



FACTORS AFFECTING THE EFFECTIVE IMPLEMENTATION OF PROPERTY MANAGEMENT STRATEGIES OF NIGERIAN RAILWAY CORPORATION IN KADUNA

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Abstract

Public Landed properties are those owned by the Federal, State, and Local governments as well as the various ministries, departments and agencies (MDA's). There is no gain saying that the Nigerian Railway Corporation (NRC) which is a major public organization in Nigeria is about the largest corporate land and landed property owner in the country. Factors threatening the thrust of maximization of revenue accruing from the commercialization of NRC landed properties have affected management strategies of the organization. The study therefore examines factors affecting the implementation of strategies with a view to finding lasting solutions. The study analyzed 240 closed ended questionnaires administered through simple random sampling technique to occupants of NRC landed properties in Kaduna Metropolis. The study utilized both descriptive and inferential methods to analyze the responses. The result revealed that six the most important factors (financial and technical factors professional factor, administrative factors, intrinsic factor, negligence factor and management factors) were identified and constituted about 62.75% variance in the original factors affecting management strategies in Kaduna. The study concludes that knowledge of real estate education and practical experiences in professional property management were major tools in addressing the identified factors.

Keywords: *Property management, strategies, performance*

Introduction

The public sector is the segment of the national economy that is owned and controlled by the government. Basically, organizations in the public sector of the

economy comprise government ministries, departments, and agencies (Udoekanem, 2018). According to Obasa (2018) Public landed properties are those owned by the Federal, State, and Local governments as well as the various ministries, departments and agencies (MDA's). There is no gain saying that the Nigerian Railway Corporation (NRC) which is a major public organization in Nigeria is about the largest corporate land owner in the country (Labaran, 2016). The Nigerian Railway Corporation (NRC) as a legal entity was established by the Nigerian Railway Corporation Act No. 20 of 1955. By the authority of the Act, the Corporation became a body corporate with powers to amongst other things acquire, hold and dispose of moveable property for the purposes of its function (Labaran, 2018). According to Idu *et al.* (2012) the poor management of Nigerian Railway Corporation landed properties as well as the down turn of its fortunes prompted the need to identify strategies for efficient management of NRC land and landed properties to generate revenue that will augment its operations. The need to separate core Railway operations from routine land management to enable the two distinct but important enterprises be managed effectively, efficiently and transparently for optimum performance in line with international best practice informed the establishment of Railway Property Management Company Limited as a wholly-owned subsidiary of the Nigerian Railway Corporation (Labaran, 2018). Idu *et al.* (2012) also observed that the establishment of Railway Property Management Company Limited (RPMCL) in 1997 as a subsidiary of the NRC was with a view to effectively manage the vast land and buildings of the NRC throughout Nigeria so as to allow the NRC concentrate on train operations. The study aimed at examining the factors affecting effective implementation of property management strategies of Nigeria Railway Corporation with a view to addressing an increasing accumulation of high debts profile arising from default in payment of rents by tenants occupying NRC landed properties.

Literature

Shardy *et al.* (2011) identified some of the factors in managing property that can be attributed to strategy development are lack or absence of strategies to manage properties, lack of monitoring performance, difficulty in implementing planned strategies, and the absence of specific management procedures. "Strategies" are planned series of actions for achieving set goals. The strategies adopted and implemented are required to be successful and work in the way they were intended, so that they can be reckoned to be "effective" (Oyegoke, 2018). Shardy *et al.* (2011) identified that the government is facing a mixture of problems and pitfalls, such as

the increase of property management costs, underutilization of property, end-user dissatisfaction and lack of proper strategies as some of the major problems of managing government owned properties. McDonagh (2001) stated “an impending lease expiry or a lack of room for expansion may stimulate examination of workplace design or alternate work patterns, new IT etc”. Nicols (2005) observes too many organisations treat property as a passive activity that is considered a necessary evil of doing business. It only becomes an item on senior management agenda when a significant activity looms on the horizon. McDonagh and Frampton (2002) observed that there is a two way communication gap. Property people do not understand the intricacies of operations, and operating people do not understand the functioning of the real estate market.

