Management Of Shopping Centres Located in Socio-Economically Deprived Areas

Faculty of Engineering and the Built Environment

Department of Construction Economics and Management

MSc in Property Studies

A minor dissertation submitted to the University of Cape Town in partial fulfilment of the requirements for the degree of Master of Science in Property Studies

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31 January 2024

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Abstract

This research firstly discusses the evolution of retail and retail centres in South Africa's socio-economically deprived areas, and this is followed by a discussion on the effective management and maintenance of the retail centres in these areas.

This study examines both the challenges and the opportunities that come with managing shopping centres in socio-economically deprived areas in South Africa. The areas referred to as socio-economically deprived areas in this research are those that were racially demarcated for the dwelling of non-white people in Apartheid South Africa.

These socio-economically deprived areas form a fundamental populus in the South African economy, and although this is the case these areas were serviced by 'spaza shops' and neighbourhood informal retailers. This indicated a market gap as there was a population group able to spend money on retail purchases, but it was an under-served population group due to the lack of retail centres close to it. Once South Africa gained its democracy, there was economic relief brought to the population of socio-economically deprived areas and some of the country's largest retail and property development organisations took the opportunity to close this gap. Retail centres began to emerge in socio-economically deprived areas as they became an ingrained part of South African culture and economy.

A qualitative research methodology was adopted using semi-structured interviews to gather data from industry experts. Data saturation was achieved at the 8^{th} interview. The interview transcripts were analysed using thematic analysis to identify emergent themes that address the research question. The findings of the study reveal that shopping centres in socio-economically deprived areas face a range of challenges, including high crime rates, poor infrastructure, and limited access to resources. However, the study also identifies opportunities for improving the management of shopping centres in these areas, such as community engagement, strategic partnerships, and innovative marketing strategies.

This research established that the current adopted Asset Management and Property Management theoretical frameworks fail to reflect what "practically" needs to occur to be able to improve the management of retail centres in socio-economically deprived areas. This will allow for the effective management of those retail centres whilst considering the unique dynamics of the socio-economically deprived areas known as townships and rural areas.

Based on the findings, the study recommends an alternative model for the management of shopping centres in socio-economically deprived areas in South Africa. The model emphasises the importance of community engagement, stakeholder collaboration, and sustainable development practices. The study concludes that effective management of shopping centres in socio-economically deprived areas requires a holistic approach that considers the unique challenges and opportunities of these areas.

Overall, this research contributes to the existing literature on the management of shopping centres in socio-economically deprived areas in South Africa. The study provides valuable insights into the challenges and opportunities of managing shopping centres in these areas and offers recommendations for improving the management of shopping centres in socio-economically deprived areas.

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List of Abbreviations

AM	Asset Management
CBD	Central Business District
CbFM	Community based Facilities Management
CM	Centre Management
FM	Facilities Management
IFMA	International Facility Management Association
IRR	Internal Rate of Return
ISO	International Organization of Standardization
JSE	Johannesburg Stock Exchange
KPI	Key Performance Indicator
LL	Landlord
LSM	Living Standards Measure
GDP	Gross Domestic Product
GLA	Gross Lettable Area
IPD	Investment Property Databank
MSCI	Morgan Stanley Capital International (South Africa Index)
PIC	Public Investment Corporation
PM	Property Management
RICS	Royal Institution of Chartered Surveyors
REIT	Real Estate Investment Trust
SACSC	South African Council of Shopping Centres
SAPOA	South African Property Owners Association
SFM	Strategic Facilities Management
TI	Tenant Installation

Chapter 1: Introduction

1.1 Introduction

This chapter introduces the research and its focus area, moreover, it frames an argument that creates the foundation for the chapters that follow. This chapter also introduces the structure of the research regarding the identification of the research statement problem, the study's objectives and the formulation of the research question. The limitations and scope of the study are discussed.

To focus the research problem, the researcher will firstly provide a brief overview of apartheid South Africa as well as its implications for the socio-political environment of the country resulting in both the formal and informal trade, and the birth of democracy in 1994 and its post design and accessibility of trade. This is supported by a summary of the literature of conditions of socio-economically deprived areas within South Africa followed by the history and evolution of shopping centres in these socio-economically deprived areas of South Africa. Additionally, an outline of the current literature and the school of thought on Property Management (PM) of shopping centres across South Africa in both formal and informal settlements.

The literature leads to the research problem within the context of effective management of shopping centres in socio-economically deprived areas in South Africa. This is followed by the motivation behind the study, research question, research aims and objectives, research strategy and design, scope of the study and key assumptions made by the researcher at the onset. Lastly, the structure of the research study is described.

1.2 Background

The core fundamental need and objective of the development of any shopping centre and its intended future success in operation is for the developer and/or investor to achieve profitability or a return on their investment. According to a recent article by Property Wheel it has been observed that in the last 30 to 40 years, South African property developers and property owners have opted to grow their retail portfolio investments by moving into the rural and township areas of South Africa (Property Wheel, 2022). The growth drivers for this shift are the fact the market is still a fairly unregulated market and that there is higher profitability with the spending power of the residents of rural and township areas (Centre for Affordable Housing Finance in Africa, 2021).

‘Spaza shops’ and ‘general dealers’ dominated the pre-1994 retail landscape in these previously untapped areas (Ligthelm, 2008). These retail businesses served as convenience stores and were small and often informal, offering basic products and services to the primarily lower income group consumers (Smith & Jones, 2020). For their broader consumer needs, residents in these previously underserved areas were forced to go to the main city centres for services and other needs. This meant long commutes by public transportation (taxi or bus or other modes of public transportation) into the urban areas to access these larger retail centres.

It follows from the above, that the development of rural and township shopping centres has large potential to provide ease of access to communities, especially for their immediate needs, and for them to no longer spend excessive time and money, commuting long distances to get into the nearest urban areas to access better developed shopping centres (Prinsloo, 2010). However, the development and operation of any shopping centre may be perceived to have both positive and negative effects to those around it, as well as to the tenants that occupy the space (Financial Mail, 2018). This perception is more often reliant on how effective the approach to managing that shopping centre is.

The researcher seeks to determine the best management approach to implement in shopping centres located in socio-economically deprived areas in South Africa.

1.3 Research Problem

To focus on the problem, the researcher is required to take a dualistic approach in the research. Firstly, it is to contextualise the history and movements of South African retail development by providing an overview of apartheid South Africa and the birth of democracy in 1994. This is supported by a body of literature which outlines the conditions of socio-economically deprived areas within South Africa. A brief history and evolution of shopping centres in socio-economically deprived areas in South Africa is thereafter presented. Secondly, is to outline the current thinking on Asset Management (AM), Property Management (PM) and Facilities Management (FM) literature. This approach will identify gaps in knowledge and areas requiring additional research, to develop a more focused research question and contribute to the current knowledge base. Finally, it investigates the impact that an augmented and integrated Property Management (PM) approach will have on the performance of shopping centres located in socio-economically deprived areas in South Africa.

1.3.1 Defining Emerging Economy Markets in South Africa

This research is geographically centred around locations that were originally established through urban planning to enforce racial segregation in South African cities and provide inexpensive labour to the broader colonial and apartheid economies (McGaffin, Napier & Karuri-Sebina, 2015). Apartheid spatial planning resulted in racially demarcated areas and in 2018, more than two decades after South Africa became a democratic country, communities were still excluded from main economic hubs (Financial Mail, 2018) and still embarking on lengthy and costly commutes to urban and main city shopping centres as their way of reaching amenities, services and accessing healthcare.

In South Africa, these geographic locations are commonly known as townships, rural villages, or informal settlements and for purposes of this research paper, they have been grouped and labelled socio-economically deprived areas. According to a report by South African Cities Network ‘township economy’ refers to the microeconomic and associated activities occurring within areas that are broadly defined as ‘townships’ (McGaffin, Napier & Karuri-Sebina, 2015). Township economies as described by South African Cities Network can be likened to the researchers’ socio-economically deprived areas.

1.3.2 Socio-economically deprived areas during apartheid

During the apartheid government of South Africa pre-1994, there was poor foreign direct investment (FDI) coming into the country (Soderbaum, 2004). South African business could also not conduct business with the global economy as there were trade and financial sanctions against the country (Bruyn & Freathy, 2010).

Throughout the apartheid era, socio-economically deprived areas in South Africa were mostly serviced by ‘spaza’ shops, or informal retailers operating from residential homes, which provided the community residents with a limited product (Ligthelm, 2008).These lower-income areas and their consumers purchased and used limited brands known to them and this resulted in these consumers becoming loyal to specific brands that were offered by their local spaza shops (Ligthelm, 2008). These consumers had limited access to large retail stores with a variety of products, as these retailers were predominantly situated in suburban or more affluent areas and the cost and convenience of public transportation during that period posed significant challenges in reaching these retailers (Beneke, 2010).

Since 1994 there has been a boom in consumer spending within these areas and this has significantly changed the dynamics of consumer power and retailer emergence in these socio-economically deprived areas in South Africa (Financial Mail, 2018).

1.3.3 The beginning of democracy in South Africa

The abolition of the apartheid regime and the proclamation of South Africa as a democratic country in 1994, saw the country undergoing a series of transformations. The economy began to grow once again due to improved optimism, increased resources, the new political dispensation, and the introduction of policy reforms (Faulkner & Loewald, 2008). Through this new political dispensation, previously disadvantaged communities were integrated into the new South Africa. Investing in a country's economic or physical infrastructure has the potential to enhance the productivity of the resources used (Aschauer, 1989).

Basic public services and infrastructure were provided and an economic means by way of social grants was introduced (Armstrong & Burger, 2009). This led to an advancement in the economic and living conditions of black South Africans living in the previously disadvantaged areas (Armstrong & Burger, 2009). The new democratic South African government also introduced new policy reforms that aimed at realising sustainable economic growth in previously disadvantaged communities and offered work and resources to the socio-economically deprived areas in South Africa and its people (South African Government, 2009).

1.3.4 The impact of a new government

The newly elected African National Congress (ANC) government in South Africa had a significant and wide-reaching impact on various aspects of the country. The policies that it implemented, and its actions influenced social, political, and economic spheres, and it shaped the trajectory of post-apartheid South Africa, by addressing historical inequalities. As an example, their reconstruction and development programmes led to a restructuring of various industrial and service sectors in South Africa (Rogerson & Rogerson, 1997). The Department of Rural Development and Land Reform implemented a policy called the Comprehensive Rural Development Programme (CRDP) aimed at ensuring the socio-economic improvement of rural communities through strategic investment in relevant economic and social infrastructure (South African Government, 2009).

Another government policy was implemented in 2006 called the Neighbourhood Development Partnership Grant (NDPG) which worked closely with the private sector in an attempt to uplift communities through nodal development. The intention was for the node to become a 'one-stop-shop' for the rural community (Demacon, 2010). van Niekerk and Cloete (2020) postulate that improving the infrastructure of an area enhances its appeal to retailers and business owners, by facilitating improved access to this area.

According to the (South African Treasury, 2011), rural municipalities are envisioned to play a pivotal role in alleviating poverty and facilitating local economic advancement in rural areas. The vital significance of government involvement in the development of shopping centres cannot be understated. According to (van Niekerk & Cloete, 2020), the establishment of new shopping centre developments would attract a significant number of potential customers and investors. Consequently, this drives the need for the development of essential infrastructure development, including the construction of roads and provision of electricity.

1.3.5 Socioeconomically deprived areas in democratic South Africa

Klemz, Boshoff & Mazibuko (2006) posit that South Africa exhibits a dual economy, with discernible distinctions between its central business districts (CBDs), suburbs or urban areas and township and rural areas. The first two categories fall under one economy which is characterised by advanced infrastructure and modern communications, while the latter falls under the scope of another economy which is characterised by limited services and an undeveloped retail sector (Maasdorp, 2001).

Following the attainment of democracy in South Africa, there was an influx of capital into areas that were previously designated for black citizens. This influx of resources resulted in a reduction in overall poverty levels, as more individuals were able to actively participate in a flourishing market system (SA Property Review, 2010).

This upward movement on the National Living Standard Measure (LSM) profile led to a greater demand for retail within black areas (SA Property Review, 2010). Alongside this economic shift in the socio-economically deprived areas, shopping centre developers and retailers began to grow a keen interest in these areas (Ligthelm, 2008). Retailers began to build on regional economies of scale and pursue new sites of investment (Prinsloo, 2009) and as they began to expand their market reach, they improved their range of offering and began investing in the South African market.

Correspondingly, this resonated with optimistic consumers who now had increased spending power due to their improved social and economic statuses (Berold, 2012). Increased government spending in these areas, local economic development, and migrant workers bringing back money from larger economic centres also strengthened this improved consumer spending power (Farrell, 2009). Consumers in the socio-economically deprived areas of South Africa became a major economic force and represented a sizeable portion of the economic and social setting of South Africa (Hummel, 2008). These changes in the rising black middle class and increased government support resulted in an “emerging economy” which increased a continued demand for commercial services in these areas, predominantly in township and rural areas (Demacon, 2010).

Participants such as government and its enterprises, retailers, property owners and consumers are integrally involved in ensuring the success of a shopping centre, within a socio-economically deprived area (Berold, 2012).

According to Lemok Group, a township-based retail marketing company, credits the importance of the township retail market. Furthermore, they highlight that township-based retail marketing ought not to be underestimated as it is a key player in its own right, with a buying power of approximately R11 billion (Financial Mail, 2018). Adding to this the founder of Lemok Group alludes to the fact that the profitability driver in these localities is the right balance of sought-after tenancies and landlords obtaining the right tenant mix that caters to the diverse population segments that exist (Financial Mail, 2018).

1.3.6 Growth of shopping centres in South Africa

According to Soderbaum (2004), between 1996 and 1998 new foreign direct investment (FDI) in South Africa rose by almost 40% a result of the improved international respectability as a result of the political transition into a democratic nation (Berold, 2012). 160 shopping centres had been developed in these socio-economically deprived areas between 1962 and 2009, of which 64.9% were developed post 1994 (Urban Landmark, 2011).

The development of shopping centres in socio-economically deprived areas has been increasing over the past couple of decades (Urban Landmark, 2011). It was anticipated that by 2011 South African consumers living in socio-economically deprived areas were spending approximately R308 billion annually, representing 41% of the country’s total consumer spend (Mokopanele, 2011). According to Prinsloo (2010) the sizes of shopping centres in these areas vary between 5 000m² and 30 000m² with the centre classification ranging from neighbourhood centres to large community/small regional centres as classified by the South African Council of Shopping Centres (SASC). The threshold population of the area determines the correct size centre required (SASC, 2012; 2017). Foreman, Sperling & Bissonette (2003) described a community centre as a ‘mid-sized centre which would offer a limited range of comparison goods together with a range of convenience goods.

There have been several challenges that have transpired through developing shopping centres in socio-economically deprived areas. Developers, investors, and property owners have had to conceptualise and bring to life shopping centres that respond to the needs of the immediate communities and consumers whilst carefully considering the tenants’ requirements and available infrastructure such as transport, as well as small local businesses. Research indicates during the first six months of a new shopping centre opening there is a 47% reduction in the quantity of small businesses operating within the immediate catchment area (Ligthelm, 2008). Resultantly, various stakeholders need to be engaged when developing and managing a shopping centre. National and local government, developers, property owners, property managers, tenants and consumers all have a role and an impact on the successful operation of a shopping centre. The size of shopping centres has also been steadily increasing in the past decade with the centres being significantly larger than the ones built in the 1990s and 2000s. The market characteristics of a community shopping centre are that it is commonly supported by an LSM 1-5 group; requires between 20 000 to 210 000 households in its catchment area and a population of 100 000 to 560 000 people (Prinsloo, 2010). The optimal location is close to a transport facility such as a taxi rank, bus station or railway line and a main road passing through the village or township. The success of retail facilities in these areas also relies on the distance to major towns (Prinsloo, 2010).

Prinsloo (2010) posits that, between 2005 and 2010, there was a popular trend of developing centers ranging from 16000 to 22 000 sqm and this may be due to the fact that investors and developers wanted their community shopping centres to be dominant in the immediate catchment area and have the households within the secondary catchment areas travel to their centre. This was achievable by providing a decent quality of service options in the centre and by meeting the social, economic, and material needs of these communities. This bigger-sized shopping centre also attracted a good tenant mix, comprising food, clothing, furniture, and services (Prinsloo, 2010).

The development of a shopping centre within a socio-economically deprived area impacts those around it. Various studies have been undertaken to understand the impact of the development of shopping centres within socio-economically deprived areas. However, there is still little known about the management of these shopping centres once they are operational, as well as the impact thereof on the success of both the shopping centre and its tenants.

For the purposes of this research, the shopping centres investigated within these socio-economically deprived areas are all classified as shopping centres, regardless of location, size or classification. This is to further analyse this, an outline of the management of shopping centres is introduced below.

1.3.7 Management of shopping centres

Within the management of shopping centres, there is a distinction made between asset management, property management, and facilities management. For the purposes of this research, the researcher focuses on Property Management ("PM") and investigates if relevant literature exists; what is the current thinking and most importantly, its application within shopping centres that are located in socio-economically deprived areas.

For purposes of this research PM will be deemed to include operational facilities management and will not be looked at separately.

1.3.8 Defining Property Management (PM)

Property Management (PM) can be described as the comprehensive oversight of a building throughout its operational phase. This involves complete supervision and administration of the building and serves as a critical managerial approach that can be implemented across the various property sectors (Property Management, 2023). A tailored PM strategy or approach is adopted based on factors like the building's size, location, usage, and age. Specifically, in shopping centres, PM is often used to describe a role concerning the daily operations of the centre, comprising rental and other management, tenant communication and engagement, security, overall centre administration and property maintenance (Property Management, 2023). Pitt and Musa (2009) argue that one of the key ongoing challenges in shopping centre management is addressing the diverse needs of customers, tenants, and owners. In short, PM is responsible for managing the physical asset and its tenants. Baker & Buckley (2000) emphasize that tenant satisfaction and building strong relationships with tenants are central to managing shopping centres. They argue that property managers must consider tenant needs and foster positive interactions to ensure long-term tenancy and profitability.

Although the above definitions exist and may seem straightforward, there is still limited research that has occurred on the daily operation of shopping centres and the management of the relationships within it (Roberts, Merrilees & Miller, 2010).

1.3.9 Strategic Facilities Management (SFM) & Community Based Facilities Management (CbFM)

Baldwin (1994) states that in more developed countries, PM follows a more traditional style, whereas in emerging markets, as the markets expand and make way for retail developments, the styles evolve. This evolution has occurred as it has become important to serve the user (tenant & customer), whilst being equally cognisant of the operating environment within which the shopping centre exists. This can accordingly be more challenging in newly developed markets and emerging economies (Hin Li, 1997).

This suggests that the management approach applied within shopping centres that are in socio-economically deprived areas should be suited for the needs of the particular shopping centre, its tenants, customers, and community as well as their needs. It should not singularly conform to the traditional PM model if it is to be effective. Jack (1994) posits that the development of an augmented and integrated PM approach requires the involvement of the facilities manager in all stages. This makes PM a suitable strategy which includes operational facilities management and will not be viewed separately.

To augment the PM approach, Strategic Facilities Management ("SFM") and Community based Facilities Management ("CbFM") are introduced. The integration of these layers of FM into PM results in additional considerations not included in operational FM. SFM concerns itself with the alignment of organisational strategic goals and operations of the asset, whilst CbFM views the asset as a physical constituent within a community.

This augmented and integrated PM approach is proposed as the management approach to be implemented in shopping centres located in socio-economically deprived areas.

1.4 Problem Statement

The establishment of shopping centres in South Africa has been occurring at a rapid pace, with the anticipation of more being developed to meet the demand of consumers in a rapidly growing economy (Cloete, 2003). However, not much is known about the application of management models in the shopping centre once it is operational. This has resulted in insufficient knowledge on the application of effective management models for shopping centres in socio-economically deprived areas. The intention of this study is to investigate the impact that an augmented and integrated PM approach will have on the managing of shopping centres in socio-economically deprived areas in South Africa.

The research problem is stated as follows:

Within PM theory there is insufficient applicable information on the management of shopping centres in socio-economically deprived areas. To add to this lack of theoretical information, the readily available alternative strategies that could result in the efficient and effective management of shopping centres in socio-economically deprived areas are inadequately applied.

1.5 Research Question

The research question that this report addresses is:

How does an augmented and integrated PM approach impact the performance of shopping centres located in socio-economically deprived areas?

1.6 Research Proposition

In the context of democratic South Africa, consumers, tenants, and property owners have a common interest in shopping centres located in socio-economically deprived areas and have a shared viewpoint that these shopping centres are of intrinsic value and benefit to each group.

With the implementation of an augmented and integrated PM approach, shopping centres in socio-economically deprived areas can be more efficiently and effectively managed and perform better as a result.

