆ When you have a problem, XYZ company shows a sincere interest in solving it.</li> <li>◆ XYZ company performs the service right the first time.</li> <li>◆ XYZ company provides its services at the time it promises to do so.</li> <li>◆ XYZ company insists on error-free records.</li> </ul>
Responsiveness
<ul style="list-style-type: none"> <li>◆ XYZ company keeps customers informed about when services will be performed.</li> <li>◆ Employees in XYZ company give you prompt service.</li> <li>◆ Employees in XYZ company are always willing to help you.</li> <li>◆ Employees in XYZ company are never too busy to respond to your request.</li> </ul>
Assurance
<ul style="list-style-type: none"> <li>◆ The behavior of employees in XYZ company instils confidence in you.</li> <li>◆ You feel safe in your transactions with XYZ company.</li> <li>◆ Employees in XYZ company are consistently courteous with you.</li> <li>◆ Employees in XYZ company have the knowledge to answer your questions.</li> </ul>
Empathy
<ul style="list-style-type: none"> <li>◆ XYZ company gives you individual attention.</li> <li>◆ XYZ company has employees who give you personal attention.</li> <li>◆ Employees of XYZ company understand your specific needs.</li> <li>◆ XYZ company has operating hours that are convenient to all its customers.</li> </ul>
Tangibles
<ul style="list-style-type: none"> <li>◆ XYZ company has modern-looking equipment.</li> <li>◆ XYZ company's physical facilities are visually appealing.</li> <li>◆ XYZ company's employees appear neat in appearance.</li> <li>◆ Material associated with the service (pamphlets or statements) are visually appealing.</li> </ul>
Systemic fairness
Overall fairness/unfairness judgement that emerges from perceptions of distributive, procedural, interpersonal and informational fairness/unfairness
<ul style="list-style-type: none"> <li>◆ You have the opportunity to fair negotiations with regard to the leasing contract.</li> <li>◆ Terms and conditions of lease are equally fair for small tenants and bigger tenants.</li> <li>◆ In general, small tenants are treated the same as bigger tenants.</li> <li>◆ Your rental fee is realistic in comparison with that of bigger tenants.</li> <li>◆ You perceive the promotions done at the centre to equally include the small tenants and the bigger tenants.</li> <li>◆ You get value for your leasing fee.</li> </ul>

Source: Wilson et al. (2008, pp. 133-134), Carr (2007, p. 122).

**3.2. Sampling.** The questionnaires were distributed by the researcher and two fieldworkers to 510 small tenants in shopping centres. A covering letter and consent form accompanied each questionnaire. Of the 510 questionnaires that were distributed, 457 were received back. This is a response rate of 89.61%.

The participants comprised a non-probability, judgement sample of 457 small business tenants of 27 different shopping centres throughout Pretoria, South Africa. These shopping centres were owned

by 19 different landlords. The sample comprised owners (23.85%), managers (59.08%), owners and managers (10.94%) and other full-time employees (6.13%) of small business owners in shopping centres. Furthermore, the types of business that the sample comprised of were retail goods (74.40%), personal service (18.38%) and restaurants/coffee shops (7.22%).

The responses were anonymous and this confidentiality was respected within the study. This was considered to be the best option available in

order to access data. The respondents were assured of their anonymity and that the data would be treated as confidential.

**3.3. Statistical analysis.** The questionnaires of this study were scrutinised and the questions coded accordingly. The data were captured on an Excel spreadsheet by the Department of Statistics at the University of Pretoria. The captured data were inspected for possible mistakes. Thereafter it was processed by the Department of Statistics at the University of Pretoria. The BMDP statistical program was used to compile the descriptive and inferential statistics.

The data analysis procedures for this research were chosen because of their applicability to the exploratory nature of the research design. The following techniques, based on the distribution of the descriptive statistics obtained from this study, were used to perform the inferential analysis: frequency distribution, factor analysis and posthoc testing using least square means *t*-tests. One-way analysis of variance (ANOVA) was included as part of the initial research process. Cronbach's alpha

coefficients were also calculated to determine the internal consistency reliability of the measuring instrument. It has been decided that Nunally's (1978) recommendation of 0.500 would be an acceptable threshold for an acceptable alpha score for this study.