Schulte (2000) sees corporate facility management as process needed for customer-oriented service, taking into account the need of the core business of the customer. Anon (2001) observes corporate facility management as management of real estate whose goal is to be responsible for the acquisition and developing of business premises as well as user and facilities services. Oladokun and Aluko (2012) examined corporate governance and real estate assets management in Nigerian banks. The study assessed the strategies adopted by Nigerian banks to integrate the management of their real estate into the overall business objectives using qualitative and descriptive method of percentages, mean and proportion methods for analysis. The findings showed that Nigerian banks have a distinct real estate unit that manage their real estate portfolio and the staff employed in the real estate unit participate more in the core banking business than real estate activities. The authors recommended that organizations need to redirect their focus towards the added value of CRE to the core business objectives and expose CRE executives to vital training that will equip them for effective CREM practice. Kaluthanthri (2008) studied factors affecting CREAM practices in the commercial banking sector in Sri Lanka using empirical data-driven analytical techniques. The author categorized the level of CREAM practice into passive, selective and active while the factors affecting the level of practice was categorized into corporate, environment and portfolio factors. The findings indicated that there is a positive correlation between corporate factors and portfolio factors and also revealed that there is no relationship between environmental factors and the level of management practice of their real estate. The author recommended that strategic planning skill is essential for CRE managers in order to accomplish the challenges ahead. Andrew *et al.* (2008) the problems that different public sector bodies face in joint planning

to develop and share facilities and property services and how they overcame them were discussed.

Kaganova *et al.* (2011) examined the various legislations affecting common property management in Singapore. The author considered the problems inherent in the existing system of single-tier management corporations for strata property management until 2005 as a basis for a discussion of the solutions presented by new legislation in the form of “two/multi tier” management corporations. The study revealed that while the multi-tier system could alleviate some of the problems existing under the single-tier management corporation system, other problems could arise; these include increased operational costs, finding sufficient volunteers for the multi-tier management corporations, and increased potential for conflict.

Oluwoye, Karantonis and Fakorede (2001) conducted a study on CREM and developed a conceptual framework based on the existing literature. The conceptual model consists of 6 factors namely: operations, organisation, financing, acquisition and leasing, outsourcing and disposal. The study concluded that further research in CREM is desirable. Kaganova *et al.* (2011) examined the various legislations affecting common property management in Singapore. The author considered the problems inherent in the existing system of single-tier management corporations for strata property management until 2005 as a basis for a discussion of the solutions presented by new legislation in the form of “two/multi tier” management corporations. The study revealed that while the multi-tier system could alleviate some of the problems existing under the single-tier management corporation system, other problems could arise; these include increased operational costs, finding sufficient volunteers for the multi-tier management corporations, and increased potential for conflict. Andrew *et al.* (2008) the problems that different public sector bodies face in joint planning to develop and share facilities and property services and how they overcame them were discussed.

Lindholm (2008) in an attempt to model the added value of CREM, corporate real estate strategies are organized to support business strategies such as increasing value of assets, promoting marketing and sales, increasing innovation, increasing employee satisfaction, increasing productivity, increasing flexibility and reducing cost. These strategies can be used to set objectives and guide real estate decisions which directly or indirectly affect the core business of the organisation.

Research Methodology

The population for this study is the tenants and occupants on railway landed properties in Kaduna metropolis as well as the staff of Railway Property

Management Limited. Nigeria Railway Corporation has total population that comprised 658 tenants in Kaduna metropolis. The study employed simple random sampling technique. The justification for the adoption of simple random sampling technique is based on the fact that population is homogenous.

Sample Size

The sample size is determined using the following sample size model: the model expressed as follows:

$$n = \frac{N}{1+N(e)^2}$$

Where;

n= Sample size

N= Sample population

e= Level of precision (0.05)

Based on the sample size model applied to the study population of 658 households, the sample size of 248 approximately was derived.