1.7 Research Aims And Objectives

The aim of this research is to determine the impact of implementing an augmented and integrated PM approach in the management of shopping centres within socio-economic deprived areas. In achieving this aim, the objectives are to:

i. Understand to what extent shopping centres in socio-economically deprived areas of South Africa differ in nature and dynamics to conventional shopping centres;
ii. Establish strengths, weaknesses, opportunities, and threats of shopping centres located in socio-economically deprived areas;
iii. Establish the current approach to management of these shopping centres;
iv. Ascertain if the current applied management models are relevant, efficient, and effective; and,
v. Identify the key principles of implementing an augmented and integrated PM (including SFM and CbFM) model for the management of shopping centres in socio-economically deprived areas of South Africa.

1.8 Research Methodology

The research objectives will be achieved by adopting the following research method:

i. A critical literature review of shopping centres located in socio-economically deprived areas and property management theory is undertaken;
ii. A qualitative research methodology was undertaken to determine the nature and dynamics of the shopping centres in socio-economically deprived areas and perceptions around the management structure(s) applied. Semi-structured interviews with property professionals within participating companies were undertaken to establish knowledge of theory and application thereof;
iii. The interview transcripts were analysed using thematic analysis; and
iv. Lastly, conclusions are drawn, and recommendations made in terms of an alternative model for the management of shopping centres in socio-economically deprived areas in South Africa.

1.9 Limitations

The following are limitations to this study:

i. The research only looks at shopping centres within socio-economically deprived areas within South Africa;

ii. The research is restricted to the South African context, and therefore the results of the study cannot be generalised globally; and

iii. The research is focused on shopping centres ranging from 10,000 to 35,000 square metres.

1.10 Dissertation Outline

The research dissertation is divided into Five chapters. In Chapter 1 the research problem and the purpose of the study are discussed. The existing literature is discussed in Chapter 2. Chapter 3 discusses the research methodology adopted in the study. The results of the study and the analysis thereof are presented in Chapter 4. Chapter 5 presents the conclusions and recommendations of the study.

Chapter 2: Theory and Literature Review

2.1 Introduction

This chapter provides a comprehensive overview of the shopping centre concept and its evolution. It delves into the exploration of various theories and models that have been developed to illuminate consumer behaviour and shopping centre management. The central goal of this chapter is to facilitate a deep understanding of the fundamental concepts and theories that underpin this research. Additionally, it aims to identify the gaps in existing knowledge that this study aims to address.

The research seeks to delve into the factors that impact the success of shopping centres in socio-economically deprived areas. This examination focuses on the tenant mix, consumer behaviour, and management strategies employed in these centres. By closely examining the experiences of shopping centre managers, tenants, and consumers, this study aims to identify best practices and strategies that can enhance the performance of shopping centres in these areas.

2.2 The Shopping Centre

Throughout the years, a wide range of definitions have come into existence for describing shopping centres. According to Abghari and Hanzaee (2011), a shopping centre is a complex of diverse retailers and service providers, organised within a thoughtfully designed and managed structure or group of buildings. Another definition simply states that a shopping centre is a “deliberately planned concentration of shops (tenants) that is managed as a unit” (Cloete, 2003).

According to Berman & Evans (2013) planned shopping centres differ primarily in size, arrangement, location, internal layout, and occupancy cost when compared to the older forms of retail structures. Berman and Evans (2013) add that shopping centres also provide on-site parking in a specific relationship to the types and sizes of stores within the centre (Berman & Evans, 2013).

Although there may be similarities in characteristics and/or offerings there is no one shopping centre that is identical to another. There are various categories of shopping centres that serve the differing markets according to their sizes, offerings, and localities, these are expanded on at a later stage in the study.

2.2.1 Types of Shopping Centres

Shopping centres are classified according to their functional, locational, and physical criteria (Sit, Merrilees & Birch, 2003). These criteria along with the size is crucial in determining its purpose, design, target market, and impact on the surrounding area. The size of the centre is influenced by where it is located and its potential to draw customers to the centre from surrounding areas (Szymanska & Plaziak, 2018). South African shopping centres share similarities with American and European shopping centres, although there are notable differences, particularly in terms of the anchor tenants, quantity of smaller shopping centres and the continued importance of the Central Business Districts in these respective countries (Foreman, Skinner & Cloete, 2002).

Tables 1 and 2 below depict a classification from a South African perspective of the different types of shopping centres. This is firstly done according to their size criteria (Table 1) and secondly by location criteria (Table 2). This classification was done by predominantly using a South African distinction by Prinsloo (2010).

Table 1. Size criteria of different types of shopping centres in South Africa (Source: Prinsloo, 2010:8-44)

Type of centre	Size of centre (m^2)	Number of stores	Size of land (ha)
Small free standing and convenience	500 – 5’000	5 – 25	0.15 – 1.5
Neighbourhood	5’000 – 12’000	25 – 50	1.5 – 3.6
Community	12’000 – 25’000	50 – 100	3.6 – 7.5
Small regional/Large community	25’000 – 50’ 000	75 – 150	7.5 – 15
Regional	50’000- 100’000	150 – 250	15+
Super regional	> 100’ 000	> 250	
Lifestyle	17’000 – 50’ 000	50 – 125	4.5 – 12+
Value/Strip	10’000 – 50’ 000	20 -40	3 – 12+

Table 2. Location criteria of different types of shopping centres in South Africa (Source: Prinsloo, 2010:8-44).

Type of centre	Catchment area	Travel time	Access requirements
Small free standing and convenience	1 – 1.5 km	2 – 3 mins	Suburban street or minor collector road
Neighbourhood	1.5 – 2 km	4 – 9 mins	Major collector road
Community	2.5 – 3 km	6 – 14 mins	Major arterial road
Small regional/Large community	3 – 5 km	10 -16 mins	Major suburban arterial road → highway
Regional	5 – 8 km	14 – 20 mins	Major arterial road, provincial road →National Road
Super regional	10+ km	24 – 30 mins	Major arterial road, provincial road →National Road

The diversity in the types of centres found in socio-economically deprived areas has increased from 1990, even more so in the later years with some regional centres being built in these locations. Some of the different types of shopping centres that can be found within socio-economically deprived areas today are described below:

- A regional shopping centre typically has a gross leasable area ranging from 37 000 to 74 000 m² and includes a minimum of anchor stores (Prinsloo, 2010). According to Prinsloo (2010) regional shopping centres have demonstrated internal growth since the latter part of the 1990s and have evolved into a prominent and essential part of the contemporary urban environment. The size has changed over the years and according to the (Rode Retail Report, 2022) a regional centre is now between 50 000 to 100 000 m² and still retains two anchor tenants of more than 5000 m² each, or one large supermarket of 8000 m². This type of centre can have between 150 to 250 stores and well-known examples are Maponya Mall in Soweto, Johannesburg, and Mall of the South in Johannesburg.

- A community centre typically has a gross leasable area of 12000 to 25000 m², and offers between 50 to 150 stores, anchored by one or two large supermarkets larger than 2500 m² (Teller, 2008). Examples include Cosmo Mall in Cosmo City, Johannesburg, and Mall@Lebo Shopping Centre in Lebowakgomo near Polokwane, in Limpopo Province (Rode Retail Report, 2022).

- A value centre is a multi-tenanted strip centre of between 10 000 to 50 000 m², offering warehouse like finishes to facilitate the provision of lower prices to its customers. Capegate Value Centre in Cape Town and Moffet Retail Park in Gqeberha are good examples of this type of retail offering (Rode Retail Report, 2022).

As mentioned for purposes of this research no distinction will be made as to the exact definition or size of the shopping centre. Shopping centres located within socio-economically deprived areas ranging from 10,000 to 35,000 square metres in size will be considered as part of the research.

2.3 Contextual Framework: Socio-Economically Deprived Areas

This study focuses on geographical locations that were historically established through urban planning to enforce racial segregation in South African cities and provide inexpensive labour for the colonial and apartheid economies (McGaffin, Napier & Karuri-Sebina, 2015). The roots of segregation within South African cities can be traced back to the adoption of foreign concepts and designs, which resulted in the implementation of segregated urban planning (Wood, 2018). This segregation was enforced through legislative policies by the apartheid government (Breetzke, 2018).

In South Africa, these geographic areas are commonly known as townships, rural villages, or informal settlements (Wu, Zhang & Webster, 2011). These areas have a unique township economy characterised by small-scale economic activities. The term "township economy" is used to describe the economic activities that occur within these areas (Wood, 2018). According to a report by the South African Cities Network, the term "township economy" encompasses the microeconomic activities that take place within broadly defined "township" areas (McGaffin, Napier & Karuri-Sebina, 2015). The researchers label these areas as "socio-economically deprived areas", which aligns with the South African Cities Network's description of township economies.

For the purpose of this study, these areas are grouped together and categorised as socio-economically deprived areas.

2.4 Shopping Centre Development And Growth

In the real estate industry, shopping centres have experienced substantial growth in recent years, becoming a prominent and indispensable element of the modern urban landscape (Vitorino, 2012). This growth is fuelled by the retail sector, which plays a pivotal role in the socio- economic well-being of communities (Hanninen, Smedlund & Mitronen, 2017), providing them with a wider range of choices and improved access to services (Hanninen, Smedlund & Mitronen, 2017).

Soweto, a socio-economically deprived area, proudly welcomed the first two shopping centres in the region. Jabulani Mall opened its doors in October 2006 (Jabulani Mall, 2021), whilst Maponya Mall was launched in September 2007 (Maponya Mall, 2021). At their inception, both malls offered over 40,000 m2 of lettable retail space to over 100 tenants. This successful venture in a previously underprivileged area further highlighted the potential and feasibility of shopping centres.

In the years following 2010, there was a significant surge in the development of new shopping centres in South Africa's major metropolitan areas, namely Johannesburg, Cape Town, eThekweni, and Tshwane. This growth can be attributed to the increased population and higher average annual household income in Gauteng and Western Cape (Cheteni, Khamfula & Mah, 2020). Statistical data released by Statistics South Africa in 2015 confirmed that both Gauteng and Western Cape experienced population growth and boasted the highest average annual household income, further validating the need for new shopping centres (Cheteni et al., 2020).

The growth predicted by Statistics South Africa in 2015 is also supported by recent data from Rode's Retail Quarter 4 2022 report. Rode & Associates, a reputable company specialising in real estate economics and property research, has been publishing quarterly reports on the property market since 1987 (Joubert & Axhausen, 2011). This report provides an up-to-date overview of shopping centre developments from 2020 to the last quarter of 2022, showcasing the continuous growth of new shopping centres and the significant extensions of existing ones (Joubert & Axhausen, 2011).

The growth of shopping centres in these areas reflects the increased purchasing power of the population and the ongoing urbanisation trends in South Africa.

2.4.1 Shopping Centre Development And Growth (2020-2022)

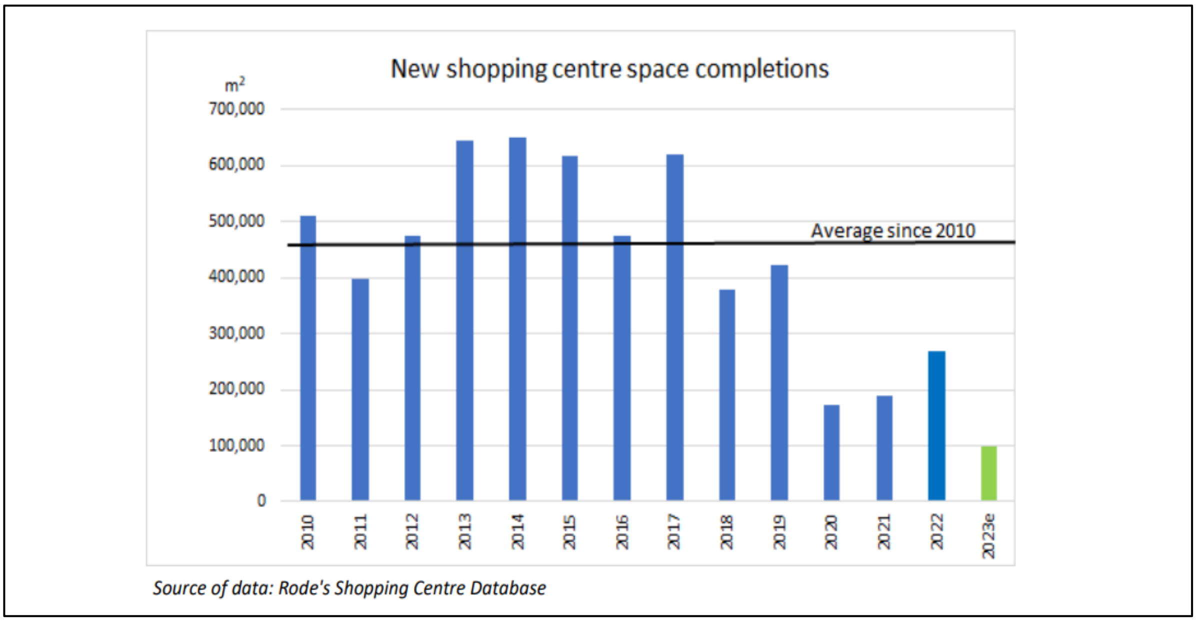

Figure 1. New shopping centre space completions (Source: Rode Retail Report, Q4 2022)

Figure 1 illustrates the annual progress of constructing new shopping centres that exceed 5000 sqm in size, including significant expansions, from 2010 to 2022. On average, the yearly supply of new shopping centre space has been approximately 500,000 sqm (around 460,000 sqm) since 2010. Analysing the most recent two to three years, the total amount of retail space completed in 2022 was 42% higher than in 2021, which also marked an improvement from the previous year, 2020.

However, it should be noted that the supply of new sqm in 2022, which reached 270,000, is significantly lower than the average supply of 460,000 sqm seen since 2010. In 2018 and 2019, the average supply level was 400,000 sqm. This decline can be attributed to the slowdown in construction activity during the COVID pandemic in 2020 and 2021.

In the past two years, several noteworthy shopping centres were completed in socio-economically disadvantaged regions, specifically in Eastern Cape and Limpopo. In the Eastern Cape, the development of Bizana Walk, a 6800 sqm centre, commenced in Q1:2022 and was finalised in Q4:2022 by AJ Property Holdings. McCormick Property Development (MPD), experts in rural retail, completed a series of centres in the Eastern Cape as well. This includes KwaBhaca Mall in Mt Frere, a 19000 sqm centre completed in Q4:2022, anchored by

Shoprite and Boxer, as well as Flagstaff Square, a 10500 sqm centre completed in Q3:2023, also anchored by Shoprite. These MPD projects in the Eastern Cape follow the successful completion of their flagship retail centre, 'Mall of Thembisa,' a 44,000 sqm double-level shopping centre that was finished in Q4:2020. This modern retail centre, located in Thembisa township, Johannesburg, aimed to redefine the concept of 'traditional' rural retail.

Between the first quarter of 2021 and the last quarter of 2022, three new retail centres were finished in Limpopo. These centres range from 8,500 to 12,500 square metres and are all anchored by Shoprite, just like the developments in the Eastern Cape. Shoprite remains a sought-after anchor tenant in these markets.

Out of the recently completed centres mentioned above, two were developed by Illungile Consulting Services in Limpopo. Illungile Consulting Services is the preferred development partner and subsidiary of Masingita Property Investment Holdings, a prominent rural retail landlord in the province. The Masingita Group of Companies has successfully constructed multiple shopping malls, with a primary focus on South African rural and township areas. Their main objective is to meet the socio-economic development needs of these regions.

Gauteng has also seen new shopping centre developments in socio-economically disadvantaged areas. According to Financial Mail (2018), Diepsloot, unlike Soweto, which has a well-documented history, was established as a transit camp in 1995 for people displaced from Zevenfontein, an informal settlement (Financial Mail, 2018). In 2018, the World Bank estimated the population of Diepsloot to be 200,000 residents, but local residents claim that the actual number is closer to 800,000 residents. The area boasts a thriving informal economy, with streets lined with spaza shops, hairdressers, and various stalls.

In response to the rapidly growing population of Diepsloot, a community convenience shopping centre called Riverside Square was opened in November 2020. The centre has 7,000 square metres of gross leasable area. Additionally, an 8,000 square metre development called Katlehong Crossing was completed by Abland in the last quarter of 2022. Umphakathi Mall's first phase, a 12,000 square metre centre anchored by Pick 'n Pay, was completed by Ancora Group in the second quarter of 2021. Umphakathi Mall is located between Mohlakeng and Toekomrus, where the majority of the community's residents work in nearby mines.

According to The Rode Report's release in the fourth quarter of 2022, new supply will continue to decrease in already saturated urban areas in 2023, while developers will shift their focus to socio-economically disadvantaged areas and smaller towns (Rode Retail Report, 2022). The current projections show a total of 100,000 square metres for new shopping centres to be completed in 2023. However, it should be noted that the data may not be comprehensive as not all construction had begun at the time of writing this paper. According to (Rode Retail Report, 2022), nearly half of the square metreage planned for 2023 will be allocated to Limpopo, with the opening of three new shopping centres in that province.

2.5 Function Of Shopping Centres In Socio-Economically Deprived Areas

DiPasquale and Wheaton (1996) posit that property markets can be framed in three main groups: users, investors, and developers (DiPasquale & Wheaton, 1996). In order to succeed and remain operational, it is crucial that shopping centres inspire and motivate their customers to visit the centre and shop. Therefore, the combined effort between shops is essential for survival (Molenaar, 2015).

These property markets described by DiPasquale and Wheaton (1996) can be further divided into three easily distinguishable market segments: letting, capital and development markets. There are corresponding ‘prices’ for each market segment, such as rentals, capital values, and profit or returns (DiPasquale & Wheaton, 1996). The aim of these market segment “prices” seeks to provide value for the correspondent user.

As a shopping centre operates within the property market, it assumes different roles for each user. It is viewed from the following differing perspectives: as a place of business, a property, and an investment (Matthysen, 2016b). Over the years, the function of the shopping centre as a social and economic hub has evolved. Additionally, it has been recognised and briefly expanded upon as an additional perspective from which to view a shopping centre.

Figure 2 below depicts some of the key functions a shopping centre adopts, and these are expanded on thereafter.

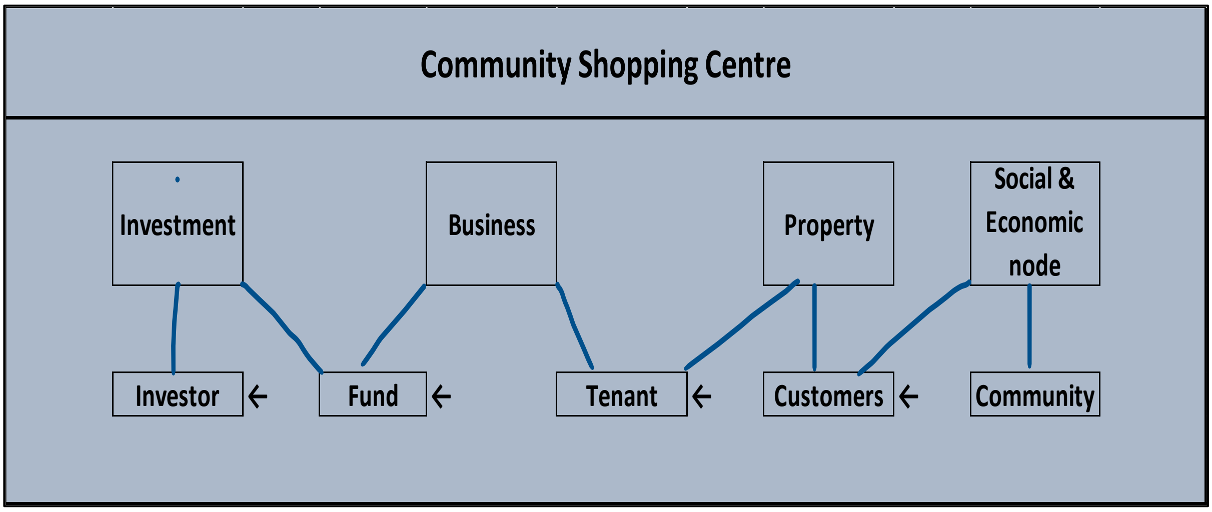

Figure 2. A community shopping centre - perceived functions and stakeholders (Source: Adapted from Berold, 2010; Howard,1997; Demacon 2010; National Treasury, 2010)

2.5.1 Shopping Centres As An Investment

Shopping centres can either be developed by a developer who identifies the retail opportunity, or they can be purchased by investors as an investment asset. Van Dommelen, Noordegraaf and Buma (1990) propose that the investor's aim is a return on investment to obtain the desired profit. Income in shopping centres is derived from leases that have payments with escalations ranging from 1-10 years in tenure. According to van Niekerk and Cloete (2020) shopping centres bring significant private capital investment to areas that previously had limited investment in new buildings and the surrounding infrastructure (van Niekerk & Cloete, 2020). Ligthelm (2008) states that the improved infrastructure has both a positive effect on the local community and can positively sway perceptions of the area (Ligthelm, 2008). This consequently has the potential of attracting further investments which could have an economic catalytic effect on the commercial node.