#### 4. Research findings and analysis

As mentioned, the respondents had to choose from a five-point Likert-type scale whether they strongly disagreed, disagreed, were neutral, agreed or strongly agreed in terms of 36 different statements on service quality. The statements were arranged according to the five SERVPERF and one FAIRSERV dimension as suggested by these models.

The responses with regard to the perceived service quality that the respondents experienced of the services rendered by the landlords in shopping centres are presented in Table 2. The frequencies as well as the percentage of the frequencies are given. In the last two columns, the mean and standard deviation is given.

Table 2. Perceived service quality that small business tenants receive from landlords in shopping centres

Variable	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	Standard deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
Reliability												
1. When promised to do something by a certain time, management will do so.	26	5.70	126	27.63	189	41.45	96	21.05	19	4.17	2.906	0.935
2. A service is provided at the time management promises to do so.	19	4.18	116	25.49	223	49.01	80	17.58	17	3.74	2.912	0.859
3. When experiencing a problem, management shows sincere interest in solving it.	35	7.66	116	25.38	200	43.76	86	18.82	20	4.38	2.869	0.953
4. Management performs the service right the first time.	22	4.81	113	24.73	242	52.95	69	15.10	11	2.41	2.856	0.817
5. Management insists on error-free leasing statements and other records.	18	4.06	102	23.02	217	48.98	83	18.74	23	5.19	2.974	0.881
Responsiveness												
6. You are informed when services will be performed.	9	1.97	83	18.16	192	42.01	138	30.20	35	7.66	3.234	0.903
7. Management is never too busy to respond to your requests.	30	6.56	108	23.63	241	52.74	66	14.44	12	2.63	2.829	0.849
8. You receive prompt service (eg. reaction to maintenance complaints).	28	6.15	101	22.20	235	51.65	74	16.26	17	3.74	2.893	0.876
9. You are satisfied with the response time of security.	26	5.70	80	17.54	181	39.69	135	29.61	34	7.46	3.155	0.987
Assurance												
10. Behavior of management instils confidence in you.	19	4.18	112	24.62	227	49.89	77	16.92	20	4.40	2.928	0.867
11. You feel safe in your transactions with management.	17	3.72	93	20.35	209	45.73	114	24.95	24	5.25	3.077	0.899
12. Management is consistently courteous with you.	15	3.30	48	10.55	251	55.16	114	25.05	27	5.93	3.197	0.828
13. Management has the knowledge to answer your questions.	17	3.73	62	13.60	258	56.58	101	22.15	18	3.95	3.090	0.810
14. You are satisfied with the visibility of security in the centre.	24	5.25	83	18.16	154	33.70	151	33.04	45	9.85	3.241	1.030
15. You are satisfied with the marketing of the centre.	63	13.79	135	29.54	125	27.35	119	26.04	15	3.28	2.755	1.087

Table 2 (cont.). Perceived service quality that small business tenants receive from landlords in shopping centres