RESULTS

The demographic information of the respondents is presented in table 1.95% majority of the sampled occupants were male and 81% majority had first degree or equivalent degree and 87.9 of the respondents were married.

Table 1 Demographic Information of NRC Occupants

Demographic information	Response	%
Gender		
Male	229	95
Female	11	5
Total	240	100
Educational Qualification		
Primary/Seconday	0	
ND/NCE	35	15
Pgd/B.tech/B.sc	196	81
M.tech/M.sc	9	2
Phd	0	0
Total	240	100
Marital status		
Single	29	12.1
Married	211	87.9
Total	240	100

Source: Field Survey, 2019

The type of grant held by the occupants of NRC property presented in Figure 1 showed that 75% of the occupants were on annual tenancy. 16.67% were on temporary occupation license, 5% and 3.33% were holding lease and squatter permit respectively.

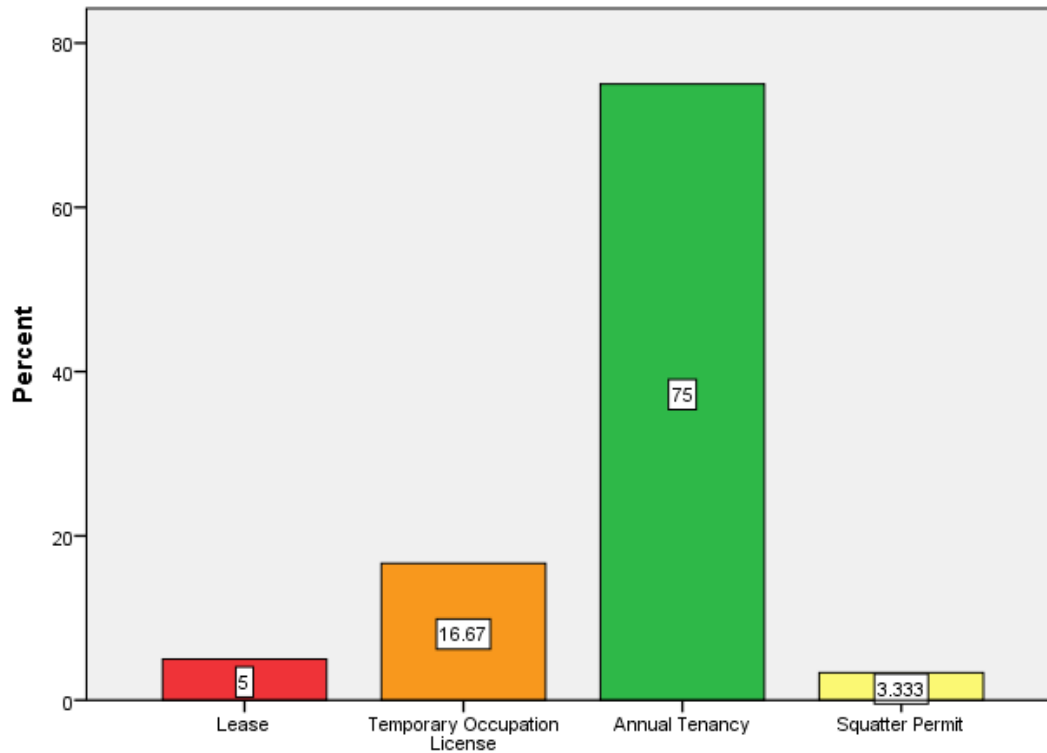


Figure 1: Nature of Occupancy in NRC Properties

Analysis of the satisfaction to the effectiveness of strategies employed to manage NRC properties was examined on five point likert scale as presented in table 2. The result showed that there are low satisfaction from the occupants toward the identified management strategies. The table showed that the strategies were therefore less effective as relative important index across the strategies were relatively low. He result of chi-square test which tested for the relationship between the respondent opinions revealed that chi-square statistics at 25.11 is statistically significant at p-value (0.000) is less than 0.05 level of significant in other word, the opinions of the respondents on the satisfaction toward the effectiveness of the strategies employed by NRC in the management were related significantly.