Before a developer or an investor embarks on this type of high capital investment, demographics such as population, income and employment rate are closely considered (Lin & Vandell, 2007). As retail centres require high capital investments, the funding thereof can be raised as debt from financial institutions such as banks, or as equity from shareholders and investors, or an amalgamation of both debt and equity. The financial institutions who lend the money, charge interest on the loan to be repaid.

Howard (1997) states that the primary value of a shopping centre is in its rental income and all decisions are to be based on maximising this income (Howard, 1997). Pelser (2014) states that profits are attainable when organisations continuously use their resources in innovative ways (Pelser, 2014). Furthermore, that sustainable performance requires an increasing balance between maximising profits in the short-term and looking beyond stakeholder interest (Pelser, 2014). Investors in return for their capital expect to receive a percentage of the lease income and a percentage of the capital growth. Oftentimes once capital investments of this scale have been made it is likely going to be continuous as refurbishments, extensions, and infrastructure upgrades are added in years to come.

2.5.1.1 Risks To A Shopping Centre Investment

Widespread protests can have crippling effects on any economy. Over the years, South Africa has witnessed such protests, stemming from a variety of reasons such as poor service delivery and politically motivated concerns (Botes, 2018). These protests have, on certain occasions, escalated into incidents of looting, with the most devastating occurrence happening on July 9, 2021, following the arrest of the country's former president, Jacob Zuma (Accord, 2021). South Africa experienced a devasting event in history when widespread and deadly looting took place in the provinces of Gauteng and KwaZulu-Natal. The riots in South Africa in 2021 were characterised by organised acts of violence, resulting in the plundering of both private and public properties (Takudzwa, 2022). These events shed light on the challenges and tensions prevalent within society. Property owners found themselves facing their worst nightmare as their assets fell victim to looters. The consequences of this looting spree included a loss of four hundred lives, damaged infrastructure, vandalised properties, and a severely impacted economy.

The infographic presented in Figure 3 below, released by the South African Property Owners Association (SAPOA) (2021) on July 22, 2021, following the looting in KwaZulu-Natal and Gauteng, reveals the extent of the damage. The tense political climate, coupled with poor service delivery, unacceptable living conditions, and high levels of poverty, created a fertile environment for those feeling marginalised to retaliate. The looting primarily took place in shopping centres located in socio-economically disadvantaged areas, exacerbating an already challenging economic situation in South Africa due to the aftermath of the COVID-19 pandemic. Numerous unlisted and listed property owners suffered significant financial losses as a result of the turmoil, ultimately negatively impacting their investments. The infographic Figure 3 below shows the effect of the looting and the losses suffered.

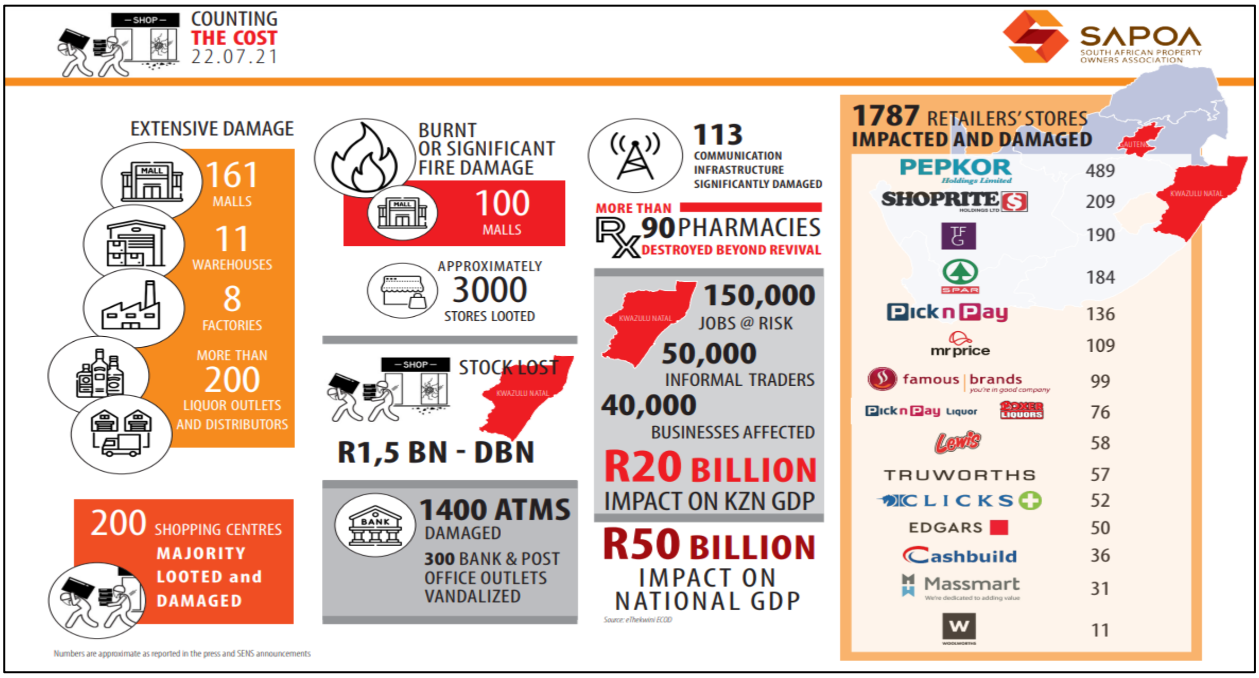

Figure 3. Counting the cost (Source: SAPOA, 2021)

The Public Investment Corporation (PIC) is a wholly owned AM company of the South African Government. The PIC manages a diversified portfolio of assets worth more than R2 trillion that includes different asset classes such as listed equities, private equity, impact investment, and property. The unlisted properties investment portfolio comprises both directly and indirectly held properties. In 2008, the PIC had approximately R8 billion in shopping centre exposure (Muller, 2008). As of 2023, that number has increased to R45 billion (Public Investment Corporation, 2023).

As an organisation, PIC observed the actions taken by the communities in Ga-Rankuwa, Mabopane, Temba City, and Hammanskraal during the July 2021 riots. It was evident that these communities actively defended their shopping centres against looters. This behaviour was attributed to the strong sense of ownership and pride that the communities have towards these shopping centres. The organisations' interactions with the local residents revealed that many of them are employed by the tenants within these centres, while others own businesses that provide essential services such as cleaning, security, and maintenance to the shopping centres. Additionally, the residents expressed that the shopping centres held significant importance to their daily lives as they relied on them for their shopping needs. The potential destruction of these centres during the riots would have had a detrimental impact on their livelihoods and lifestyles.

PIC recognised that during the July 2021 riots, communities in Ga-Rankuwa, Mabopane, Temba City, and Hammanskraal defended their shopping centres in those areas against looters. This is understood to be due to the fact that the community itself considered those centres to be their assets and had a sense of pride in them. Other members of the communities are employed by the tenants in those centres and others are local company owners employed to carry out cleaning, security, maintenance services, etc. at the shopping centres. Another reason cited was that this was where they did their shopping and if the shopping centres were burnt down this would be a disadvantage to their own livelihoods and lifestyles.

Regarding a shopping centre in Tembisa affected by the looting, according to PIC the looting brought about an opportunity for the centre to be modernised, brought up to date aesthetically and deal with compliance issues. The compliance issues to be dealt with include back-up power (generators), addressing issues with the roof, improving lighting, and introducing green elements such as landscaping. This has also brought an opportunity to improve the tenant mix, include locals in the tenancy and right sizing the existing tenant stores.

A competing centre was built in close proximity by a well-known developer and brought into market in November 2020. According to the Asset Manager responsible for this property, the impact of the competition had been minimal as the turnover rentals had remained the same up until July 2021 when the riots occurred. The Asset Manager further stated that the big test will be once the centre is reopened post redevelopment at the end of 2023. Optimistic about the centre’s refreshed looked and exciting tenant offering, it was highlighted that the centre’s strengths included being on the main road and having great visibility. Solar power has also been planned as part of Phase 2 of this redevelopment.

The above presented information is based on the author's internal knowledge and experience during their time as an employee of the organisation at the time of writing. The author has not cited any specific sources but has instead used her own insights from professional experience, industry insights and time spent at the organisation.

As such, the information presented above should be considered in the context of the author's unique perspective and understanding of what happened during the 2021 July riots.

2.5.2 Shopping Centres As A Business

Retailers play a crucial role in the growth and establishment of shopping centres, making them the primary clients of these business establishments. On the other hand, there is a growing body of academic opinion presented by (Wringley, Wood, Lambiri & Lowe, 2018), suggesting that corporate food stores also have a significant role as anchor stores in preserving the quality and variety of shopping in smaller towns and district centres. They argue that these food stores should be considered a vital component in sustainable development plans for those centres (Powe & Shaw , 2004; Wrigley & Dolega, 2011). Furthermore, they propose that the entry of corporate food stores can act as a catalyst for further investment in those centres (Wrigley & Dolega, 2011).

The relationship between tenants and landlords holds great importance, as the overall value of a shopping centre heavily depends on the rental payments made by its occupants. Trust has become increasingly vital as tenants and landlords find themselves becoming more separated from each other (Carolan, 2005)

These shopping centres serve as hosts to various retail shops owned and operated by tenants, commonly known as retailers.

Retail can be described as the set of business activities that add value to the products and/or services sold to consumers for their personal use (Du Plessis, Strydom & Jooste, 2012). Markham (2016) concurs as he states that retailing is about providing the customer with what they want (Markham, 2016). It must also be stated that in the South African economy, the retail industry provides numerous employment opportunities to the country's citizens. Retailers employ almost 20% of the total South African workforce and most customers' personal income is spent in retail stores (Du Plessis, Strydom & Jooste, 2012). Justifiably, the financial success of tenants contributes to the financial success of a shopping centre. The rental is used to cover operating expenses and the return on investment for investors.

Within shopping centres, there are various categories of retailers, including anchor tenants and other smaller tenants. Anchor tenants are typically large, well-established retailers that have a significant national reach (Teller, 2008). These anchor tenants aim to grow their sales and market presence by expanding their retail stores, which can lead to higher sales, profits, and cash flow (Teller, 2008). The expansion of anchor tenants' retail stores can also increase the value of their shares if they are publicly listed on the Johannesburg Stock Exchange (JSE), benefiting their shareholders (Teller, 2008).

According to Urban Landmark (2011), anchor tenants play a pivotal role in attracting customers to a shopping centre, acting as the primary attraction. On the other hand, line shops are typically smaller in size and are usually owned and operated by individual private businesses, primarily serving the local or regional community (Urban Landmark, 2011).

According to an article published by the (Financial Mail, 2018), there was an estimated R11 billion in spending power within socio-economically deprived areas, where the economic activities are at their most raw and vibrant.

As reported by Rode Report (2022) the Mr Price Group, which is a business that operates, mainly on cash sales released a trading update in January 2023 for the 13 weeks to the end of December 2022, which showed that their credit sales had increased by 5,5% and demand for new credit accounts had risen by 31% (Rode Retail Report, 2022). According to Rode Report (2022) this is due to credit extension that has boosted the recovery in consumer spending in 2022 after the COVID-19 pandemic in 2020 and 2021 (Rode Retail Report, 2022).

Another example published by Rode Report (2022) is that of Massmart Holdings Limited owned brand, Game that announced in December 2022 that it had seen a substantial increase in lay-by sales on electronic goods since it revised lay-by rules and allowing customers to not pay a deposit to secure an item and giving six months to settle their payments (Rode Retail Report, 2022). This is a remarkable improvement from the previous rule that customers should pay a 20% deposit and settle their payments within three months.

Retailers such as Mr Price and Game have adjusted their credit and payment plans, effectively providing relief to consumers in the current economic conditions. Economic pricing models acknowledge that the perceived value consumers place on an exchange is influenced by the time and effort they invest. Research indicates that consumers assign an economic value to the time they spend in stores, either looking for goods or waiting for services (Baker, Parasuraman, Grewal & Voss, 2002). This implies that shoppers will continue to visit shopping centres to find the products and services they desire. The improved economic situation presents opportunities for all types of tenants, whether they are anchor stores, non-national businesses, or local establishments, to benefit and improve their operations. Modern retail environments have evolved to offer comprehensive experiences, driven by a combination of tenant mix, facilities, and overall atmosphere (Xu, Yui & Cheung, 2022).

However, it should be noted that the existence of shopping centres within socio-economically deprived areas is not always positive and beneficial to all and may have a negative impact on the informal sector (township) retailer’s market share according to a study by Unisa’s Bureau of Market Research of the impact of shopping centres on small township retailers (Financial Mail, 2018).

2.5.3 Shopping Centres As A Property

A shopping centre can be described as a group of retail and other commercial establishments that are planned, developed, owned, and managed as a single property (Matthysen, 2016a). In the field of PM, the inter-relationship between the management of the business and the management of the property is a crucial aspect to consider. According to the Royal Institution of Chartered Surveyors (RICS) in their publication “Property Management: A Guide to Best Practice” (2012), the management of a property involves the coordination and integration of various activities related to the business and the property itself (RICS, 2012).

According to RICS (2012), PM tasks can be outsourced to specialised PM companies, which are responsible for attending to the needs of the property, dealing with tenants, and managing municipal services (RICS, 2012). It is important to select a reputable PM company and establish effective management practices to ensure the successful management of the property.

For the success of a shopping centre, all tenants must experience successful financial performance whilst trading within the shopping centre because if a few stores trade poorly, it affects the financial performance of the shopping centre. For this reason, the tenant mix in a centre is known as one of the most important elements for the success of a shopping mall; although no scientific models for determining an optimal tenant mix in a shopping mall exist (Yiu & Xu, 2012).

In order to ensure the success of a shopping centre, the management team should prioritise customer satisfaction and adopt a clear retail strategy. It is crucial to grasp the level of customer satisfaction related to shopping centres and the role of facility management in improving the management of retail stores (Akinbogun, Kayode, & Oyedokun, 2022). This foundation will lead to enhanced service quality, a diverse product range, innovative responses to customer needs, and ultimately, the prosperity of the shopping centre. The loyalty of customers towards a shopping centre reflects their preference for it, including their frequent visits, purchases, and their readiness to recommend it to others (Djelassi, Godefroit-Winke & Diallo, 2018).

2.5.4 Shopping Centres As A Social And Economic Node

Shopping centres have both an economic impact and social impact on communities. Howard (1997) describes the main role players in shopping centres as the investor, the developer, the tenant, and the shopper but introduces a new role player being the “citizen” (Howard, 1997). In a socio-economically deprived area the ‘community’ should be considered as an additional key stakeholder. Shopping centres are primarily used as a place for purchasing goods and services, and in addition to this can serve as a as a space for recreation, socialising, relaxation and at times places frequented for physical exercise (Sit, Merrilees & Birch, 2003).

A shopping centre in a socio-economically deprived area fulfils the additional role of an economic and social node for the residents of the area (Howard, 1997). It can be stated that shopping centres are built because of the needs of their host communities.

According to Huff (1963), he conducted an analysis of shopping centres and their trade areas, focusing on understanding the factors that influence customer attraction and spending in shopping centres (Huff, 1963). This study by Huff (1963) provided an understanding on the factors that contribute to the financial viability of a shopping centre. The financial viability of a centre ultimately depends on the community it is built for, the customers it ultimately attracts, and their spending ability. The study also highlighted the importance of location and accessibility in attracting customers (Huff, 1963). Through the offered goods and services as well as the shopping experience that a centre provides, customers are attracted to continually shop there.

Shopping centres offer comfort, diversity, luxury, entertainment, and convenience to customers (Ammani, 2013). Over and above the material needs, a shopping centre also provides a quality of life to its host community by meeting its social and economic needs. The observation is that over the years shopping centres have become a place where people frequent over weekends to relax and shop. Customers desire to be known and recognised (Molenaar, 2015).

It is important that the requirements and expectations of a community are considered by property owners when developing or acquiring shopping centres. Wiliams (1992) states that there are two dynamics of a shopping centre (Williams, 1992). In the first instance, it is constantly subjected to demographic, trends, economic forces, ever-changing consumer preferences and aggressive retailer strategies. In the second instance its role of “place” influences the nature of retail economic activity. A shopping centre must therefore be adaptable to these influences, and it must remain sustainable for its investors. According to McGreevy (2016) what is critical to the success of a shopping centre as a social and economic node is its adaptability to meet trends, community influences, and customer preferences

(McGreevy, 2016). The local community benefits from the existence of the shopping centre as it creates employment and acts as an economic stimulator (Williams, 1992; McGreevy, 2016).

Shopping centres account for approximately 21% of the formal employment sector, thus making them one of the largest employers in South Africa (Malgas, Khatle & Mason, 2017). Shopping centres are key in facilitating retail sales, which in turn drive private consumption and contribute to the overall growth of Gross Domestic Product (SASC, 2017).

Shopping centres have a far larger impact than simple retail convenience. They also stimulate local economies by providing both direct and indirect employment opportunities (Williams, 1992; McGreevy, 2016) and as a result improve the income statistics for the community and generate revenue for the government. After construction of a shopping centre, the local economy is further stimulated by the additional income produced from the management and operations thereof.

According to a Business Tech publication in 2016, the shopping centre industry in South Africa had more than 600 000 permanent jobs and more than 500 000 indirect jobs (BusinessTech, 2016). Direct jobs are classified as jobs created during construction, staff that work in the stores, as well as cleaning and security employees. Additional employment opportunities are generated from the recruitment of personnel responsible for the management and operations of shopping centres. It is important to note that the employment of these individuals would not be possible without the existence of the shopping centre (Williams, 1992; McGreevy, 2016) .

Indirect jobs are classified as "the spend of individual business located in the centre on goods, supplies and services" (van Niekerk & Cloete, 2020).

2.6 Landlord-Tenant Relationship In A Shopping Centre

As discussed above within the socio-economically deprived areas there are different stakeholders, with reference to the development and managing of shopping centres within these areas. Shopping centres include a complex network of internal and external relationships that can impact on the operations and working environment of the shopping centre (Roberts et al., 2010).

According to Damian, Curto and Pinto (2011) the difficulty is understanding the different stakeholders' perspectives on what defines the good performance of a shopping centre, for the purpose of reaching a consensus about shared priorities and relationships (Damian, Curto & Pinto, 2011). Stakeholder identification, classification, and management thereof are looked at in more detail at a later stage in the research paper (see Section 2.8.3).

The most important and crucial relationship among these is between landlords and tenants. Matthysen (2016a) determined that once a shopping centre is operational some of the challenges the landlord faces is to continually identify, understand and meet the ongoing needs of consumers, retailers, and the owners (Matthysen, 2016a). The landlord-tenant relationship is perhaps the one most loaded with potential conflict due to its importance for a shopping centre's success (Roberts et al., 2010). This relationship is controlled by a lease contract between the landlord and the tenant, and it generally outlines the provisions affecting all aspects of the occupation (Matthysen, 2016a). A lease contract also known as a lease agreement can be described as a legal binding document entered by two parties where the one party called the lessor, makes the use and enjoyment of their property available to the other, called the lessee, in return for the payment of rent" (Rybchuk & Palasevych, 2022).

Shopping centres deal with a variety of tenants, all with differing requirements and needs but all commonly looking to derive a use and benefit from the centre in order to conduct business with the public. This then necessitates that proper lease arrangements be in place with every tenant for the overall successful operation of the shopping centre (Carolan, 2005). The success of the tenants is crucial for the success of the shopping centre, establishing shopping centres as a collaborative business venture between tenants and owners (Smith, 2010). As a result, prioritising this relationship between landlords and tenants, including both anchors and non-core tenants, is important.

Howard (1997) suggests that a partnership approach between tenants and the shopping centre's management team is vital for the success of the centre, as collaboration in this relationship would yield mutual benefits and synergies (Howard, 1997). To achieve the mutual benefit and synergy for both parties, good communication and trust needs to be developed between the parties in an effort to overcome conflicts (Roberts & Merrilees, 2003; Roberts et al., 2010).

A study conducted by Roberts and Merrilees (2003) reveals that one of the challenges is that although the landlord's performance is impacted by a positive relationship, in most cases landlords see this impact as being less significant than how their tenants perceive it (Roberts & Merrilees, 2003). Prendergast, Marr & Jarratt (1996) concur that in general, landlords rated their own performance much higher than the rating given by the tenants. It is crucial that landlords understand that there is a gap in these views regarding their performance. Roberts et al. (2010) state that if trust forms as part of the landlord-tenant relationship there will be greater benefit for both parties.

A direct result of higher trust levels by tenants could be in the form of an increased rate of lease renewals for the landlord. Lease renewals are vital for landlords as the costs of attracting new tenants are much higher than the costs of retaining the present tenants (Roberts et al., 2010).