Variable	Strongly disagree		Disagree		Neutral		Agree		Strongly agree		Mean	Standard deviation
	1		2		3		4		5			
	Fr	%	Fr	%	Fr	%	Fr	%	Fr	%		
16. You are satisfied with the number of daily visitors to the centre.	44	9.63	74	16.19	162	35.45	160	35.01	17	3.72	3.070	1.021
17. The marketing fund of the centre is managed effectively.	63	13.82	149	32.68	147	32.24	89	19.52	8	1.75	2.628	1.003
18. Management gives you individual attention and is interested in your opinion.	36	7.88	132	28.88	207	45.30	74	16.19	8	1.75	2.751	0.881
Empathy												
19. Management shows interest in communicating with you.	29	6.36	99	21.71	221	48.46	82	17.98	25	5.48	2.945	0.931
20. Management understands your specific needs.	21	4.61	94	20.61	254	55.70	78	17.11	9	1.97	2.912	0.795
21. Management is always willing to help.	17	3.74	72	15.82	259	56.92	88	19.34	19	4.18	3.044	0.815
22. Shopping hours are realistic.	30	6.58	67	14.69	114	25.00	225	49.34	20	4.39	3.300	0.996
23. Shopping hours are convenient.	16	3.50	55	12.04	111	24.29	249	54.49	26	5.69	3.468	0.903
Tangibles												
24. Centre and facilities are neat and clean.	12	2.63	78	17.11	127	27.85	198	43.42	41	8.99	3.392	0.958
25. The décor and facilities of the centre are visually appealing.	13	2.86	53	11.65	121	26.59	232	50.99	36	7.91	3.495	0.901
26. You are satisfied with the air conditioning.	76	16.89	118	26.22	174	38.67	70	15.56	12	2.67	2.602	1.019
27. There is sufficient parking at the centre.	19	4.18	42	9.23	97	21.32	249	54.73	48	10.55	3.582	0.943
28. Routine maintenance and repairs are done regularly.	24	5.25	108	23.63	209	45.73	104	22.76	12	2.63	2.939	0.881
29. Website of the centre is visually appealing.	24	5.61	46	10.75	235	54.91	104	24.30	19	4.44	3.098	0.844
30. Brochures/pamphlets of the centre are visually appealing.	32	7.13	97	21.60	175	38.98	127	28.29	18	4.01	3.004	0.971
Fairness												
31. You have the opportunity to fair negotiations with regard to the leasing contract.	47	10.42	120	26.61	208	46.12	67	14.86	9	2.00	2.718	0.906
32. Terms and conditions of lease are equally fair for small tenants and bigger tenants.	119	26.50	131	29.18	137	30.51	53	11.80	9	2.00	2.333	1.047
33. In general, small tenants are treated the same as bigger tenants.	154	33.77	136	29.82	101	22.15	52	11.40	13	2.85	2.197	1.110
34. Your rental fee is realistic in comparison with that of bigger tenants.	95	20.97	166	36.64	138	30.46	47	10.38	7	1.55	2.348	0.971
35. You perceive promotions done at the centre to equally include small tenants and bigger tenants.	60	13.16	151	33.11	135	29.61	94	20.61	16	3.51	2.683	1.050
36. You get value for your leasing fee.	28	6.17	71	15.64	214	47.14	132	29.07	9	1.98	2.956	1.139

The statement that rated the highest on mean score in Table 2 is “there is sufficient parking at the centre” with a mean score of 3.582 and standard deviation of 0.943. The statement that rated the second highest on mean score also relates to the tangibles aspect of service quality, namely “the décor and facilities of the centre are visually appealing” (mean score of 3.495 and standard deviation of 1.110). Fifteen statements had a mean score of between 3 and 4 as indicated in Table 2.

The statement that rated the lowest on mean score (2.197 and standard deviation of 1.110) is “in general, small tenants are treated the same as bigger tenants”. The second and third lowest statements also refer to the fairness aspect of service quality, namely “terms and conditions of lease are equally

fair for small tenants and bigger tenants” (mean score of 2.333 and standard deviation of 1.047) and “your rental fee is realistic in comparison with that of bigger tenants” (mean score of 2.348 and standard deviation of 0.971). This confirms what was found in the literature regarding small business tenants that feel that they are being bullied and treated unfairly in comparison with big anchor tenants (Barrios, 2007; Carswell, 2008; Terblanche, 2011). A total of 21 statements had a mean score of between 2 and 3 as indicated in Table 2.

The validity and reliability of the measuring instrument were confirmed by performing factor analysis. Factor analysis was used to look for patterns among the variables in order to discover whether an underlying combination of the original



variables (a factor) could summarize the original set. With factor analysis, it was attempted to reduce the number of variables and discover the underlying constructs that explain the variance (Cooper & Schindler, 2006; Diamantopoulos & Schlegelmilch, 2006). Factor analysis was done on variables from the questionnaire used in this study. The variables were sorted and rotated to obtain a clear pattern of loadings. These were factors clearly marked by high loadings for some variables, and low loadings for others. This rotation was aimed at maximizing the variances of normalized factor loadings across the variables for each factor.

The BMDP statistical program was used to run the factor analysis on the variables. The program was

run for four, three and two factors respectively. From the onset, variable 46 (the parking fees are realistic) were excluded due to the many respondents who did not respond to that statement. The reason for the low response to this variable might have been the result of many tenants not paying an hourly parking fee at their shopping centres or they might have been on monthly rented contracts in respect of parking. The two-factor model produced the most acceptable results and was run a second time after eliminating a further 11 variables due to low loadings. The final interpretation of the results of the factor analysis is presented in Table 3. The values are presented from the highest to the lowest.