Table 2 Descriptive Analysis of Strategies used by NRC in Property management

Strategies	N	Sum	Mean	RII	Chi-sq	p-value
Regular Inspection & Survey of NRC Landed Properties.	240	612	2.55	0.51	25.11	0.000
Prompt Response to Applications for grant of NRC Landed properties	240	580	2.42	0.48		
Valuation of NRC landed properties to determine Rental & Capital Values	240	283	1.18	0.24		
Prompt Issuance of Rent Demand Notice to tenants	240	379	1.58	0.32		
Prompt Rent Collection & Issuance of Payment Receipts	240	636	2.65	0.53		
Prompt Attendance to Tenant Complaints & Disputes	240	583	2.43	0.49		
Regular Inspections to Prevent Encroachment on NRC Land and properties	240	353	1.47	0.29		
Updated Inventory and Records of NRC Landed Properties and Tenants	240	679	2.83	0.57		
Proactive Maintenance of NRC Landed Properties	240	288	1.20	0.24		
Valid N (listwise)	240					

The result of factors affecting the performance of management strategies were presented in table 3. The of factors presented in mean was computed on five point likert scale (Strongly agree=5, agree=4 indifferent -3 disagree-2 strongly disagree-1) and result revealed that respondent were strongly agreed to all the identified factors affecting the performance of management strategies. The result of Cronbach’s alpha reliability test revealed that there is high level of internal consistent among the variables which suggest that there is high level of reliability

in the data employed for the study at 88%. All the factors had mean response that is more than 4.00, which indicate high level of response to the factors.

Table 3 Factors affecting the performance of the management strategies of NRC

Factors (cronbach's alpha @ 0.88)	N	Sum	Mean
Increase of property management costs	240	1109.00	4.6208
Lack of proper strategies	240	1115.00	4.6458
Lack of fund	240	1065.00	4.4375
Absence real estate experts	240	1076.00	4.4833
Lack of monitoring performance	240	1151.00	4.7958
Absence of specific management procedures	240	1010.00	4.2083
Difficulty in implementing planned strategies	240	1084.00	4.5167
Bureaucracy in Decision making	240	1149.00	4.7875
Lack of maintenance plans	240	1103.00	4.5958
Lack of clarity of roles and responsibilities	240	1131.00	4.7125
Absence of robust planning process	240	1162.00	4.8417
Poor performance measurement system	240	1093.00	4.5542
Communication gap between tenants and NRC management	240	1022.00	4.2583
Inexperienced and unqualified property staff	240	1058.00	4.4083
Poor property investment decision making	240	1116.00	4.6500
Inconsistent techniques of managing real estate resources	240	1124.00	4.6800
Absence of reliable data base	240	1169.00	4.8708
Heterogeneous nature of properties	240	1069.00	4.4542
Poor understanding of the Management objectives Of NRC	240	1023.00	4.2625
Valid N (listwise)	240		

Source: field Survey, 2019

The cumulative variance of the five the most correlated factors affecting management strategies of NRC in Kaduna presented in Table 3. The eigen value in the table, and the total under eigen value revealed the amount of total variance in the original variable accounted for by each of the components. The variance which is simply the ratio of variance accounted for by each of the component to

the total variance of the variables. The analysis required the first six components to be extracted and they are regarded the most emphasized factors affecting management strategies in Kaduna. The extraction of sum of the square loadings in the second section explained the variability in original 19 variables. The extracted components explained 62.75% variability in the original variables. therefore this study considerably reduce the data by selecting the extracted components as the most emphasized factors affecting management strategies NRC in Kaduna with the minimum of 37.25% loss of information. This further indicates that the outlined factors are through representative of entire factors affecting management strategies in Kaduna.