Landlords often strive to prioritise their tenants and provide them with high-quality service. However, measuring the success of these efforts can be challenging. Property professionals, including property, asset, and facility managers in the shopping centre space, recognise the importance of being able to measure and benchmark their own level of service as a means of retaining tenants. This understanding is supported by studies by Smith and Johnson (2018), and Johnson and Smith (2020), which highlight the significance of measuring and benchmarking service quality provided in shopping centres from the perspective of property professionals (Smith & Johnson, 2018; Johnson & Smith, 2020). These studies emphasise the value of assessing service quality to ensure tenant satisfaction and retention, ultimately contributing to the overall success of shopping centres. This ability to measure the quality of the service provided can aid landlords to identify the areas that can equip them with a competitive edge and those gaps that require improvement (Wilson, 1998).

2.7 Setting The Scene: Management Of Shopping Centres

The nature and dynamics of shopping centres within socio-economically deprived areas are in all respects quite specific and thus order that there are several stakeholders involved, with differing objectives when it comes to the management of these shopping centres.

Howard (1997) discusses the relationships involved in shopping centres, the different management styles and further indicates that there are contradictions in these approaches. There are two approaches, namely a property-led approach which is grounded on viewing the shopping centre as an asset and an investment; whilst the customer-led approach is grounded in viewing the shopping centre as a place of service. Synergy and integration are required between these two differing approaches and the lack of this results in inefficient and ineffective management (Howard, 1997).

Keeping the nature and dynamics of socio-economically deprived areas in mind, the question that arises is what impact an augmented and integrated PM approach has on the performance of these shopping centres.

This creates the underpinning for the theoretical framework that underlies this research study.

2.8 Theoretical Framework: Management Application

This section of the chapter will explore the foundational principles of general management theory and how it applies to the management of shopping centres. By understanding the key concepts of management theory, the researcher is able to further develop effective strategies for enhancing the performance of shopping centres in socio-economically deprived areas.

It will also provide an overview on the existing literature on AM, PM and FM management theories, including the detail of what these management practices entail as they relate to the managing of shopping centres. This section will also outline considerations to be made when applying these management theories in shopping centres in socio-economically deprived areas in South Africa.

This research is builds on the work of Berold (2012). The current study aims to investigate whether there have been any advancements or changes in shopping centre management since the time of the previous dissertation. The focus of this research is to provide an updated analysis of the current state of shopping centre management, specifically in socio-economically deprived areas, and to identify any areas for improvement or further development.

2.8.1 General Management Theory

Goodpaster's (1991) explanation of management as having a contractual duty to manage the company in the interests of its stakeholders while concurrently having the moral obligation to take other stakeholders into account, highlights the importance of balancing the needs of different stakeholders in shopping centre management. This is particularly relevant in socio-economically deprived areas where the interests of tenants, consumers, and the wider community need to be considered (Goodpaster, 1991).

In addition, Jack's (1994) description of management as the professional and effective deployment of resources while being totally accountable for quantifiable results, emphasises the importance of strategic and operational management in shopping centre management. By implementing a management model that speaks to both strategic and operational management, shopping centres can achieve sustainable competitive advantage and enhance their performance in socio-economically deprived areas (Jack, 1994).

Overall, an understanding of general management theory is necessary for effective management of shopping centres, especially in socio-economically deprived areas. General management theory provides a framework for understanding the principles of shopping centre management and how they can be applied in these areas. By building on it, further management theories and strategies can be developed to enhance the performance of shopping centres and contribute to economic development in socio-economically deprived areas.

2.8.2 Operations And Strategy Management

As a starting point, the term strategy needs to be characterised.

Strategy is a diagnosis that defines or explains a business challenge or opportunity, a decision or set of decisions for dealing with the challenge or opportunity, and a coherent set of actions to deliver on the decisions so as to create sustainable advantage and superior returns (Allio & Randall, 2010). This implies that for a strategy to be implemented there must be a matter in question (positive or negative); a decision(s) must be made; and decision(s) or action(s) must have an overall positive result on the business and achieve a sustained competitive advantage. According to Hunt and Morgan (1995) an organisation is said to have a competitive advantage over its competitors if it can better deliver its goods and services at a cheaper cost – this creates a wider wedge than its competitors have achieved. A firm with a competitive advantage is positioned to earn superior profits within its industry (Hunt & Morgan, 1995).

A strategy can be developed at various and multiple levels such as corporate, business, or managerial level (Allio & Randall, 2010).

To implement a strategy successfully Hrebiniak and Joyce (2003) state that it will be reliant on integrating strategic management decisions into the operational management process (Hrebiniak, 2005). Hrebiniak and Joyce (2003) further suggest developing short-term operational objectives that tie into the long-term strategic plans. The current frameworks have shed some light; however, this is an area that could further benefit from additional work (Hrebiniak, 2005).

Strategic management requires a good understanding of the broader context, which is helpful in setting a direction or purpose over a long-term period. According to Mahoney and McGahan (2007) the field of strategic management is both important and rigorous in the implementation, execution, and monitoring of an organisation's strategic goals in order to either confirm the current business models or suggest changes required (Mahoney & McGahan, 2007). According to (Best, Langston, & De Valence, 2003), strategic planning would then be the anticipation and management of change.

According to Joshi, Kathuria and Porth (2003), Operations Management can be described as a functional discipline of management that focuses on aligning strategic goals throughout all levels of an organisation to enhance performance (Joshi, Kathuria & Porth, 2003). Achieving improved performance is contingent upon effectively utilising the resources and core competencies of the business in a synergistic manner.

Stakeholder Management is briefly explained below.

2.8.3 Stakeholder Management

A stake is an interest or a share in an undertaking whilst a stakeholder is an individual with a stake (Weiss, 2006).

A stakeholder as defined by Moloney (2006) is an individual or group that benefits from an organisation and inversely stakeholders can be harmed by an organisation and/or its activities (Moloney, 2006). Gibson (2000) argues that stakeholders have the power to both benefit and threaten an organisation. In essence stakeholders both affect and are affected by an organisation and its actions (Gibson, 2000). A stakeholder's influence on an organisation can be significant or minimal and can be either intentional or coincidental.

(i) Stakeholder Identification

There are stakeholders in both the development of a shopping centre and the shopping centre management, just as there are stakeholders in other business pursuits. The list of stakeholders is often lengthy and typically includes landowners, developers, end users, tenants, employees, customers, project managers, property managers, legal authorities, government departments, suppliers, service providers, banks, insurance companies, community representatives, civic institutions etc. (Newcombe, 2003; Smith & Love, 2004).

Each one would influence or be affected at a point although with varying degrees. It is for this reason that stakeholder identification and management are of paramount importance.

Stakeholder management includes the identification, classification and ultimately the managing of each one in a coordinated and planned order. The interests of the stakeholders should be incorporated into the organisations' objectives and the relationships be strategically handled. Stakeholders can be internal or external to a project team or project scope (Sutterfield, Friday-Stroud & Shivers-Blackwell, 2006). According to Calvert (1995) and Winch and Bonke (2002) internal stakeholders are those who are a member of the project coalition or providing finance; whilst external stakeholders are those affected by the project in some way (Calvert, 1995; Winch & Bonke, 2002).

According to Clarkson (1995) another characterisation can be made between primary and secondary stakeholders. Primary stakeholders are those without whose continuing participation the corporation (or project) cannot survive as a going concern whilst secondary stakeholders are not essential to its survival. The identification of the primary stakeholders requires a comprehensive investigation to determine the interests and expectations of each one and the extent to which those can be met (Clarkson, 1995).

(ii) Stakeholder Classification

Mitchell and Wood (1998) propose a systematic process of identification and classification of stakeholders. This process should above the in-depth analysis of their varied expectations and needs determine their nature and influence strategies. The mapping of stakeholders can be done according to their saliency and dynamism (Mitchell & Wood, 1998).

Mitchell, Agle and Wood (1997) state that saliency (or urgency) is the intensity of the claim, attention or priority attached to a stake, and the extent to which it demands immediate attention (Mitchell, Agle & Wood, 1997). The urgency of the claim or demand determines the power and manner used in responding.

Although not directly contracted to the properties in question stakeholders such as end users and members of the community have the potential to either promote or disrupt the everyday functions of the property through their actions. It is unfortunately difficult to hold them liable for their actions as was witnessed in the July 2021 unrests that occurred in KwaZulu Natal and Gauteng and led to R50 billion impact on South Africa's GDP damages to properties (SAPOA, 2021). Stakeholders can be classed as being supportive, neutral, or anti (Goodpaster, 1991). Organisations should strive to reposition stakeholders from anti and neutral to supportive.

Stakeholders' expectations and objectives must be agreed upon and carefully managed in order to successfully apply the necessitated management model. This will assist to formulate a strategy that has an informed understanding of the stakeholder relationships, context of the shopping centre operating environment and be implemented across all operational levels that impact the performance of the shopping centre.

2.9 Property Management Theory

It is the researcher's reflection that within the academic research space, there is insufficient research on property asset management within the context of managing commercial properties. The inter-changeable use of the terms "asset management", "property asset management" and "property management" in relation to commercial PM often leaves one uncertain. This becomes further blurred in the case of shopping centres that are located in socio-economically deprived areas, that have more convoluting dynamics to be taken into consideration such as added stakeholders, contradictory objectives, ever-changing dynamics, and an intricate history. Shopping centres in these locations require a definitive strategy with a stakeholder management plan, an understanding of the environment and a dynamic operational management approach to effectively implement the plan across all levels.

The success of a shopping centre relies on its operations and how well it is managed. It is of utmost importance that property owners establish outstanding management teams from inception to manage shopping centres on their behalf (Akinbogun, Kayode & Oyedokun, 2022) in order to do well in an ever-changing landscape. According to Pitt and Musa (2009) the core business of shopping centres is to lease retail space to tenants for profit (Pitt & Musa, 2009). Extending on this, managers of shopping centres must provide facilities and services to these tenants. In order to provide services adequately and sufficiently to their tenants, the manager needs to continuously identify, appreciate, and meet the needs of tenants, customers, as well as the landlord (Pitt & Musa, 2009). And in more recent years the community and environment have been added as important stakeholder(s) whose needs should be considered (Howard, 1997).

Additional to its primary business, the non-core or secondary business of a shopping centre is a support function to the core business and to its tenants. The non-core business of a shopping centre is characterised as the managing of the property and its facilities (Pitt & Musa, 2009). This secondary business is a vital supporting function that although in itself is not income producing, if implemented effectively plays an important role in ensuring the profitability of a shopping centre. Managers of shopping centres are responsible for continually improving operational costs while remaining focused on profit maximisation. This focus on cost optimisation is the key function of shopping centre management in today's competitive market. A poorly managed property can result in an increase in operating expenses and a reduction in net operating income (Roberts et al., 2010).

For purposes of this research paper Asset Management (AM) has been defined separately to understand its function and role in shopping centres. PM (which is deemed to include operational FM) has been looked at in conjunction with SFM and CbFM (see section 2.9.2). The paper does not focus on the distinctions between PM and Facilities Management (FM) and will refer to PM as an augmented and integrated approach in the pursuit of improved performance of shopping centres in socio-economically deprived areas.

2.9.1 Asset Management (AM)

(i) Investment or Portfolio Asset Management

Investment or Portfolio asset management (AM) is a crucial role in the financial industry that involves the analysis and management of a portfolio of properties within a larger fund. This strategic approach making requires asset life cycle decisions, including acquisition, disposals, brown-field refurbishments, and green-field developments (Bodie, Kane & Marcus, 2014).

RICS (2012) explains this would involve the alignment of the property's assets to the fund's strategic objectives. AM is a crucial aspect of investment strategy, aiming to generate value for investors whilst achieving various stakeholder requirements and expectations (RICS, 2012). The effectiveness of AM is determined by assessing whether an asset is being used optimally for its highest and best use, at any given time and ensuring profitable business function and meeting investment returns (Tsolacos & Crosby, 2010). This financial approach to AM uses benchmark measures such as income return, capital growth, cost efficiencies, and vacancies. In the real estate sector, "Real Estate Asset Management: Studying the Effectiveness of Asset Management Practices on Performance" by Sotiris Tsolacos and Neil Crosby explores the effectiveness of AM practices on performance. This reference highlights the significance of performance assessment in ensuring investment returns and profitability (Tsolacos & Crosby, 2010).

The downside to the AM approach mentioned is the lack of understanding of on-the- ground issues and the resulting inability to adequately respond to changing dynamics around the properties and stakeholder requirements. This can lead to exposure to risk, and at times degradation of the asset value (Scarrett, 2010). The lack of understanding of information requirements and the experience to determine the type and amount of information to be exchanged and managed through digital means can contribute to the shortcomings of the AM approach (Kim, Poirier & Staub-French, 2020).

(ii) Property Asset Management

The property asset management role is the role and function most discussed and practiced by a number of the research respondents interviewed. This role involves tenant mix optimisation, national tenant engagement and leasing, effecting yield-enhancing property improvements and any other optimisation opportunities (Hanninen & Paavola, 2021; Xu, Yui & Cheung, 2022). As a result, the AM has a good understanding of the market, their centre and thus better control over the asset.

One disadvantage associated with this approach to AM is the potential overlap in roles and responsibilities with Project Management, which could result in conflicts between the two. It is important to note that an Asset Manager who is not well-informed about their specific shopping centres may relinquish their strategic responsibilities to a Project Manager who has a closer connection to the asset. Consequently, this could lead to further conflicts in terms of functions and associated fees for the managing agent (Hanninen & Paavola, 2021).

In conclusion, the AM role remains mostly misunderstood in particular regarding its strategic role. This role can also be described or perceived as strategic FM, which is the management of the alignment of the facility with the corporate goals (Langston & Lauge-Kristensen, 2002). This is discussed later in further detail.

2.9.2 Integrated Property & Facilities Management (PM &FM) Approach

A facility is described as the buildings and services provided for occupants and customers (Jack, 1994). Shopping centres have over the years become more complicated in size, type, and characteristics and resultantly more difficult to manage. FM involves the ongoing management and servicing of the building in use or operational management. Awang (2021) distinguishes FM as the fundamental concern with buildings that are in use and their operational management (Awang, 2021). Facility Management is as defined by ISO and adopted by IFMA is an organisational function which integrates people, place and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business (International Facility Management Association, 2023).

The core objective of a shopping centre is to provide a return on investment and profit to its investors and shareholders. This core objective must be supported by non-core objectives, like providing a well maintained and functional property. The initial concept and practice of the management of these facilities emerged as the private sector required that costs related to the facility were reduced and the quality of the facility improved (Alexander & Brown, 2006). Shopping centres must compete (Pitt & Musa, 2009) for market dominance and therefore it is essential to pay attention to the quality of service provided.

In a shopping centre, FM aims at achieving cost savings on non-core areas whilst not negatively affecting the running of the centre (Pitt & Musa, 2009). To deal with challenges and have a competitive advantage, shopping centres will look to establish the right management teams to secure their centre's success. "A joint partnership-based focus on business by all the parties involved thus seems to be important for successful shopping centre management" (Howard, 1997:267). The composition of these teams may look different at each shopping centre but with a common goal to ensure the success of their respective shopping centre.

Once the management team is in place, they are responsible for three key areas, namely the property, its facilities and the tenants. A key role is for the team to adequately maintain the image and physical facilities of the shopping centre, whilst they "retain the value of the property and optimise the operational cost" (Pitt and Musa, 2009:49). With time and technology FM has developed into an integrated framework, merging the strategic and operational management of buildings and resulting in a proactive model (Then, 2005). Chotipanich (2004) describes the operational function as supporting the basic routine, whilst the strategic function looks at facility planning, improvements and developments (Chotipanich, 2004). Then (2005) posits that a key function of FM is to act as an informed interface between strategic and operational management and to provide 'the optimum solution to apparent conflicting goals" (Then, 2005).

Shopping centres require an FM model that provides "added value and genuine strategic contribution" (Pitt and Musa, 2007:203). van Dommelen et al. (1990) posit that a focus on only the financial and technical aspects is narrow-minded and does not show any awareness of social, ethical, and other aims and values intrinsic to a facility (van Dommelen et al., 1990).

Further developments to FM that have emerged in response to this view and became known as a second generation of FM.

i. Second generation FM: People, Process, and Place

McGregor (2000) posits that second generation FM considers the inter- relationship between the physical asset, its supporting infrastructure, and its users. Barrett (2000) proposed a FM framework model that shows the relationship and divisions between strategic FM and operational FM and also considers the total and local environments (Barrett, 2000).

Second-generation FM is an integrated approach encompassing three levels namely, strategic, operational, and tactical. Operational FM is the concern of the day-to-day operations; maintenance of facilities and management of the non-core support services such as cleaning, security, and maintenance (Langston & Lauge-Kristensen, 2002). Tactical FM concerns the monitoring and management of the performance of the facility (Langston & Lauge-Kristensen, 2002). Strategic FM is the management of the alignment between the facility and the corporate goals (Langston & Lauge-Kristensen, 2002).

Therefore, shopping centres need to consider their context, demographic trends, and the state of the economy at any given point. This requires fulfilment of expectations of all stakeholders that affect or are affected by the shopping centre, over and above its operational and strategic objectives.

ii. Third Generation FM: Community and Environment

Unlike commercial properties, shopping centres have extended stakeholders namely, the customer, the community and the macro-economic factors that affect their performance. Third generation FM adds an additional consideration to the management of facilities, which is the social and community context in which these facilities operate. Alexander and Brown (2006) argue that FM should be ‘extended beyond the impact on individual organisations and buildings, to recognise the full contribution that facilities make to the local economy and community’.

This development led to the introduction of community-based facilities management (CbFM). Alexander and Brown (2006) introduce the concept of CbFM, which provides ‘a socially inclusive approach to the management of facilities and the adoption of sustainable business practices (Alexander & Brown , 2006). Hou & Wu (2019) submit that CbFM deals with the long-term presence of built assets within a community. CbFM offers both economic value and sustainable social and environmental benefits. Alexander and Brown (2006) state that the benefits are seen by key stakeholders, identifies their salience, create an enabling environment for the community and society and improve the quality of life whilst fulfilling the communities' expectations (Alexander & Brown , 2006).

In summary, the augmented and integrated PM and FM approach is viewed as the integrator and CbFM focuses on the application of sustainability. Although there is no universal approach to property and facilities management, understanding the needs of the organisation, facility, people, community, and environment is key to an effective PM approach which can be measured in terms of providing the best value. The literature review on PM and FM provides information that could inform efficient and effective management strategies applicable to shopping centres. It also provides a critical foundation for the inclusion of the community and environment, which could assist in its effective implementation in shopping centres located in socio-economically deprived areas. It is the researchers view that an augmented PM approach that integrates SFM and CbFM can provide a more comprehensive and effective management framework for shopping centres located in socio-economically deprived areas.

2.10 Requirements For Managing Socio-Economically Deprived Shopping Centres

Within the management theory practices there is a lack of theoretical development in AM and PM. AM theory involves the management of the financial performance of the fund and hence aims to fulfil the requirements of the investors. PM theory considers the needs of the tenants and customers, whilst executing the objectives of the asset manager. These conventional management styles consider profit maximisation and benefit only key stakeholders.

It is the writers view that FM theory is the most comprehensive in terms of stakeholder fulfilment and the theory concerns an integrated management of stakeholders and considers strategic, operational, and tactical factors. An augmented PM approach that integrates SFM and CbFM provides a coherent and effective framework for the management of the numerous stakeholders involved and allows for the differing functions of shopping centres operating in socio-economically deprived areas. Shopping centres operating in socio-economically deprived areas require a management approach that is structured to take cognisance of the dynamics of the environment; consider all stakeholders and deliver performance effectively.

2.11 Chapter Summary

Chapter 2 of this research paper provide a contextual and theoretical framework for the research paper. The chapter explored a body of literature providing a South African perspective on the evolution of shopping centres and provided insight into the dynamics and nature of socio-economically deprived areas. The literature search and review performed for this research study indicated that there is insufficient theoretical information on AM and PM frameworks and ineffective implementation of an augmented and integrated management model and strategy that can be effective and efficient in the management of shopping centres. The chapter highlights the need for an integrated approach to shopping centre management that considers the needs of all stakeholders, including the community and the environment.
The absence of this meaningful information relevant to shopping centres in socio-economically deprived areas results in an inability to inform and implement the correct management approach. The FM frameworks set a theoretical foundation that can assist in applying management principles to the dynamics and context of shopping centres through the integration of FM. In conclusion it is that an augmented PM approach that integrates SFM and CbFM can provide a more comprehensive and effective management framework for shopping centres located in socio-economically deprived areas.

In the next chapter, the research methodology used in this research study is described.

Chapter 3: Research Methodology

3.1 Introduction

This chapter provides an overview of the research methodology and design used in this study. It discusses the choice of research design, philosophy, and approach using the research onion method as a framework to validate the chosen research methodology used throughout this paper. The chapter outlines the different research methodologies and methods used, followed by justification of the selected specific methodology and method used. Furthermore, it elaborates on the research design of the empirical study, including the sampling and data collection methodologies, as well as the research instruments used, such as face-to-face and/or virtual semi-structured interviews.