Table 3. Rotated factor analysis of respondents' perceived service quality from landlords in shopping centres

Variable no.	Description of variable	Loadings	
		Factor 1	Factor 2
V32	Management is always willing to help	0.815	0.010
V17	When experiencing a problem, management shows sincere interest in solving it	0.798	-0.003
V18	Management shows interest in communicating with you	0.786	0.021
V21	You feel safe in your transactions with management	0.773	-0.073
V13	Management gives you individual attention and is interested in your opinion	0.754	-0.024
V29	Management understands your specific needs	0.751	0.067
V12	Behavior of management instils confidence in you	0.748	0.046
V23	Management is never too busy to respond to your requests	0.739	0.061
V15	A service is provided at the time management promises to do so	0.731	0.062
V16	In general, small tenants are treated the same as bigger tenants	0.727	-0.095
V11	When promised to do something by a certain time, management will do so	0.717	0.081
V24	Management performs the service right the first time	0.686	0.077
V22	Terms and conditions of lease are equally fair for small tenants and bigger tenants	0.678	-0.106
V25	You have the opportunity to fair negotiations with regard to the leasing contract	0.669	-0.021
V33	Management has the knowledge to answer your questions	0.665	0.070
V26	Management is consistently courteous with you	0.660	0.028
V36	Your rental fee is realistic in comparison with that of bigger tenants	0.640	-0.086
V20	You are informed when services will be performed	0.620	0.060
V28	You receive prompt service (e.g. reaction to maintenance complaints)	0.577	0.135
V31	Management insists on error-free leasing statements and other records	0.548	0.004
V43	You are satisfied with the marketing of the centre	0.029	0.891
V45	The marketing fund of the centre is applied and managed effectively	0.018	0.811
V41	Brochures/pamphlets of the centre are visually appealing	0.123	0.688
V44	You are satisfied with the number of daily visitors to the centre	-0.071	0.633
V19	The décor and facilities of the centre are visually appealing	0.042	0.521

According to Cooper and Schindler (2006), eigenvalues are the sum of the variances of the factor values. When divided by the number of variables, an eigenvalue yields an estimate of the amount of total variance explained by the factor.

The eigenvalues that determined the number of factors when factor loading was done, were:

- ◆ Factor 1: 11.1020; and
- ◆ Factor 2: 1.9113.

The eigenvalue has to be greater or equal to one in order to be included as a factor when loading is done on variables.

The two factors that were identified were as follows:

- ◆ Factor 1: Intangibles (Cronbach's alpha value of 0.9491).
- ◆ Factor 2: Marketing and tangibles (Cronbach's alpha value of 0.9535).

Factor 1 included four of the items of the original reliability dimension as suggested by the SERVPERF service quality model. It also included three items of the responsiveness dimension (SERVPERF), four items of the assurance dimension (SERVPERF), four items of the empathy dimension (SERVPERF), as well as four items of the fairness dimension as suggested by the FAIRSERV service quality model. 'Intangibles' seemed an appropriate title as all the items related to the 'softer' and 'caring' (intangible) aspects of the service offering from the landlords to the small business tenants in shopping centres. It is also important to note that none of the original 'tangibles' aspect of the SERVPERF model was included here. Another meaningful finding was that four out of the six items that were added by the researcher as part of the fairness dimension of SERVPERF, had high factor loadings. This confirmed the relevance of the fairness aspect when perceived quality of landlords to small business tenants was measured, although it was not identified as a separate factor. The relative high eigenvalue (11.102) relative to Factor 2 (1.911) indicated the importance of this factor for small business tenants when it came to the perceived service quality that they received from their landlords.

Factor 2 included two of the items of the 'tangibles' dimension as suggested by SERVPERF. The other three items related to 'marketing' and were added by the researcher. All the items of this factor included items clearly related to marketing and other tangibles.

Although the majority of the individual items from the SERVPERF scale were retained as part of the two factors, it was clear that only two distinct dimensions are relevant in measuring the service quality that small business tenants in shopping centres receive from their landlords. It seems that small business tenants in shopping centres are mainly concerned about two aspects, namely:

- ◆ how they are treated by their landlords; and
- ◆ how the tangibles and marketing of the shopping centre are handled by their landlords.

The two most important aspects about the landlord-small business tenant relationship therefore is that small tenants want to be treated with respect and courtesy by their landlords and they want their landlords to secure a steady flow of daily visitors to the shopping centre as well as to their stores.