Table 4 Total Variance of Factors Affecting Management strategies

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	4.504	23.704	23.704	4.504	23.704	23.704	2.847	14.986	14.986
2	2.381	12.531	36.235	2.381	12.531	36.235	2.372	12.483	27.470
3	1.515	7.972	44.208	1.515	7.972	44.208	2.233	11.753	39.223
4	1.312	6.903	51.110	1.312	6.903	51.110	1.599	8.417	47.640
5	1.163	6.121	57.231	1.163	6.121	57.231	1.479	7.784	55.423
6	1.049	5.519	62.750	1.049	5.519	62.750	1.392	7.327	62.750
7	.980	5.160	67.910						
8	.863	4.543	72.453						
9	.791	4.164	76.618						
10	.772	4.062	80.680						
11	.702	3.693	84.373						
12	.548	2.882	87.255						
13	.511	2.690	89.945						

14	.433	2.279	92.225						
15	.388	2.044	94.269						
16	.361	1.901	96.170						
17	.316	1.664	97.834						
18	.294	1.549	99.383						
19	.117	.617	100.000						
Extraction Method: Principal Component Analysis.									

The result of analysis of factors affecting management strategies of NRC in Kaduna is presented in table 5 revealed that the six factors were loaded constituted about 62.75% variance in the factors affecting management strategies in Kaduna. The cut-off point for this study is taken 0.5 and above as general rule of thumb applied. The most important Factor one (1) is financial and technical factors and it explained about 14.986% variance in the determination of factors affecting management strategies of NRC in Kaduna. The factor (2) is Professional factor and it explained 12.48% variance across 19 f factors affecting management strategies of NRC in Kaduna, Factor (3) is named as Administrative factors, and it explained 11.75% variance in the determination of factors affecting management strategies of NRC in Kaduna. Factor four (4) is named as Intrinsic factor, and it explained 8.41% variance in the determining the factors affecting management strategies of NRC in Kaduna. Factor (5) is named as Negligence factor, and it explained 7.782% variance in the determination of factors affecting management strategies of NRC in Kaduna. Factor (6) is named as Management factors, and it explained 7.327% variance in the determination of factors affecting management strategies of NRC in Kaduna.

Table 5 Loading Analysis of Factors Affecting Management Strategies in Kaduna

Factors	Factor loading	Eigen value	% of variance
Factor 1: financial and technical factors		4.504	14.986
Increase of property management costs	.802		
Lack of proper strategies	.768		
Lack of fund	.796		
Absence real estate experts	.770		

Factor 2: Professional factor		2.381	12.483
Difficulty in implementing planned strategies	.608		
Poor performance measurement system	.641		
Inexperienced and unqualified property staff	.781		
Absence of reliable data base	.652		
Factor 3: Administrative factors		1.515	11.753
Bureaucracy in Decision making	.671		
Lack of maintenance plans	.783		
Lack of clarity of roles and responsibilities	.868		
Factor 4: Intrinsic factor		1.312	8.417
Heterogeneous nature of properties	.768		
Communication gap between tenants and NRC management	.694		
Factor 5: Negligence factor		1.163	7.784
lack of monitoring performance	-.787		
Poor understanding of the Management objectives Of NRC	.533		
Factor 6: Management factors		1.049	7.327
Absence of specific management procedures	.691		
Inconsistent techniques of managing real estate resources	-.613		

Source: Field survey, 2019

Findings and Discussion

The study found that there were important management strategies employed in the management of NRC properties as revealed by the study. Regular inspection of the properties, updating and taking periodic record inventory and rent collection process were among other strategies were less implausible strategies a very low relatively importance. The study therefore revealed that the six factors were constituted about 62.75% variance in the factors affecting management strategies of NRC in Kaduna. The six identified important factors affecting the performance

of these strategies were financial and technical factors professional factor, administrative factors, intrinsic factor, negligence factor and management factors.

Conclusion and Further Research

The study therefore understood that six factors that need to be addressed otherwise the effective management of these properties would not have been achieved as expected by the Nigeria Railway Corporation. And following factors must be addressed in order to achieve the objectives of the strategic management; these are financial and technical factors professional factor, administrative factors, intrinsic factor, negligence factor and management factors. Conclusively, the low performance of some of the management strategies has made lot of NRC tenants to default in their rental obligations thereby leading to high debts profile which has accumulated over the years. The recommend a further area of research on tenant satisfaction in public building.

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