Additionally, the method for interpreting and analysing the data received through thematic analysis is explained. Ethical considerations are addressed, along with a detailed record of the research participants. To ensure confidentiality, research participants are assigned unique codes when referenced in the data analysis chapter, and measures to uphold the authenticity and validity of the study are implemented. The limitations of the research design are discussed at the end of the chapter.

3.2 Research Design

Hampshire College defines research as a systematic inquiry process involving data collection, documentation of critical information, and analysis and interpretation of the gathered data/information, in accordance with appropriate methodologies established by specific professional fields and academic disciplines (Hampshire College, 2022). Similarly, Western Sydney University describes research as the generation of new knowledge and/or the innovative utilisation of existing knowledge to produce new concepts, methodologies, and understandings (Western Sydney University, 2023).

The research onion, introduced by Saunders, Lewis, and Thornhill in their book 'Research Methods for Business Students', provides a framework for understanding the various stages involved in writing a dissertation, particularly in development of an effective and well-organised methodology. The six layers of the research 'onion', as shown in Figure 4, collectively contributing to achieving the central layer, which focuses on the collection and analysis of data (Saunders, Lewis, & Thornhill, 2009). A thorough explanation of each layer within the research 'onion' is imperative in order to validate the research methodology.

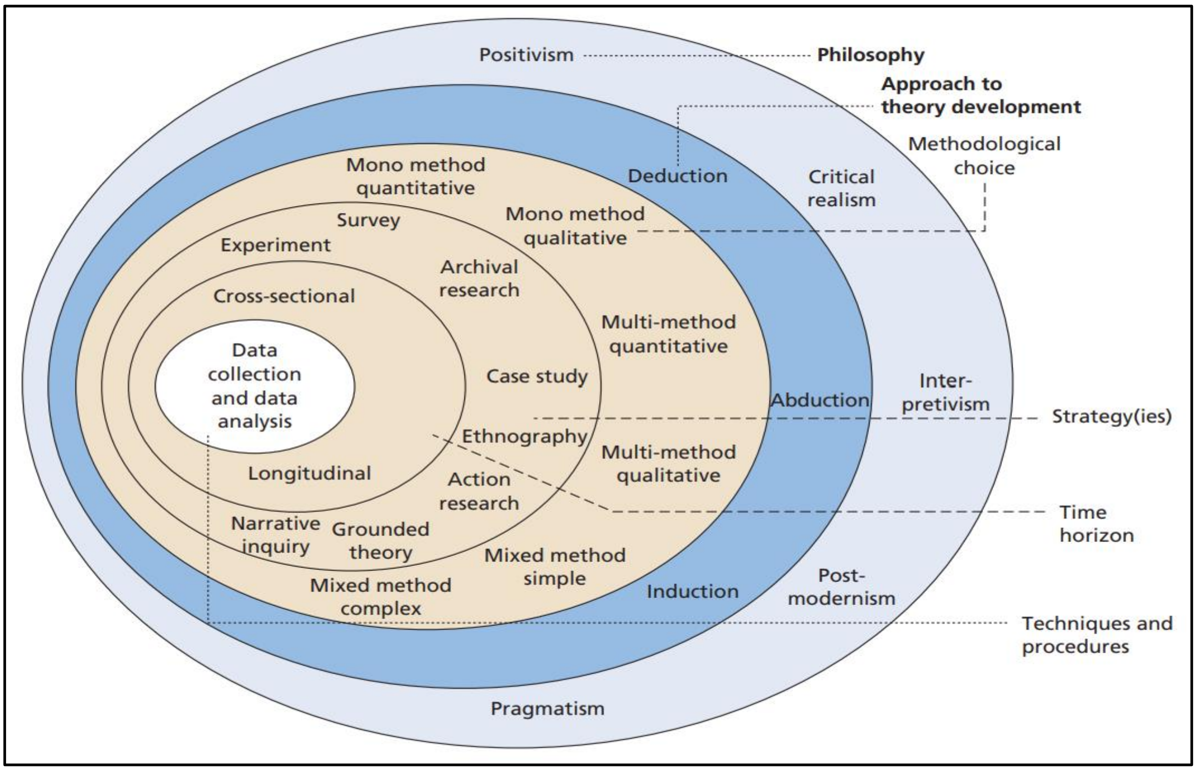

Figure 4. The research 'onion' (Saunders, Lewis, Thornhill, 2015:124)

Supporting the research onion theory, Creswell (2014) advances that a research design should be guided by the research questions and objectives. Creswell's approach emphasises the importance of understanding the context and complexity of the research problem and consists of four components: philosophical assumptions, research design, data collection, and data analysis (Creswell, 2014).

The interview questions were designed to build on the theoretical perspectives discussed in Chapter 2. Chapter 2 emphasised that not much is known about the AM and PM theoretical frameworks and the application of management models in shopping centres located in socio-economically deprived areas.

3.3 Research Philosophy

Saunders et al. (2009) describe research philosophy as a framework of underlying beliefs, assumptions and principles that underpin the process of conducting research, guiding the collection, analysis, and interpretation of data with the objective of developing knowledge. Saunders et al. (2009) further posit that the choice of research philosophy influences the selection of research methods, the interpretation of findings, and the overall approach to conducting research.

Research philosophy is commonly explored through the lenses of ontology and epistemology. Ontology refers to the nature of reality and the understanding of the existence of information, focusing on the nature of being and existence, conversely epistemology, addresses the valid information required for research and how that information can be obtained (15 writers, 2023). Musmini, Yuniarta, Sulindawati & Yudantara (2019) and MacAllister (2012) further state that epistemology is also known as the 'study of knowledge', focusing on the validity, scope, and methods of acquiring knowledge.

GuhaThakurta and Chetty (2015) posit that there are primarily two epistemological views in research, that is, positivism, and interpretivism. The choice of research philosophy, whether it aligns with positivism, interpretivism, or other paradigms, influences the overall research approach and the interpretation of research findings (GuhaThakhurta & Chetty, 2015). It is essential for researchers to understand the philosophical underpinnings of their research to ensure the coherence and validity of their work.

3.3.1 Positivism

Positivism, as described by John Dudovskiy (2023), is characterised by its external, objective nature and independence from social actors. Positivism emphasises the reliance on 'factual' knowledge obtained through observation, particularly through measurement, as the basis for trustworthy information. In the positivist approach, data collection and interpretation are conducted objectively, with the researcher maintaining a distance from personal values (Dudovskiy, 2023). Furthermore, GuhaThakurta and Chetty (2015) elaborate that the research strategy of a positivist involves the collection of data and the formulation of a hypothesis. These hypotheses, obtained from observations that are quantifiable, are then tested and verified, which then allows for further research (GuhaThakhurta & Chetty, 2015).

It is important to note that the positivist approach is typically associated with quantitative research methods and was not used in this research study.

3.3.2 Interpretivism

Interpretivism, as described by Dudovskiy (2023), involves the interpretation of study elements and integrates human interest into the research. Unlike positivism, interpretivism is intertwined with ontology and epistemology, focusing on assessing the differences among humans as social actors (GuhaThakhurta & Chetty, 2015). The development of interpretivism philosophy is rooted in the interpretation of positivism within the social sciences (Dudovskiy, 2023). This approach is typically associated with qualitative research methods and is based on a naturalistic approach to data collection, such as interviews and observations (GuhaThakhurta & Chetty, 2015).

In this research study, an interpretivism philosophy is adopted, aligning with a qualitative research approach, which allows for exploration and insight into the operations of shopping centres located in socio-economically deprived areas of South Africa. A naturalistic approach to data collection through methods such as interviews and observations (GuhaThakhurta & Chetty, 2015) supports this type of research methodology.

3.4 Research Approach

Research approach involves the structured and logical way that researchers undertake their investigation or research study. Cresswell (2014) explains that this entails the various stages from broad assumptions to specific methods of data collection, analysis, and interpretation, all aimed at addressing specific research questions or achieving research objectives (Creswell, 2014). Chetty (2016) posits that the selection of a research approach is reliant on the nature of the research problem at hand and is usually categorised into two distinct types, namely qualitative or quantitative research approach (Chetty, 2016).

3.4.1 Quantitative Research Approach

A quantitative research approach is mostly predominantly used research that is scientific in nature and is used when collecting and analysing numerical data (Solanki, 2022). This approach relies on mathematical and statistical research techniques to obtain results for the specific study and is best suited for testing hypotheses, determining cause-and-effect relationships, and measuring the frequency of certain phenomena (Hassan, 2022). On the other hand, interpretivism is the study of social phenomena to uncover hidden realities within society and is one of the main philosophies of qualitative research (Pathak & Thapaliya, 2022).

This approach is typically observed within a qualitative research framework and is based on a naturalistic approach to data collection, such as interviews and observations (GuhaThakhurta & Chetty, 2015).

This research study does not follow a quantitative research approach, as it is non-numerical and non-scientific, and does not require mathematical or statistical research techniques to answer the research question, aim, and objectives of the study.

3.4.2 Qualitative Research Approach

A qualitative research approach is used for the collection and analysis of non-numerical data, particularly in the study of human behaviour and habits (Solanki, 2022). Hassan (2022) posits that this approach is critical for investigating the meaning of a specific study, understanding individual experiences, and gaining insight into social processes (Hassan, 2022).

Solanki (2022) further explains that qualitative data collection methods include interviews, focus groups, and ethnography, which are well-suited for capturing the richness and depth of human experiences (Solanki, 2022). Unlike with quantitative research, to analyse qualitative research data, an inductive research strategy is considered as most appropriate, as it allows for the development of theories and hypotheses based on the data collected, rather than relying solely on existing theories (Solanki, 2022).

According to Solanki (2022) in essence, qualitative research involves the exploration of abstractions, concepts, and the testing of hypotheses to gain a deeper understanding of the phenomena under study. This research study utilised a qualitative research approach.

3.4.2.1 Inductive Research Approach

Chetty (2016) explains that an inductive research approach, also referred to as the 'bottom-up' approach, involves the collection and analysis of data to inform the development of a theory (Chetty, 2016). Cresswell (2014) posits that this approach is characterised by the limited availability of existing data or theories, and it entails the process of building data into broad themes and generalised models or theories (Creswell, 2014).

According to Creswell, the objective of the inductive approach is to generate a new theory or refine an existing one (Creswell, 2014). Chetty (2016) identifies several techniques or tools associated with the inductive approach for conducting research within a specific research framework, including interviews, focus groups, observations, and grounded theory (Chetty, 2016).

The main purpose of the study is to bring about new insight into shopping centres operating within the socio-economically deprived areas in South Africa, with a focus on the factors that affect the performance of those shopping centres, the current management models applied as well as their relevance and effectiveness. Given the limited data and studies available on this topic, an inductive data analysis approach is necessary, with the assistance of interviews, to address this.

3.5 Research Sampling Strategy

According to Surbhi (2022) research sampling involves the selection criteria and method of a particular group that represents the entire population (Surbhi, 2022). Research sampling is divided into two main categories, namely, probability sampling and non-probability sampling (Surbhi, 2022).

McCombes (2023) states that probability sampling involves the random selection from a given population that allows the researcher to make strong statistical deductions about the whole group (McCombes, 2023). Probability sampling is the most common form of sampling for public opinion studies, election polling, and various other studies in which the results will be assessed based on a wider population (Elliott, 2020). McCombes (2023) lists four primary probability sampling methods used in research, which include simple random sampling, systematic sampling, stratified sampling, and cluster sampling (McCombes, 2023).

On the other hand, Elliott (2020) describes that non-probability sampling is a non-random selection of data, which can include the researcher sending a survey link to a targeted select group. McCombes (2023) lists four primary non-probability sampling methods used in research, which include convenience sampling, purposive sampling, snowball sampling, and quota sampling (McCombes, 2023). Purposive sampling also known as judgement sampling is described by McCombes (2023) as involving the researcher selecting individuals that are most useful, qualified, or/and the subject matter experts for the purpose of the research. This is primarily used in qualitative research projects (McCombes, 2023). The inclusion and exclusion criteria for this method would need to be clearly detailed to avoid observer bias. The primary sampling method that was used for this research study was non-probability, purposive sampling.

Miles and Huberman (1994) indicated that qualitative researchers work with small samples of people who are subject matter experts in their fields and are studied in-depth to be purposive (Miles & Huberman, 1994). For this research a purposive sampling technique was used and as such the selected sample members were chosen as they had a minimum of ten years' experience in the field of study and thus considered to be additive to this research. Saunders and Lewis (2012) describe purposive sampling as a non-probability sampling method where the researcher uses their judgement to decide on the sample group based on several factors. Therefore, purposeful sampling is used to obtain a full understanding and insight into the field of study. The primary data collection method used was semi-structured interviews. Retail experts De Ruyter and Scholl (1998) indicated that between 10 and 60 respondents are essential for a qualitative research study (De Ruyter & Scholl, 1998).

3.6 Data Collection

Research methods include detailed strategies and procedures for affecting the research design. Qualitative research methods are commonly employed in disciplines such as sociology, history, anthropology, health science, education, and others within the humanities and social sciences (Cornell, 2023). Research methods encompass the procedures utilised to gather, analyse, interpret, and present research data (Leavy, 2017). The selection of a data collection method should be guided by the research question and the researcher's epistemological and ontological perspectives (Leavy, 2017). Various qualitative data collection methods exist, including interviews, surveys, focus groups, and observations (Bhat, 2023).

The sampling method, data collection, data analysis and interpretation of the findings are likely to vary depending on the applicable research method. The precise research method adopted in a research study is determined by the overall methodological orientation of that study (Teddlie & Tashakkori, 2009). Data collection and data analysis then follow as the empirical procedures for the research (Punch, 2005).

Yin (2003) defines research design as the action plan that leads from the research questions to the conclusions. Yin (2003) further posits that the process includes data collection, data analysis and interpretation of the evidence. The interpretation is carried out according to the pre-determined hypothesis and a unit of analysis; as well as linking the data collected to the hypothesis and applying a set criterion to interpret the findings (Yin, 2003).

3.6.1 Interview Structures

As this study utilised the interview method for data collection, it is essential to explore the three primary interview structures to determine the most suitable approach for this research.

Structured interviews involve predetermined questions in a specific order, facilitating the identification of response patterns. However, they are criticised for their formal nature and lack of flexibility (George, 2022). Unstructured interviews, on the other hand, are open-ended and flexible, allowing interviewers to tailor questions based on responses. Nevertheless, they pose challenges related to potential bias and reliability (George, 2022).

Semi-structured interviews, a blend of structured and unstructured approaches, involve a thematic framework with predetermined questions and the option for additional follow-up inquiries based on responses. This approach is suitable for exploratory research and studies with predefined themes, essential for the progression of the research (George, 2022).

Semi-structured interviews allow for interviews to remain open-ended and adopt a conversational approach whilst following a set of guideline questions derived from the research objectives. This permits the researcher to delve into and further examine responses to gain better insights from the research participants throughout the interview. The researcher is guided by a broadly designed interview topic that needs to be covered effectively. Interviews are documented 'verbal reports' of events and perceptions of specific interviewees and respondents who have insight into the situation (Yin, 1994). This form of interview structure was adopted for the purposes of this study.

Saturation can occur when no new insights are being generated from the data. When the data collected becomes repetitive, due to the richness of the data collected from each interview, saturation has been reached. Whilst the interview provides a great deal of insight, if additional data collected offers limited new concepts and insights, this signals saturation (Ponterotto, 2005).

3.6.2 Interview Outline and Design

The interview questions were influenced by the literature review in Chapter 2 and were tailored to facilitate the writing of the research chapter. A copy of the interview outline may be found in Appendix A. To test the suitability of the data collection tool in relation to the research objectives a trial interview was prearranged prior to the in-depth interviews with the sample group. The aim was also to test how the research participants interpreted the questions.

The purpose of the trial interview was to test the interviewing process and the unstructured manner of the envisioned in-depth deliberations. This assisted to enhance the interview questions, techniques, and guiding of participants during the deliberations.

3.7 Qualitative Data Analysis Methods

Qualitative data analysis involves the systematic process of examining non-numerical data to identify themes, patterns, and address research questions (Dye, 2023).

After conducting semi-structured interviews, researchers can employ various methods to analyse the data, including content analysis, thematic analysis, narrative analysis, grounded theory analysis, and discourse analysis (Amin, 2023).

These methods offer diverse approaches to interpreting qualitative data and deriving meaningful insights from the interview responses.

3.7.1 Thematic Analysis

The data collected during interviews was recorded using a recorder and notepad, with responses captured in both formats. The recordings of each interview were played back to the respondent to ensure accurate recording of data.

The data analysis approach involved firstly analysing the responses from the interviews and interpreting the central themes emerging. The thematic analysis method involves reading through qualitative data, such as transcripts and interviews, to identify recurring patterns and themes (Brooks, Bee, & Rogers, 2018).

As the interviews were audio recorded, thematic analysis was conducted by transcribing audio recordings to text, facilitating familiarisation of the researcher with the data collected and its suitability for coding. This process utilises a coding method to identify repeated themes in the data. The most common approach to conducting thematic analysis involves a six-step process as explained by Crosley (2021) where the researcher familiarises themselves with the data, generating initial coding by searching for patterns or themes in the codes, reviewing the themes, defining and finalising the themes, and lastly writing up the report (Crosley, 2021).

Thematic analysis is a robust and widely used method for analysing and synthesising qualitative data, providing a structured approach to identifying and interpreting patterns within the data.

In summary, this study adhered to an interpretivist philosophy and employed a qualitative research approach, necessitating an inductive data analysis method. The study utilised a purposive data sampling method and conducted semi-structured interviews based on 5 core questions with 8 participants. Theoretical data saturation was achieved. The subsequent analysis of interview transcripts involved thematic analysis.

3.8 Ethical Considerations

Research ethics is a fundamental aspect of conducting qualitative research, as it provides the necessary guidelines for ensuring the reasonable and ethical conduct of research. In qualitative research, ethical consideration includes informed consent of the research participants. This involves providing comprehensive information to participants about the research, ensuring their understanding, and obtaining voluntary agreement (Nishimura, Carey, Erwin, Tilburt, Murad & McCormick, 2013). This process is essential for maintaining the ethical principles of respect for persons in research that involves human participants.

The ethical clearance guidelines were adhered to in all interviews and all research participants consented to participate in the study. All participants consented to the recording of the interview prior to participation. No individuals referred to in the interviews are disclosed by name or any other potentially identifiable means. Each research respondent has been assigned a 4-letter code to indicate their role and stakeholder group and to protect their confidentiality and privacy. A copy of the informed consent template may be found in Appendix B. The research did not cause any harm or discomfort to the research participants, and it was conducted in a responsible and fair manner.

The research study was submitted to the Faculty of Engineering and the Built Environment Ethics in Research Committee for ethical clearance, and it was granted in September 2022 and may be found in Appendix C. The data collection was conducted in January and February 2023. In total eight (8) interviews were undertaken.

Only one interview was conducted in a day with a research participant, and the interviews took approximately 45 minutes to 1 hour to complete. The interviews took place at the respondent's office or online via MS Teams. An initial outline of the purpose of the research was provided to each research participant prior to the interviews. Guideline questions were tailored for the research respondents in order to be able to gather sufficient data on the outlined topics. A sample of the interview guide may be found in Appendix A.

The interviews intended to assess the respondents' views on shopping centres operating in socio-economically deprived areas; their understanding and perceptions of the current applied management strategies and structures; their opinions on the strengths, weaknesses, opportunities, and threats to the shopping centre; and any other related topics. This unstructured interview process required the researcher to adapt their line of questioning to the direction of the conversation with the interviewee. The researcher took written notes during the interview to record the main ideas emerging from the themes.

A randomly selected sample interview transcript can be found in Appendix D and excerpts from all interview transcripts are included in Chapter 4. The data collected is qualitative in nature.

3.8.1 Description of Participants

The research respondents were selected from a diverse set of designation within the property industry. The participants vary in experience levels and hold varying positions within the industry including Landlords; Asset Managers; Property Managers; Portfolio Managers and Property Developers. This was due to purposive sampling technique which is used to gain rich and diverse data during the data collection process. Theoretical data saturation was achieved at the 8th interview.

Most of the participants have a property or finance background, with one having a legal and retail background. The age of the respondents ranged from mid- thirties to early fifties. The respondents have worked a minimum of 10 years within the South African property industry. All the research participants have tertiary qualifications, and some had master's level degrees within differing specialisations like Property or Business Administration. All of the participants hold middle to senior management positions in their companies. Two of the participants are the Chief Executive Officers of their respective firms. A summary of the respondents is provided in Table 3 below.