The Cronbach's alpha coefficients for both the factors were acceptable (cut-off point of 0.500), confirming the reliability and accuracy of the measuring instrument.

**4.1. Perceived service quality according to the two factors.** The respondents' perceived service quality

of the landlords' service provided to them were analyzed next according to the two identified factors.

The mean score for evaluating the intangible aspect of service quality that small business tenants in shopping centres receive from landlords, was 2.881 (Table 4). This indicates that the small business tenants in shopping centres were in general not satisfied with the 'softer' intangible aspects of the service quality that they receive from their landlords.

With respect to the 'marketing and tangibles' factor, the mean score was 2.990 (Table 4). Although this indicates that respondents were slightly more satisfied with this aspect of service quality from the landlord, the mean score is still below 3 and therefore indicates that small business tenants were also dissatisfied with this aspect of the service to them.

Table 4. The mean scores on perceived service quality

Variable	N	Mean	Standard deviation
Factor 1: Intangibles	457	2.8812	2.8812
Factor 2: Marketing and tangibles	457	2.9903	2.9904

In terms of the stated hypothesis the following can therefore be deduced:

*Small business tenants in shopping centres are in general not satisfied with the service quality they receive from landlords.*

## Conclusion

The main aim of the research on which this article reports was to pose and answer the question regarding the level of service quality that small business tenants in shopping centres receive from their landlords. A comprehensive literature review revealed numerous research studies on the measurement of service quality in several service sectors, but none was found to address the measurement of service quality in the unique relationship between small business tenants in shopping centres and their landlords.

The findings from the empirical part of this study helped to highlight the aspects of service quality that are considered important by small business tenants as well as their level of satisfaction with these aspects. This study has shown that small business tenants in shopping centres are in general not satisfied with the service quality they receive from landlords. An interesting finding is the fact that only two distinct dimensions of perceived service quality were found to be pertinent in this relationship. In addition, the study has shown that small business tenants in shopping centres taking part in the survey were concerned about

the intangible, softer issues, and the marketing and tangible issues of service quality received from the landlords. From the findings, it is clear that small business tenants in shopping centres basically want to be treated with respect and courtesy by the landlord and they want the landlord to assure them of continued and sufficient foot traffic to the centre as well as to their stores.

The declining market for some shopping centres in the USA (Poloian, 2013) may perhaps be all the more reason for shopping centre landlords in South Africa to improve their efforts in providing high quality services to their tenants. This article may provide shopping centre landlords with the reality of how small business tenants perceive their services and this may be an encouragement for them to pay attention to this important matter.

The findings of the study can serve as motivation and guideline for landlords of shopping centres to assess the quality of service they provide to their small business tenants. The results of the study could give landlords insight into the aspects of service quality that are deemed most important for small business tenants in shopping centres.

This study was, however, only a starting point for the measuring of service quality in a landlord-small business tenant relationship in shopping centres. It is thus not suggested that the concepts, findings, conclusions and recommendations as discussed in the study are definitive. Given the exploratory nature of the research, the reader should be aware of the following limitations of the study, namely:

- ◆ The sample frame that was used in the study was from shopping centres in one city only, namely Pretoria, South Africa. It is thus important to be aware that any references made in this study regarding any part of the universe should not be read to be representing the population, but it

should rather be seen in context of the sample frame that was used.

- ◆ Although the researcher might have assured the participants of the anonymity of their responses, participants might still have been cautious in terms of the amount of information that they have divulged. Small business tenants, especially, might not have shared information freely because they might have felt that their responses could be held against them by landlords.

Collecting data on the perceived service quality that small business tenants in shopping centres receive from their landlords has a very clear importance and further research in service quality in this relationship is still required. It is clear that the landlord-small business tenant relationship in shopping centres is a unique one. This is not a normal “business-customer” relationship as the small business tenants and the landlord are inter-dependent. They need one another for their survival. This study has contributed results and research approaches that could stimulate further research on this important issue.

The following opportunities for further research were identified during the development of this research study, namely:

- ◆ A comparative study between the perceived service quality that small business tenants in shopping centres in other cities and other provinces of South Africa receive from their landlords.
- ◆ A comparative study between small business tenants and bigger anchor tenants in shopping centres with regard to the perceived service quality they receive from their landlords.

The latter study could then indeed shed light on whether size does count.

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