Table 3. Description of Research Respondents

Respondents	Code	Company	Position	Experience	Qualification
Respondent 1	MN01	Asset Management	Asset Manager	10 years	BCom Econometrics; PG Dip
Respondent 2	MN02	Asset Management	Asset Manager	16 years	BCom Economics (Hons)
Respondent 3	PM01	Listed REIT	Property Manager	12 years	Property Studies
Respondent 4	RP01	Listed REIT	Portfolio Manager	13 years	BTech Architecture; MSc Properties
Respondent 5	LL01	Property Investments Family-Owned Business	Chief Executive Officer	17 years	BA Law
Respondent 6	MN03	Asset Management	Asset Manager	15 years	Investment Management (Hons)
Respondent 7	AM01	Listed REIT	Asset Manager	15 years	BCom Economics (Hons)
Respondent 8	LL02	Listed REIT & Developer Family-Owned Business	Chief Executive Officer	21 years	BCom Economics (Hons)

3.9 Research Limitations

An inherent limitation of qualitative research is the subjective element that may lead to biases for both the researcher and research participants (Saunders & Lewis, 2012). Due to the reliance on interview data and the open-ended and unstructured nature of the interview, bias may occur. Bias is described by Darke, Shanks & Broadbent (1998) as having two causes, namely: the effect that the researcher has on the case; and the researcher's own beliefs affecting the case study.

The research study had the following limitations:

i. As the researcher is not a trained expert in designing and conducting interviews, this could impact the data collection process.
ii. The chosen sample is small and may not be representative of the population due to the purposive sampling technique used.

iii. The research was conducted in a specific context; namely shopping centres within socio-economically deprived areas within South Africa and may not be applicable to other settings.
iv. The research is restricted to the South African context, and therefore the results of the study cannot be generalised globally.
v. The research looked at shopping centres ranging from 10,000 to 35,000 square metres.
vi. A total of 8 respondents instead of 10 were interviewed due to unavailability of senior to executive level managers.

3.10 Chapter Summary

The research methodology chapter provided a comprehensive outline and rationalisation the chosen research methodology and procedural framework adopted for this research study. It detailed the diverse research strategies that can be used for data collection and analysis.

The chosen qualitative data collection approach involved the use of semi-structured interviews to gather information, followed by a comprehensive thematic analysis and interpretation of the gathered data, in order to identify key emergent themes. Chapter 4 will present these emergent themes, along with the outcomes of the data analysis and findings.

All ethical considerations were carefully handled and fulfilled during this research paper.

Chapter 4: Data Analysis, Presentation and Discussion

4.1 Introduction

This chapter discusses the emergent themes from the unstructured interviews held with the research respondents that participated in the study. The key findings are presented as they relate to the emergent themes, namely:

i. Emergent Theme 1: History and Growth
ii. Emergent Theme 2: Stakeholder Management
iii. Emergent Theme 3: Nature and Dynamics
iv. Emergent Theme 4: Management Application
v. Emergent Theme 5: Key Management Functions

Albeit the collection of data was conducted through unstructured in-depth interviews, the interview outline questions in Chapter 3 were a basis to structure the broad themes of the interviews and to provide a framework for the analysis and presentation of the interview results.

The guiding interview questions were carried out in an unstructured and in-depth discussion format and were designed to build on the theoretical perspectives discussed in Chapter 2. Chapter 1 outlined the research problem which was expanded on in the findings of the research interviews held.

In the analysis of the research results, five key themes are identified from the research results; and are then grouped and coded together to address the research objectives. The list of themes and sub-themes may be found in Appendix E.

This chapter provides a discussion of the five (5) themes that emerged from the qualitative data. The chapter does not make use of pre-determined themes as this would go against and contradict the fundamental way in which thematic analysis is done. The themes must emerge from the data and not be pre-determined.

4.2 Emergent Theme 1: History And Growth

For purposes of this report all areas where non-white people were segregated from the white urban areas due to apartheid laws on spatial planning, have been termed as socio-economically deprived areas. From the interviews held it was evident that respondents understood that townships, rural and peri-urban areas although termed under one umbrella term of township and rural retail, had different defining characteristics.

4.2.1 History of socio-economically deprived areas

Historically, in all these areas road infrastructure, social grants and the development of middle class was not present, and as a result people were accustomed to travelling to towns for their needs. This meant that South Africa’s history, financial power and capital dictated that institutional investors invest in the urban areas. MN01 stated that this is reflected in all townships in South Africa, in that they're all located away from the cities and CBD’s and have received minimal investment.

This development of shopping centres in predominantly urban areas, gave birth to PM agents that were competent and familiar with those areas. Before the dispensation of South Africa in 1994, socio-economically deprived areas had no formal retail offering and relied on informal trading. When things changed post 1994 and slowly progressed to where they are today, it was difficult for investors and developers to obtain funding to develop in shopping centres in socio-economically deprived areas unless they were able to demonstrate how their centres would be managed.

4.2.2 Area Characteristics

Approximately 55% of South Africa’s population is located in socio-economically deprived areas that are generally characterised by dense population, high unemployment, low disposable income and a lack of amenities which would otherwise be present in developed suburbs or townships. Although townships, rural and peri-urban retail has been grouped together for purposes of this paper the respondents did indicate that there were nuances between the different area locations:

PM01: *I would say they're different, but they've got the same symptoms. Same characteristics. It's just different faces and different organisations.*

A simple example of their nuanced location differences is the fencing of a shopping centre. In the townships a fence is necessary due to the high criminal activities prevalent in those areas. On the other hand, fencing is discouraged in rural areas as community members want direct engagement with the centre. "*…it's like a spirit of working together, creating one where you're one with the people"* said MN03. In rural areas managers of shopping centres must be cognisant of this pronounced sense of the shopping centre being a part of the fabric of the community and functioning as a social and economic node.

Due to the poor economic living standards, these areas often accommodate a high number of SASSA receipts, i.e. youth, disabled or elderly persons. It is important that such services be within good reach for recipients, preferably walkable distances so that they do not spend their money on transportation, says MN02.

Due to security threats brought on by young angry youth, gangsters etc. there is no night-trade in these shopping centres. MN02 described that the acquisition of a shopping centre in the coloured community of Mitchell's Plein in Western came with challenges of learning how to operate within a largely violent township. Athlone, in Western Cape where MN01's centre is located is a coloured Muslim neighbourhood with mid to high LSM residents in the community. The area is known for gangsterism and as a result the shopping centre has a high security contingent, considering the high robberies that occur.

Public transport is predominantly in the form of taxis which are easily reachable and provide access to convenience amenities. In conventionally urban areas, smaller shopping centres are typically not required to provide dedicated space for public transport.

4.2.3 Growth of socio-economically deprived areas

MN01 states that since 1994 *"in all these townships formal retail offering is slowly creeping in. In Gugulethu also, there's Gugulethu Square. It's not slowly, there are amenities coming through"* and there is a similar improvement in terms of infrastructure upgrades that lacked previously but were present in CBD's and suburbs, which is a legacy of apartheid. In the far-flung rural areas, water and sewer infrastructure came as a result of the development of shopping centres states MN02. These are some of the catalytic effects that shopping centres bring to a socio-economically deprived area.

MN02 stated that around 2006, companies like Liberty 2 Degrees, started noticing the shift towards retail in township and rural areas and gained interest to expand their portfolios to include this locality. Before undertaking an investment of this nature, investors and developers will undertake market study research to determine if the envisaged location meets its investment criteria. The population, number of households, disposable income will be some of the determinants. Typically, investors will look for the minimum investment criteria requirements listed in Table 4.

Table 4. Investment criteria - minimum requirements

LSM	1.0 - 5.0
# of Households	20'000 -210'000
Population	100'000 - 560'000
Location	Near a transport facility
Size	16'000 - 22'000 sqm

Once there is an economic case to build a shopping centre, it becomes a catalyst for further growth, as there are other sectors that will be dependent on it, such as taxi or public transport, informal traders and other services that would conglomerate around the shopping centre. Government services such as Home Affairs, SASSA offices and Clinics are often built on the strength of an existing shopping centre.

LL01 warned that the history of the growth of shopping centres in socio-economically deprived areas has ramifications on the current market, especially in relation to how these centres are managed. He provided an example of how three shopping centres located in 1) deep rural Limpopo, 2) Thohoyandou (peri-urban) and 3) deep rural KwaZulu Natal cannot have the same holistic management approach. Application of the same approach to all three would have a detrimental effect on their success, as the property managers approach for each should be *"driven by yourself as the investor because you must forever remind them that those three areas are diffe*rent" LL01.

4.2.4 Summary of Emergent Theme 1

In conclusion to this theme, it can be deduced that due to South Africa's political history and the successive growth of shopping centres in socio-economically deprived areas, they are perceived as both an investment by investors and developers and a social and economic node by communities and consumers. Moreover, they have catalytic capability for further expansion of the area, and this creates an additional function that needs to be a consideration for management. There are pronounced differences in the nature and dynamics between conventional centres and those located in socio-economically deprived areas.

Simple example is that in urban areas, smaller shopping centres usually don't need to allocate space for public transport, as most visitors tend to arrive by car. Additionally, while security is still present, it tends to be less visible and less prominent in shopping centres located in urban settings.

4.3 Emergent Theme 2: Stakeholder Management

4.3.1 Community engagement

MN02 states that the first thing to note is that property is a location business and management needs to understand the location of their property. How to integrate with the community becomes a vital means of survival for any shopping centre, whilst creating a sense of ownership for the community so they may continue to support it.

A ‘souk’ formed part of the sale conditions of a 30 000 sqm shopping centre in Athlone. According to the Collins dictionary a souk is an open-air marketplace found in Muslim countries, especially in North Africa and the Middle East. In a souk, local traders are formalised within the centre, by being given a stall and paying a minimal rental. This is seen as an incubation for informal traders to be absorbed into a main store at a later date, if they trade successfully. A second sale condition within the same centre is a registered usufruct in favour of a mosque thus giving rights for the mosque to remain in the centre indefinitely, which MN01 stated that correspondingly *“within that Muslim community, there's a sense of comradery, sense of pride for the centre”.*

Employment of locals within the centre during development and operations phases is a good way to provide the community with opportunities and give back. Cleaning and security contracts are examples of work packages that can be localised. The awarded companies should employ local individuals and utilise resources from within the community itself. However, with security there lies an inherent risk which was viewed differently by the different respondents, and some stated that employing local security is detrimental to a centre in efforts to satisfy a local participation interest. Their view was that this exposes management to permanent victimisation because if there is no agreement on performance terms, they can sabotage the centre:

RP01: *what you meet up with immediately is everyone is looking for an opportunity. Tenants also employ directly from the community, which creates an eco-system, and the centre is perceived as a catalyst for growth.* MN03 stated that she considers community engagement and involvement *"your biggest asset in terms of township retail".*

LL01: ***"****So, because we are developers, what we do is that upfront when we engage with communities, we give them their expectations in advance. It is, therefore, very important that you remain very consistent in communicating with your shopping centre managers in their appointment towards this".*

4.3.2 Stakeholder management

All respondents were of the view that to do business in a socio-economically deprived area you need to put more thought on how to engage the community, customers, and tenants in order to bring a retail experience that will attract more feet to the shopping centre. These are primary stakeholders without whose continuing support of the shopping centre, the centre would fail as a business, property, investment and a social and economic node.

Figure 5. Key Stakeholders in Shopping Centres (Source: Author)

Other key stakeholders that have a claim and interest in the shopping centres are briefly touched on below and are critical for management to consider in their stakeholder salience and strategy.

(i) Taxi Associations

All the respondents agreed that they have over time learnt that it's impossible to build a taxi-rank without consultation with taxi associations. Public transport (taxis and buses) is of upmost importance and most shopping centres have a taxi rank that brings staff and customers to it daily. The location of the taxi rank is key and is decided with inputs from taxi associations as it evident that transport routes and access are important to shopping centre's sustainability:

> **PM01:** *"There must be a good relationship with the taxi guys. They bring the staff to the mall; they'll bring the security and cleaners*".
> **PM01:** *"the taxi guys are very important. They also provide a, a form of security. …They have eyes and ears on the ground. They monitor a lot of things. They report a lot of things. And you know, they bring people to the centre".*

Taxi associations understand that what happens at the shopping centre affects them directly as it creates business for them on a daily basis and can potentially create a new route and a new destination, which is money back in their hands.

(ii) Informal Traders

Informal traders are also a critical part of township retail, and thus shopping centres must co-exist, create space, and incubate local informal traders. This is important for the local economy as in a few years they could become tenants within the centre. MN02 explained that at a shopping centre in Mamelodi, Gauteng, they have provided lock up stores for informal traders so that they do not have to carry all their goods to and from the centre daily. Management also differentiated between 'wet-tenants' (i.e., hairdressers and cooks) that require the use of water for their business and 'dry-tenants' that sell cell phone covers or DVD's etc. This allows management to supply them with what they need i.e., water or electricity and charge a minimal rental on a two-three-page agreement. At times these agreements can be in collaboration with municipalities as secondary stakeholders, effecting stakeholder salience:

> **PM01:** *the best thing is just to formalise it, build structures, control it.*

This is one way to include and formalise informal traders in shopping centre and repositioning them from anti or neutral to supportive stakeholders.

(iii) Local Authorities and Municipalities

A municipality is a secondary stakeholder that is key to the operations of a shopping centre as it runs the municipal accounts such as water, electricity, sewer etc., which are the main running expenses in a centre. Property owners look to reduce their overheads through options such as boreholes, grey water harvesting, generators, and solar panels. All these cost reduction measures require both municipal signoffs or approvals or processing of a reduction in tariffs:

> **PM01:** *I've often gone to the council for all sorts of different help. Whether it's from getting local contractors to put on our books. Whether it's getting local initiatives and there's Mandela day coming up, I can identify schools that they need within the area. You know, so it's also just a good stakeholder relationship to have.*

Relationships with local authorities (including ward councillors) and keeping abreast of changes in law and processes is key to a shopping centre's survival. Some of the respondents interviewed expressed that the downside is you may build relationships and then there's a change in political power and the people you've built relationship with are no longer there. Another frustration faced when dealing with local authorities was the delay in response and turnaround time:

> **MN03:** *"the municipal guys, they change all the time. So, it's hard to keep track".*

(iv) Community and Business Forums

Communities residing in socio-economically deprived areas claim ownership in the shopping centres and take pride that they are in the places that they call home. The shopping centres have sentimental value and often are built off the back of the community's contributions or on tribal land that they often consider as sacred. The customers are the community so fulfilling their needs is critical to a centre's survival:

> **PM01:** *So, a lot of times we listen to the guys kicking and screaming and we think that they're just talking nonsense but what they're saying is right at the end of the day, they make the centre what it* is.

RP01 stated that if landlords prioritise a profiteering making strategy this could lead to a lot of socio-economic issues left unresolved, which would be detrimental to building stakeholder relationships and jeopardise the success of their shopping centres.

RP01: *“there are guys that have done it successfully, but they're also very sensitive to the needs of the communities now, like the likes of McCormick”.*

4.3.3 Consumer Profile And Behaviour

The demographics of the typical consumer in this market, that is looking for good pricing so that their “buck” can go a long way, needs to be top of mind in the strategy of the shopping centre located in a socio-economically deprived area. Typically, people who reside in socio-economically deprived areas are looking for help, and in very small cases where they are creating new businesses within the ecosystem:

RP01: *so the mindset is a hustler mentality, a survival kind of mentality for most of the people who reside in these areas.*

Social security grants often act as a main source of income in these communities, with the money being spent on basic groceries and services. Another distinguishable source of income especially in the rural areas is migrant workers, where the “breadwinner” has left the family home to find work elsewhere and sends money back for the family’s survival. Retailers such as Shoprite and Boxer dominate these consumer markets and are fundamental to the success of the centre.

Although consumers in these locations may be of a lower LSM and have a lower household income, there is disposable income and buying power that if adequately captured by shopping centres, there will not be ‘leak of feet’ to outside the catchment area. There has been a growth in the number of aspirational shoppers who want more offerings than value brands. Managers of shopping centres must meet customer needs and aspirations and be attune to the fact that these needs are ever-changing. Recognition of demographics, community dynamics, macro-economic factors and retail changes need to be internalised and incorporated into the centre’s strategy:

PM01: *we underestimate the buying power of the guys in the rural areas.*
PM01: *in the rural areas, sometimes townships are getting established. They're very ripe for growth. And also, the numbers of people in rural areas, it only grows. It only goes upwards. Doesn't go down. So, your population, the people that you're serving, those numbers are going up constantly.*

Market research is good tool in ensuring that shopping centres are relevant for the needs of consumers and communities. Additionally, customer surveys are an easy way for managers to receive feedback to implement required improvements.

4.3.4 Tenant Profile And Behaviour

Retailers focus on sites were the cost of doing business is cheaper (rentals), there's high feet and high turnovers, and as a result shopping centres in socio-economically deprived areas are more in demand than urban centres. Shoprite is often found as the anchor tenant in these areas, and this is supported by their high turnover numbers, proving that they perform well in low LSM areas:

> **MN03**: *"I think anchors… they're essential and they know they can command the low rentals...anchors, like, for example, your Checkers in the rural areas, those are your draw cards. Like with Tembisa, a lot of the tenants will not want to open without the Shoprite opening. And because Shoprite was … your anchor basically, your biggest tenant. They will not trade unless Shoprite is trading."*

The tenant mix in any shopping centre is of paramount importance, and as trends and tenants change in the retail market, shopping centre's must adapt and evolve. The tenant profile in socio-economically deprived areas is different to that in the urban areas, as consumers in these areas have smaller batches of money that they are able spend:

> **PM01**: *If you look at the fast-food numbers, the grocery numbers, they're performing quite well, very strategically placed.*

In more recent years during COVID-19 in Garankuwa as an example, there were two long lines of customers going to Shoprite and Pick n Pay to buy essential goods, and even after COVID-19 this demand by retailers for these locations continued to increase, states MN02. This contrasts with the urban centres where during COVID-19 retailers struggled as customers opted for online options or they competed with convenience centres. Interestingly, service stations like an Engen with a Woolworths store experienced a rise in sales during this time. PM01 stated that supermarkets, food, and clothing were the best performers in socio-economically deprived markets. Lower end fashion tenants such as PEP and Ackerman's fall under a category called value and tend to do well in these areas. RP01 stated that the value category provides discounts and cheap or cost-effective merchandise. Their profit margins are lower, but they push high volumes to make their turnovers:

RP01: *a lot of the retailers in South Africa, your PEPKOR, your Ackermans, those guys know what works.*

From the interviews held it was evident that respondents understood the value of providing a good service to tenants and fulfilling their expectations, however not all respondents indicated a strategic focus on the tenant relationship.

Prior to Edcon's well documented financial troubles, all shopping centres wanted them as part of their tenant mix. MN02 provided an example of how some 5-10 years back every shopping centre had an Edcon or Edgars brand as part of the national tenants. However, today due to its failure shopping centre owners have had to replace that tenant with newer tenants, such as Starbucks as the coffee culture has grown in South Africa, albeit this is more prevalent in the urban cities. A criticism PM01 made of retailers was that their product range was often limited, and they kept low stock levels. This is due to the retailer's perspective that the LSM in the socio-economically deprived area is low and therefore certain product ranges would not sell.

PM01 encourages retailers to do good market research which would point to an aspirational shopper who now has to travel to the nearest town or city to buy a product that should have been available at his or her local shopping centre. Supporting this RP01 said that some of these national retails now had a diversified range of products and brands that they could cater to different LSM categories.

Tenant installation ("TI") is a contribution given to a tenant by a landlord when opening a new store in a shopping centre and it is tied to the lease period. If a tenant remains in that store, the landlord does not have to pay TI again for the same store.

As a result, lease renewals are an important KPI to a landlord as the cost of attracting new tenants is higher than the cost of retaining existing tenants. It is the Asset Manager's responsibility to ensure that lease renewals are not done as a box-ticking exercise by property managers in order to earn fees. RP01 held that a lease renewal is important if the tenant is performing well, and a Shoprite renewal is a KPI deliverable due to their performance in this market segment:

LL01: *"assuming that there are about 10 leases that are about to expire and out of those 10 leases you have got different nationals there…as a landlord, all you are looking for is renewals.*

The management agent won't advise you on how to enhance the shopping centre, all they will do is focus on the renewal."

RP01: *What we are finding is we look at turnover more than anything in asset management in terms of, do we renew this tenant? Who do we want more of, and that for us, almost gives us an indication of which categories to add more of, because we're looking at turnover to rent ratios, the health of the tenants, and that is informing the strategy to adopt with tenant mix.*

Property Managers are not skilled to study the market, benchmark, strategise and follow trends, etc. That is the function of an AM, to follow market trends like who are the new tenants that are popular in the different markets.

It is important for shopping centres to have visible, competent, and agile on-site management to deal with tenant issues timeously and on a strategic level tenant needs must be better prioritised.

4.3.5 Shopping centre as a Social and Economic Node

In order to continually attract shoppers to a centre, MN02 states that marketing and social media play a vital role. Shoppers in socio-economically deprived areas are drawn by promotions and activations at their local shopping centres. MN02 states that when operating in these areas' organisations must be corporate responsible citizens. As the dynamics are quite intricate, introducing things like activations and activities that bring people to the centre, bring a fun social element to the community but also relief to the everyday burdens and hardships that the residents face. Collections of food parcels during big holidays such as Easter or Christmas are great ways to integrate the shopping centre as part of the social fabric of the community and bring a sense of home to those are in need.

Other small initiatives which provide opportunities to the youth are for them to be placed into a database at the shopping centre, where they can be tasked to buy Granny X's groceries, medication etc., deliver it her and a certain stipend is then given to them. This teaches them how to be responsible. MN03 spoke of CSI initiatives where collaborations with the local schools, getting them involved and into the shopping centre creates a lot of awareness for the centre:

PM01: *"Community development programs are important. You have to get out into the community and do some things."*

Empowerment of local designers came out strongly amongst respondents, to provide incubation opportunities, visibility, skills upliftment and for landlords to fill vacancies were possible. This is also done in form of pop-up stores that are converted into actual stores and leases once the locals have learnt the tools to succeed.

4.3.6 Summary of Emergent Theme 2

This emergent theme focused on the key stakeholders that directly impact the success or failure of a shopping centre. Although respondents expressed understanding of the needs of communities, tenants, and customers as their key stakeholders, this was not evident in the management approaches they implemented. There is an absence of stakeholder fulfilment and the function of the shopping centre as a social and economic node and as a property. This was mostly due to a gap in the demands of the shopping centre and the application property and facilities management.

The current approach to managing shopping centres in socio-economically deprived areas focuses mainly on traditional property management practices like tenant mix, rent collection, and operational efficiency. While there are some efforts to engage with the community, these are often uncoordinated and lack long-term planning.

4.4 Emergent Theme 3: Nature & Dynamics

4.4.1 Design, type, and size

From interviews held it was evidenced that the older shopping centres aged 25 years and older were simple in construction, design and had an overall basic aesthetic. It was found that landlords do not put as much money into these shopping centres in comparison to shopping centres in urban areas. This was not only true at development stage but was also during the operational stage where upkeep and maintenance was found lacking. This is one of the weaknesses identified when conducting a SWOT analysis of shopping centres located in socially deprived areas.

In terms of types and size of shopping centres, MN01 explained that within socio-economically deprived areas there are typically two types of shopping centres that are easily differentiated. On one hand there are strip malls or value centres which are multi-tenanted centres offering a basic aesthetic and inferior finishes in order to be able to deliver lower prices to its consumers. These centres also did not have a pedestrian circulation, with the entrance to the centre being close to the public transport facility, or close to the anchor tenant. The centres did not have entertainment or social spaces, with the food court found as the only pause area within the shopping centre. Moreover, as the shopping centres are aged and have an old design it was found that lighting was a cause for concern. Lighting in a shopping centre is important to both retailers and landlords because if a store is dark, it is unlikely to attract customers, as they would not feel safe shopping in that space. Improving the lighting, may be a high capital cost for the landlord, but the psychological impact of this on shoppers if far greater if left unattended to. Overall, the investment, design, aesthetics, and the balance of form and function of these centres are recognised as weaknesses in a SWOT analysis.

With this type of design, the shopping centres did not meet the role of a social and economic node for the community and the centres were not well-maintained reflecting that they were also not prioritised as a property by facilities management:

> **PM01:** *'the biggest difference would be the look and feel of the centres. The look and feel is different. The size is different."*

On the other hand, there are fully fledged shopping centres of varying sizes like Maponya Mall (65 000 m2) and Jabulani Mall (47 000 m2), which are slightly higher end and with better finishes than the value centres. These shopping centres tended to be newer and due to their dominance and popularity in the community, were better maintained by management.

Most respondents spoke about installation of solar panels and how this would have a positive impact on the high electricity costs currently facing Landlords. Electricity being the biggest cost item, if addressed though solar installation, can improve the overall returns and performance of a shopping centre. One of the respondents indicated that they had started solar panels rollout at their newer centres, as well as those that were currently in development or part of their pipeline. The installation of solar panels represents a significant opportunity for shopping centres in socio-economically deprived areas, especially when considering it in a SWOT analysis.

4.4.2 Transport and access

Shopping centres in socio-economically deprived areas are sometimes referred to as taxi centres within the industry as they will typically have a taxi rank adjoined to them and deeming them commuter nodes. A shopping centre is a direct beneficiary of the taxi rank bringing consumers and workers to it and as a result of this most developers or investors will not develop a shopping centre outside of the prevailing taxi routes. The success of the shopping centres is reliant on the flow of feet from the public transport, into the centre through its access points:

> **RP01**: *"Actually, in development, the rule is you don't try and divert the flow of the taxis… the mall is almost capitalising on that movement and that energy".*

The close connection between shopping centres in socio-economically deprived areas and local taxi ranks represents a key strength in a SWOT analysis.

It is critical for shopping centre managers to involve taxi associations and municipalities as their secondary stakeholders, as any structural or infrastructure changes that affect the operations or taxi routes can negatively impact the centre's performance.

The majority of people in socio-economically deprived areas are reliant on public transport but there has been an increase in disposable income and so more people have been able to purchase vehicles. This has provided people the option of where they are to shop which has not always been the case, explains MN02. With the rise of convenience, when customers drive to do their shopping, they want to park close to an entrance and easily access their desired stores. This customer behaviour was also observed in socio-economically deprived areas, albeit at a smaller frequency. Parking should be easy with little, or no parking fees says MN02.

Accessibility into the centre was highlighted as an important consideration for shopping centre managers. However, it is the researcher's observation that more emphasis was required on shopping centres being more visibly inviting for shoppers and not only relying on the advantage of being commuter node.

4.4.3 Centre's Performance & Competition

A significant number of the shopping centres discussed with the research respondents were the first retail developments in their areas and as such had little or no exposure to competition. MN02 described that the shopping centre in Mitchell's Plein performed better than the other urban shopping centres in the fund, even despite its location dynamics and challenges. In fact, it has performed above industry benchmark measures such as income return, capital growth, vacancies etc. and continues to do so since its acquisition in 2006 (+17 years later):

PM01: *usually another thing as well is the rural centres, they don't have a lot of competition in the close proximity to the catchment area for rural centre is very fruitful because of the fact that there usually isn't competition for them.*

As a result of this the shopping centre's such as the one in Athlone, Western Cape had low vacancies, minimum 3-year lease terms and good through rentals (R200-R400/m2) and 6% rental escalations. However, MN01 was aware that his centre would come under threat if newer shopping centres with a good tenant mix that speaks to the family-orientated needs of the community came into the mix.

In Venda, Limpopo PM01 referred to a shopping centre that could've prevented losses of 10-15% to a newer competing centre located +-4km away if it had enhanced its tenant mix. The centre was well maintained but needed stronger tenants to capture the higher LSM consumer that also resided in that community. A market study of the catchment area is imperative as it determines the various LSM's residing within the area and recommends new aspirational brands that can work, which may not typically work in another shopping centre elsewhere. Brands like News Café, Fabiani Clothing, Guess and Polo were brought into the new competing centre in Venda and performed well, as previously the aspirational shoppers travelled to Polokwane to access these brands.

RP01 described that landlords operating shopping centres in socio-economically deprived areas are focused on profiteering and communities were given the bare minimum. He did not believe that it was an operating environment that fosters community growth, in an ethical and equitable manner, but was opportunistic. This property-led approach by property owners' results in the centre not meeting the community needs of an economic and social node as well as other key stakeholder needs. This increases risk of leak of feet to newer more customer-focused shopping centres.

In a SWOT analysis, the threat described above represents a significant external risk for shopping centres located in socio-economically deprived areas. Specifically, the potential emergence of newer shopping centres with a better tenant mix and a more customer-focused approach poses a direct competitive threat.

4.4.4 Impact of COVID on Shopping Centres

The past few years have seen the consumers' spending budget diminish over time due to straining impact of Covid-19 on GDP and economic growth. This has resulted in a significant drop in returns for landlords and asset managers:

> **MN03:** *"the vital thing is that COVID – I remember starting and we'd get returns of like 20 or 30% which is unheard of now. I mean we're struggling to get 10%, If you get 10% that's great, lets works with that. So, it's good to understand that it's an ever-changing environment".*
> **MN03:** *"Through COVID, as much as the retail industry has been terribly hit, but in township retail we still have our loyal customer following, there's still decent foot count coming through".*

Tenants are also feeling the brunt and have passed some of the pain onto landlords, resulting in flat rentals or rental reversions to market. 2022 saw some recovery however rentals have not caught up with inflation and Landlords still have not reached pre-COVID levels. This allowance by landlords for tenants to revert rentals to market showed a strategic focus on the tenant relationship and on the shopping centre as a business.
Township retail was not as affected as urban retail due to the spike in online shopping and convenience:

> **MN03***: "you've also seen township retail a little bit more resistant, because you are still getting people that are coming in, still spending".*

4.4.5 Summary of Emergent Theme 3

This emergent theme focused on the nature and dynamics that directly impacts the success or failure of a shopping centre. The physical and locational attributes directly affect customers and tenants as key stakeholders. The state of the older shopping centres (+20 years) showed a lack of focus on the property as a business and as an investment. There was a visually evident gap in the demands of the shopping centre functions and the applied property and facilities management models.

4.5 Emergent Theme 4: Management Application

The research investigated the application of management, the responses from research participants are included to ascertain stakeholder management salience.

4.5.1 Strategy and implementation

From the research it is understood that a clear strategy and approach to management is communicated by an Asset Manager. Some of the inputs that determine final strategy for a particular property include the area, demographics, location, size, and a SWOT analysis. Competition, catchment size area, travel distance are some of the other key strategy inputs.

MN03 explained that a strategy can be as high level as you either keep, redevelop, or dispose or it can be quite detailed and include tenant scenario plans:

> **MN03**: *you look at the present in terms of where we are now in the centre, I think market research always helps, having a business plan, and leasing strategy and looking at it from that perspective.*

For shopping centres to keep up with ever changing times, refurbishments and redevelopments are an important consideration to keep your centre fresh and up to date with the latest technology such as foot counters. Foot counters are helpful as they track turnovers, trading densities, dwell time, consumer spend, etc. With the centre in Athlone, the strategy imposed by the previous AM was not clear and this resulted in an oversight from both an AM and PM perspective, and an inadequately managed centre. This resulted in a lack of initiative or clear focus as to how to manage a socio-economically deprived shopping centre. MN01 noted that although the PM was good, however the fact that the team was super-lean added to the deterioration of the centre.

MN02 stated that you cannot apply the same strategies for urban and socio-economically deprived areas as they are vastly different. He added that in order to derive a strategy suitable for a shopping centre managers need to understand their market, and that with older shopping centres repositioning was required to bring them to current competitive standards.

MN01 indicated a short-term strategy to improve the lighting in the centre while reducing operational costs by introduction of energy saving mechanisms such as sensor lights. Medium term strategy included relocation of the food court so it may be expanded and used during big sporting events; as well an aesthetic upgrade in the next 1-4 years to rid the centre of its redundant and outdated look and feel. If implemented this strategy for upgrades and the addition of a drive through would meet the required returns that investors need from the asset, whilst achieving tenant, community and customer satisfaction. However, it was evident that there was no official implementation plan in place and that were no definite timelines to implement.

In summary the strategies implemented need to ensure that the shopping centre stays relevant and attracts shoppers. RP01 explained that strategy is not fixed as we live and operate in a world where there is market volatility and *“we need a system that can easily adapt”.* Natural lighting, security and a good flow of the centre remain good drawcards to attract shoppers. Landlords must make use of marketing and social media to position their shopping centres, this will go a long way in meeting stakeholder expectations and aligning the centre as an economic and social node.

4.5.2 Structure and application

An analysis of the structures and application thereof provided the researcher an understanding of the roles and responsibilities of each of the different types of shopping centre managers and where the main disconnections and intersects may occur.

An asset manager must have a whole life perspective for his or her portfolio where “the entire asset life cycle should be considered through acquisition, operation and management to disposal, optimising use throughout” ((RICS, 2022:1). The AM function is based at landowner or investor level. The PM function can either be internalised by landlords and asset managers, or it can be procured externally as a service provider. Arguments on the merits and disadvantages of each approach were discussed in the interviews with the research respondents.

A key consideration for asset managers when appointing a property manager to manage their shopping centres is to establish that the PM is experienced particularly in retail assets and not generalist amongst all the property asset classes.

(i) Externalised Property Managers

This looks at the most preferred scenario of an outsourced external PM reporting into the AM function that is based at landowner or investor level. Within the PM, the key relationship manager is referred to as the portfolio manager, and to whom the property managers report. The outsourced PM companies are typically based in regional offices. The appointed PM is also responsible for FM, marketing, leasing and operations of the shopping centre and are paid a PM fee for their services.

MN01 found that the PM needed additional resources to be located at the shopping centre and used an example of a leasing manager being responsible for 6 Cape Town properties in both retail and offices. He emphasised that for the size of the portfolio the PM ought to provide adequate resources that are sufficient for the portfolio size. The managing agent was found to be economic and utilised this type of structure to save costs and improved their bottom line, however, was failing in effectively servicing the property. MN01 presented a scepticism for the appointed PM's ability to efficiently benefit the portfolio and meet key stakeholder needs.

LL01 was not in support of using well known PM companies that primarily had experience in running urban centres. LL02 support this view as well:

> **LL01:** "…*what they do is that they use a holistic approach of saying, if we have good dominance in Limpopo, therefore, we'll allocate a resource from the closest office of that province".*
> **LL01**:" ...*that does not mean that the resource in that area understands the tenant profile, customer profile of the area. Therefore, it becomes necessary for you as a landlord, to use your own asset management skill to interlink with the asset, the property manager to tailor-make them understand all the facets that makes the shopping centre successful".*

(ii) Internalised Property Managers

A different structure is the internalisation of the PM function within AM. This way one organisation manages both AM and PM functions, which results in aligned strategies, improved communication, and quick implementation time. A criticism by one of the research respondents to this structure was *"at which stage does the organisation correct itself"* and its likelihood to concentrate on miniscule property level issues.
LL01 the Chief Executive Officer ("CEO") of a family-owned property investment company, was not in support of setting up their own PM divisions within investment organisations as the AM and PM functions are distinctly different.

The performance of a shopping centre is highly impacted by how it is managed. The PM role is concerned with expenses and collections at the shopping centre level. The expertise of PM lies in cashflow management and maintenance of the property. When budgets are adopted at the beginning of a financial year, it is with the inputs of both AM and PM, but AM approves the final budget. AM guides PM to ensure that the spend on the property meets the required KPI's. The AM would set the performance hurdle against that budget. Introduction of SFM and CbFM would seamlessly align functions of AM and PM:

> **LL01:** *"…as an investor, the question becomes, are you asset managing or are you property managing"?*

LL01: *"personally, I wouldn't want to property manage and asset manage? Because you become a player and a referee at the same time"*
LL01: *" …most people confuse asset management and property management…so if we're able to separate the two thoroughly, it becomes neater, because there's no pointing of fingers".*

Some Landlords are more focused on income generation than they are on capital growth of their assets. This focus may influence the style or way the PM executes their duties. These landlords are mostly identifiable by the poor state of the property, poor tenant mix but high occupancies. These landlords only care that the shopping centre is not vacant and that is the mandate given to the PM to execute. Budgets for refurbishments or optimisation of tenant mixes are unlikely to be approved if the centre is perceived to be trading well. This PM if later appointed by a different landlord, focused on the capital growth of their assets may be ill equipped to execute on this mandate.

(iii) Owner Occupier Landlords

Owner-occupier landlords are both the property owner and the retailer within the shopping centre. This duality at times causes confusion to the PM on execution of their duties. In most instances because of the duality and conflicting requirements, the shopping centre is unlikely to succeed, especially when faced with competition:

LL01: *"You find that the guy owns a Super Spar, and he runs that Super Spar and the building also belongs to him. They always cause chaos in terms of their own shopping centres".*

One of the two is likely to fail, either as a business or as a property, as at some point a decision on what the business focus is, property investment or retail needs to be made. Competitors are likely to notice this and be attracted by the competition for sustainability in that location. Consequently, anchor and national tenant will relocate to the competing focused developer and with time customers will also travel to the shopping centre that has a more attractive and broader offering. This would then leave the owner-occupier landlord with a diluted centre with a mixed bag of unwell coordinated retailers.

4.5.3 On-site operations

Due to the centralised structure utilised by the PM the research respondents discussed that a fundamental weakness in this management model was the distance from head office and the shopping centre. This adds pressure to the on-site management team, i.e., centre management and facilities management as the team on-site needs to provide regular feedback on the day-to-day operations, on-site challenges, and tenant/customer feedback back to the PM, who is situated at the centralised head office, elsewhere.

RP01 stated that a decentralised structure where the general manager is based at the shopping centre with their entire team such as finance, leasing, operations, security etc. works better, resulting in accountability and quicker implementation:

> **RP01:** *“If the GM says, leasing manager execute on a lease, go collect the FICA and everything, the person responsible or reports to that general manager.”*

It was noted that with a centralised model where there are nodal satellite job functions, people are not vested:

> **RP01: “***if you don't have a good team on the ground, you’re literally ineffectively managing that asset.”*

Technology was a common theme that the respondents spoke to as a means to improve the operation of their centres. In socio-economically deprived areas, security is a high operational risk and the addition of CCTV, facial and number plate recognition assists in deterring criminal activities. In the shopping centres where they had foot counters, respondents spoke about the importance of understanding shopper movements and creating heat maps to see where shoppers were going and were they needed to be redirected to. Respondents without this technology identified the lack thereof as a risk to their shopping centres, and as an opportunity to include this within their capital budgets in the short term. Additionally, most respondents agreed that the introduction of Wi-Fi lead to an increase in dwell time and turnovers were positively affected.

4.5.4 Benchmarks and Key Performance Indicators

The most largely used benchmark in South Africa is Investment Property Data bank (IPD), now owned by MSCI. MSCI is a voluntary index which some South African REITS (listed) companies give information to.

This data assist Landlords to benchmark their portfolios and properties against similar properties under the following KPI’s discussed below.

Using a food grocery tenant as an example, a landlord is able to determine how much turnover per square metre they need to achieve. A Landlord would then look at the Pick n Pay trading in his centre, as an example, to see if it is performing or underperforming relative to the R3,500 per square metre benchmark. At R4,000 per square metre, it would be better performing, and similarly, it would be considered as underperforming it achieves R2500.

Another benchmark used is Operating Cost and Benchmark (OCBS) also done by MSCI. This data feeds into the South African Property Owners Association (SAPOA) reports, which are published publicly and easily accessible.

The larger property funds with large portfolios are able to put information together, consolidate it and be able to see trends and patterns on what the norms and standards should be. From their own data they are able to derive what the expenses, utilities, rentals, and incomes should be for a building by using similar comparable benchmarks within their portfolio.

Some of the benchmarks that large funds are able to deduce are:

- Cost of cleaners down to cost per cleaner
- Cost of security down to cost per guard
- Operating cost vs income
- Rentals: using through through-rentals
- Tenant performance: Turnovers
- Tenant performance: trading densities
- Cost of occupation: used for budgeting purposes.
- General building performance: growth year on year
- General building performance: Net profit

These benchmarks are guides of whether you are on the right path in terms of how you are managing your asset, whether you are achieving the best return, and you can analyse up until the tenant level explained MN02:

> **PM01**: *And in terms of where the real benchmarking comes in, is to say, as a Sidestep or Studio 88 where, what's the right density that they should be at? What's the right cost of occupation that they should be at?*
> **PM01**: *There's a benchmark for men's fashion, ladies' fashion, sportswear, electronics, hair salons, or in terms of turnover performance, I would benchmark it into the categories.*

4.5.5 Summary of Emergent Theme 4

The theme highlighted that there are conflicting stakeholder needs and requirements and it also accentuated that different traditional management models were applied by the research respondents. Even though the management models implemented are not identical, they favoured key stakeholders and found deficient in true prioritising of communities, tenant or consumers and thus resulting in the shopping centre not adequately meeting its functions as a social node, business or property. However, it should be noted that it is the researchers view that some of the implemented management structures did rank better and were cognisant of their operating environments.

Based on the emergent data gathered from the interviews, it can be concluded that the current management models of shopping centres located in socio-economically deprived areas are not entirely relevant, effective, or efficient in their current form.

In order to improve, the current management models need to be more adaptable, with greater emphasis on understanding the local market, more community engagement, and efficient resource allocation to the centres or management teams.

4.6 Emergent Theme 5: Key Management Functions

Emergent theme 5 discusses the existing practice of the AM, PM and FM functions within shopping centres located in socio-economically deprived areas in South Africa. The theme looks at AM, PM, and FM's theoretical basis, understanding and application, whilst integrating the overlapping functions and often conflicting stakeholders.

4.6.1 Asset management function

According to (SAPOA PDP, 2022) AM refers to the handling of financial assets and other investments across industries. "Strategic asset management can be defined as the activity of aligning property assets with the strategic aims and direction of the organisation and adding both financial and nonfinancial value to the organisation as a result" (RICS, 2022:1).

On reflection of Chapter 2 and interviews with the research respondents, it is the writer's opinion that in the South African context, the term asset manager fulfils two distinct roles.

MN02 clarified his as an AM role and responsibilities evolve as he was assigned a fund manager duty for Community Property Company ("CPC") fund, which is owned by Future Growth that is in turn owned by Old Mutual. In 2013 the Public Investment Corporation ("PIC") acquired 60% of CPC, and as a majority shareholder was allowed to manage the portfolio. The fund owns 28 existing shopping centres all located in socio-economically deprived areas across provinces in South Africa, with 50% of the exposure positioned in Gauteng.

From the interviews held with the research respondents it became evident that in the property industry, the AM role was applied differently across the various participating organisations. It has a two-fold application where one may be more emphasised in one company and vice-versa in another. It also became evident that shopping centres in socio-economically deprived areas added a level of complication to this management dynamic. The overlapping roles of AM and PM were observed throughout the interviews and for purposes of the research paper were viewed as 'strategic property management' of the shopping centres.

4.6.2 Property management function

The function of PM is ensuring that the asset does not lose value. The top ten functions related to PM function that were identified by the research participants are listed below in figure 6.

Figure 6. Top 10 Property Management Functions (Source: Author)

Respondents highlighted the importance of a good property manager:

> **MN03**: *“it's essential that you have a proactive property manager, ears to the ground and always agile in terms of the ever-changing environment that we find ourselves in. So having a strong property management is essential…”*
>
> **LL01:** *“management agents are a tool towards making or breaking your asset”*

Respondents interviewed from the same AM company stated that they had difficulties with their appointed PM company and didn’t find them agile and quickly dealing with socio-economic challenges faced within their retail portfolio. These respondents tended to prefer using bigger well known PM firms in this space:

> **MN03:** *“it's very different communicating with someone that comes to your centre manager's office and complaining about a broken tile versus a whole lot of people coming, because they're not happy with their involvement in the centre”.*

They believed they would the right level of skills, would *"hit the ground running”* and need only to adapt to the operating environment and adjust their soft skills to deal with the change in dynamics that come with operating in socio-economically deprived areas. A seasoned property manager would be able to bring a fresh perspective on how to drive local cooperation using mechanisms such as non-GLA income.

On the other and contradictory to the above views, these comments also came through in the interviews:

> **MN03:** *“So, you can’t put someone like from Pretoria in Tembisa Plaza. The language is a big thing… That's why I said your property manager is essential to be able to speak the same language with that respect”.*
>
> **LL01:** *“…you ought to appoint somebody coming from external with experience to come and train, the local. So that, that local is accustomed to plan, his or her own succession plan for another local to be able to take over the reins…it has almost become like a requirement on our side, that when you go and manage, you need to train a local”.*

The above view was a different view to the ones the researcher had found in previous interviews and when further probed why this was the case LL01 elaborated that a PM companies’ success in a shopping centre, is also dependent on the nature of the landlord. He stated that smaller landlords such as himself are more likely to have their fingers on the pulse, ensuring that they themselves are closer to communities. This would be less likely in a listed fund.

A PM agreement for a smaller landlord would have tailor-made terms and conditions on how to deal with communities, appointments of local contractors, etc. This would be different in a bigger fund. LL01 stated that within his company they are becoming the agents of change by influencing the PM companies that are adaptable and adjustable to change. The property managers should change how they see and do things within the socio-economically deprived operating environments.

4.6.3 Facilities Management Function

Facilities management reports into centre management, both of these functions are based at the centre and deal directly with any tenant or customer requests and complaints. Complaints are to be dealt with in an organised and responsive manner and need not be escalated to the AM.

From an investment perspective there are capital assets such aircons and lifts that need to be maintained both regularly and timeously. This vital role is carried out by a facilities manager that ensures that capital assets remain compliant in order to avoid breakdowns, inconvenience to tenants or a diminished lifespan due to non-maintenance, says MN02. This was supported by PM01:

> **PM01:** *"whether it's a rural centre, an urban centre, maintenance is maintenance for me. There's routine maintenance. Planned maintenance, and then there's Ongoing maintenance".*

Aircon units as an example have a lifespan of 15-20 years, however if not serviced or maintained properly by the facilities manager this can be reduced to 5-10 years, where replacement units are then required. Such a scenario means that the replacement of units becomes an unbudgeted capital expense that erodes the Landlords' anticipated returns.

Maintenance in a shopping centre located in a socio-economically deprived area is different and costly as these centres do not have the intricate systems and equipment usually found in an urban located shopping centre. Often times the centre is a strip mall and not an enclosed shopping centre, thus requiring a different type of maintenance. PM01 described that in the centres located in the deep rural area's landlords spend more money on maintenance of toilets. This is attributed to the due to poor living conditions where people do not have running water at their home and therefore go to the centre only to use the toilet:

PM01: *"They come with buckets and things because they know there's running water at the centre. And I mean, some people literally would go in our toilets and just sit there and take the toilet paper".*

The increase in water usage, vandalisation and toilet paper expenditure becomes a higher cost on the property, and as a result some shopping centres have started charging for the use of toilets and shoppers are given toilet paper upon entry to manage expenses.

Facilities management is also responsible for cleaning and security. Shoppers need to know they are safe with functional CCTV cameras and security guards on site when visiting their local shopping centre.

MN01 suggests that if the procurement of goods and services for the centre was done at the centre level and was not centralised, this would improve performance of the managing agent.

4.6.4 Summary of Emergent Theme 5

This chapter discussed the emergent themes stemming from the interviews held with research participants, and it looked at the area dynamics and history, social conditions, stakeholder needs, management structures as well as their application. It is evident that the current implemented management structures are not suited for the sustainability of shopping centres operating in socio-economically deprived areas. There is a fundamental absence on focussing on other key performance areas and merging of the strategic position and the community-based approach.

The key principles identified in the implementation of an augmented and integrated PM model that includes SFM and CbFM for shopping centres in socio-economically deprived areas requires a fundamental shift towards a community-centred, environmentally responsible, and flexible approach. By adopting these principles, property managers can make sure that shopping centres not only remain financially successful but also support local development, benefit the community, and are environmentally friendly.

4.7 Discussion of the Findings in terms of the Literature

The literature review in Chapter 2 covered the importance of effectively managing stakeholders in shopping centres situated in socio-economically deprived areas. It discussed the various stakeholders involved in the management of shopping centres, such as tenants, customers, local communities, and government, and stressed the need to effectively manage their expectations and requirements. In Chapter 4, the interviews presented stakeholder management as an emergent theme, identifying the importance of understanding and managing the needs and expectations of the various stakeholders within shopping centre management. The interviews provided specific examples of how the respondents addressed stakeholder management in their management approach, such as through community engagement initiatives, tenant satisfaction surveys, or government relations strategies. Stakeholder management was a central theme discussed in each of the interviews, reinforcing the established concept of stakeholder management in the property management of shopping centres as discussed in the literature review in Chapter 2. These findings support the work of Howard (1997), Mitchell et al. (1997) and Gibson (2000).

The literature also presented the unique characteristics and challenges of shopping centres within socio-economically deprived areas, these included the impact of economic conditions (Baker et al., 2002), demographic trends (van Dommelen et al*.,* 1990; Lin & Vandell, 2007), and urban development policies on the nature and dynamics of these shopping centres (Prinsloo, 2010; Merrilees & Miller, 2010; Vitorino, 2012). The literature review also highlighted a gap in the management approaches and a need for tailored management approach that consider the specific context of socio-economically deprived areas. The interviews provided valuable insights into the characteristics and operational dynamics of shopping centres located in socio-economically deprived areas, which emerged as a focal point of discussion. These findings support the literature in this regard (see: Baldwin, 1994; Hin Li, 1997; Prinsloo, 2010) The respondents provided illustrations of their strategies for managing their unique challenges and opportunities encountered in these areas, including managing economic limitations, adjusting to evolving demographics, and navigating the regulatory environment specific to deprived areas. The emergence of the nature and operational dynamics of shopping centres in socio-economically deprived areas as a prominent theme in Chapter 4, demonstrates a connection to the literature review in Chapter 2 by reinforcing the established understanding of the unique context in which these shopping centres operate, as per the work of Hanninen, Smedlund & Mitronen (2017).

The most significant finding that was reinforced by both the literature and the interviews, was around the management approaches and strategies employed in shopping centres within socio-economically deprived areas (Howard, 1997; Mitchell et al., 1997; Gibson, 2000). Both chapters emphasised the need for a tailored management approach that considers the unique challenges and opportunities in these areas. In Chapter 4 the interviews data revealed insights into the management application of shopping centres in socio-economically deprived areas as an emergent theme, providing specific examples of respondents' approaches, including community engagement initiatives, tenant satisfaction surveys, and strategic planning processes. Identifying the management application of shopping centres in socio-economically deprived areas as an emergent theme in Chapter 4 reinforces the need for tailored management approaches established in the literature review in Chapter 2 (see: Baldwin, 1994; Hin Li, 1997; Chotapanich, 2004; Alexander & Brown, 2006; Prinsloo, 2010). Additionally, the analysis contributes new perspectives or empirical evidence to enrich the understanding of effective management strategies in these areas.

Chapter 4 uncovered insights from the interviews on different management approaches in these shopping centres, such as how to approach community engagement initiatives, and over their strategic planning processes. The respondents unanimously agreed on the necessity for a tailored management approach when operating in this space. This view aligns with Barrett's (2000) FM framework, which highlights the distinction between strategic and operational FM while considering both total and local environments. Similarly, Langston and Lauge-Kristensen (2002) argued that SFM involves aligning a facility's objectives with the broader corporate goals.

Building on the concepts introduced in Chapter 2, SFM and community-based facility management (CbFM) complement traditional property management (PM) approaches. SFM ensures alignment between an organization’s strategic goals and asset operations, while CbFM considers the asset’s role as part of the broader community.

Together, these FM frameworks establish a theoretical basis for applying nuanced management principles to shopping centres. By integrating SFM and CbFM, an enhanced PM approach can address the unique challenges faced by centres in socio-economically deprived areas, providing a more comprehensive and effective management model.

Overall, the interviews contributed a fresh perspective and empirical evidence to enhance the comprehension of effective management strategies in these areas.

4.8 Chapter Summary

Chapter 4 discusses the themes that emerged from the unstructured interviews held with the research respondents. The key findings from the top five (5) emergent themes were presented.

The emergent themes are clear and brief, whilst some supporting evidence from the interviews is provided. The implications of the findings are also assessed in the chapter. Some valuable insights into the challenges and opportunities associated with the management of shopping centres in socio-economically deprived area are given and these are based on the perspectives and experiences of the research respondents.

The following chapter presents the conclusions to this study.

Chapter 5: Conclusions and Recommendations

5.1 Introduction

The previous chapter discussed the emergent themes. The primary objective was to determine the impact of implementing an augmented and integrated PM approach in managing shopping centres within socio-economically deprived areas.

This chapter discusses the key findings of the research study emanating from the emergent themes. The chapter includes a 10-year forecast into the future of shopping centres located in socio-economically deprived areas of South Africa. The limitations of the study are provided, and recommendations, as well as concluding remarks are made.

5.2 Research Findings

Five emergent themes were recognised through thematic analysis of the interviews held with the research respondents, which were: history and growth; stakeholder management; nature and dynamics; management application; and key management functions.

The emergent themes emphasised the nature and dynamics of shopping centres located in socio-economically deprived areas, and also underscored their multi-layered complexities that require strategic and operational level consideration by management teams. The emergent themes were interrelated and provided an appreciation of how shopping centres in socio-economically deprived areas are presently largely managed. It also provided an understanding into why several centres are ineffectively managed and the barriers that exist in implementing an effective management approach.

The currently applied management structures were analysed, and it became apparent that two approaches existed in the industry. On one hand, was management's inability to effectively meet and fulfil key functions and objectives of the shopping centre and this resulted in some evident failings. This management had a property-led approach, viewing the shopping centre as an asset and an investment, focusing on meeting key financial KPIs and with little consideration for long-term sustainable social and environmental considerations. The result was an imbalance between the business's strategic goals and the social and environmental values of the host communities. This displayed a lack of stakeholder identification and management, leading to the non-fulfilment of several stakeholder objectives and resulting in potential weaknesses and risks arising.

The other is a customer-led approach that views the shopping centre as a place of service that is community-centred and is focused on achieving stakeholder salience with all key stakeholders. This attempt by management to provide sustainable, customer-centric shopping centres that form part of the community's fabric and adopting a partnership approach with tenants yields mutually beneficial synergies. The ability to effectively manage key stakeholders protects the centres from potential competition risk and offers an opportunity to have long-term sustained financial returns.

In general, shopping centres had easy access, close proximity to transport hubs and large catchment areas as strengths. The weaknesses were that the centres were old, aesthetically displeasing, with old designs and topped off with little to poor maintenance. Shopping centres require refurbishment, optimisation of tenant mixes and competent operational teams to guard against potential competitors diverting feet to their newer centres. Management teams did not have defensive strategic plans that could fulfil the role of the shopping centre as a social and economic node and as a property in the long run. The risks observed were because of a lack of long-term strategic planning.

The implementation of AM, PM and FM theory in shopping centres located in socio-economically deprived areas was analysed and it was evident that there was an absence of implementation of theoretical development, integration of theories or a coherent management framework. This led to gaps in how the shopping centres were being managed and it was established that there was a need for an augmented and integrated approach between strategic FM and operational PM to tie objectives and operations.

It is suggested by the researcher that this is possible by integrating SFM and CbFM into the currently applied approaches by shopping centre management teams.

It can therefore be accepted that the research study objectives were achieved.

5.3 An Augmented and Integrated Management Approach

From the emergent themes, it was evident that the PM function was mostly outsourced, and the AM was at the investor or fund level. This separation of organisations and segregation of duties faced different challenges in implementing a coherent approach. Problems such as poor communication, area dynamics, stakeholder salience, alignment of systems & strategies and on-the-ground issues led to a disconnection between AM and PM teams. When successfully implemented FM merges the strategic AM function and the operation PM function and establishes clear communication channels between the two.

Shopping centres necessitate a management approach that is hands-on, energetic, and agile due to the vibrancy that a centre brings and the context and dynamics of the community within which it is situated. As per the research, there is an absence in the development of AM and PM theory that can present a holistic and effective approach applicable to shopping centres in socio-economically deprived areas of South Africa. It is essential that a solution that closes gaps, reduces failings, and minimises risks be identified and implemented in the management of shopping centres.

It is apparent from emergent theme 5 that the role of FM is currently underutilised, albeit operational FM is a focus area for most management teams. Operational FM is applied, oftentimes ineffectively, yet there is an absence of SFM and CbFM which in the writer's opinion are the management approaches that can augment the current applied management models if integrated efficiently.

The literature showed the ability of FM to consolidate AM and PM theories and that advanced FM was suitable for the dynamism of shopping centres. Implementation of strategic FM and community-based FM coupled with operational FM, at all levels, namely strategic, operational, and tactical provides an augmented and integrated management model that can be implemented in shopping centres located within socio-economically deprived areas of South Africa.

The advancement of FM as an integration function is briefly explained below. An augmented and integrated approach is proposed on the basis that it has a clear understanding of the nature and dynamics of shopping centres in socio-economically deprived areas. It aims to improve efficiencies and effectiveness through an understanding of the functions of a shopping centre; the key stakeholders involved and AM, PM and FM theory and application. According to (Then, 2005) the FM role is a management function enabling long-term continuous value optimisation through the provision of the appropriate and innovative facilities solutions that holistically consider "people, processes and place". Chotipanich (2004) posits that FM considers both internal factors like the objectives of investors and funds; features of the facility; the business sector as well as external factors such as social, environmental, and local context (Chotipanich, 2004). Therefore, FM can be used as an appropriate tool for stakeholder identification and classification whilst being cognisant of strategic business decisions.

5.4 10-Year Forecast on Shopping Centres in Socio-Economically Deprived Areas

Research respondents interviewed understood that within the rural areas, there is a flow of cash that is unaccounted for in the formal sector and in that lies the opportunity for further shopping centre development. There is a large number of households that are building houses in rural areas and at times, townships are established as a result of this growing number of households. Rural areas are ripe for growth and there is a trend that the number of people in rural areas is on the rise. Essentially, the population and invariably, potential customers are increasing. However, respondents cautioned that this flow of cash remains inaccessible without the improvement of infrastructure such as roads and electricity.

The continued selection of specific rural areas as hubs of new economic activity alongside government support for private sector development will transform these areas into new urban areas that can have a productive and continuing effect on the lives of socio-economically deprived communities. The development of road, water, electricity, and sewer infrastructure upgrades as well as social amenities will improve the lives of those living in socio-economically deprived areas.

In line with this optimism, the (Rode Retail Report, 2022) announced that there are three new shopping centre developments that are projected to be completed between Q4:2023 and Q4:2024 in socio-economically deprived areas and these will be by rural retail specialists McCormick Property Developments. In the Eastern Cape, Mbashe LG Mall in Idutywa will be a 20500 sqm centre and will be anchored by both Boxer and Shoprite. In Limpopo, Thohoyandou will boast two (2) new shopping centres. Tshakhuma Corner will be 12000 sqm and Vuwani Mall will be 22000 sqm. Both centres will be anchored by Shoprite, a leading grocery tenant in shopping centres that are located in socio-economically deprived areas.

Some of the respondents had a contrary view and warned of a perceived stagnation in the years to follow in comparison to the growth currently seen, as the boom or expansion phase on the property cycle was behind us. They stated that the expansion phase was largely accelerated by the influx into the socio-economically deprived areas by big businesses. They stated that the growth that will be seen over the next 10 years will be organic and a result of densification. Property owners with existing retail assets that have catchment areas of approximately 21 kilometres in all cardinal points will be able to pick up the disposable income and close the market to competitors. Property owners can organically grow their +-15 000 sqm shopping centre as an example to a 20 000 sqm or 25 000 sqm shopping centre. It is believed that new developments will slow down if there is no economic growth and no infrastructure development. Improved infrastructure that connects a catchment area to metropolitan cities like Johannesburg with ease allows for easier cross-pollination of cash flow and an upward movement in economic growth for the area.

Moreover, due to growth in the missing middle and the aspirant shopper, landlords and retailers will have to improve their product offering in shopping centres located in socio-economically deprived areas. Currently, there is still plenty of movement between the rural areas to the cities and towns for extended shopping, due to low stock levels and product ranges. Retailers must provide shoppers with their preferred products.

Due to the rise in competition in this market sector landlords have a responsibility to spend money on these assets and keep them well maintained throughout their life cycles. This investment will encourage retailers to also improve their product offerings. Wi-Fi and solar energy are future drawcards for landlords as the availability of Wi-Fi in the shopping centre would attract more shoppers and solar power could potentially reduce operational costs such as electricity and mitigate the inconvenience to shoppers as well as reduce the costs of alternative electrical means such as generators due to the country's periodic power outages known as "loadshedding", thus resulting in an improved bottom line.

5.5 Achievement of the Research Objectives

Based on the findings presented in the research paper, it can be concluded that the research objectives have been achieved. The primary objective of the study was to determine how the implementing of an augmented and integrated Property Management (PM) approach impacts the management of shopping centres within socio-economically deprived areas. The primary objectives of the study aimed to:

1. Analyse the current management structures to identify and highlight the key challenges and opportunities associated with managing shopping centres in these areas;
2. Evaluate the potential benefits of integrating Strategic Facilities Management (SFM) and Community-based Facilities Management (CbFM) into existing property and asset management practices;
3. Provide recommendations for an effective management approach through an integrated framework that considers the socio-economic context.

The research study used a qualitative research approach, which involved conducting unstructured interviews with research respondents. The data collected from the interviews was analysed thematically, and five key emergent themes were identified. These themes provided insights into the challenges and opportunities associated with managing shopping centres in socio-economically deprived areas.

The emergent themes highlighted the multi-layered complexities of managing shopping centres in these areas and emphasised the need for a strategic and operational level consideration by management teams. The study also identified the barriers that exist in implementing an effective management approach and provided recommendations for an augmented and integrated PM approach.

The study's 10-year forecast into the future of shopping centres located in socio-economically deprived areas of South Africa provided valuable insights into the growth potential of these areas and the need for property owners and retailers to improve their product offerings. The study also highlighted the importance of investing in shopping centre assets and keeping them well-maintained throughout their life cycles.

In conclusion, the research objectives have been achieved by identifying key challenges and opportunities associated with managing shopping centres in socio-economically deprived areas and demonstrating the potential benefits of an augmented and integrated management approach (SFM and CbFM) in improving management practices. The research objective also provides recommendations for an effective management approach to enhance long-term sustainability, stakeholder management and operational effectiveness. The study's findings provide valuable insights for property owners, retailers, and management teams in the shopping centre industry, and can be used to inform future research and practice in this area.

5.6 Revisiting the Research Question

The research question has been effectively addressed through the findings and analysis presented in the research paper. The research question focused on determining the impact of implementing an augmented and integrated Property Management (PM) approach on the performance of shopping centres situated in socio-economically deprived areas.

The study employed a qualitative research methodology, incorporating unstructured interviews with property professionals, to investigate this research question. Through thematic analysis of the interview transcripts, the study identified key emergent themes pertaining to the management of shopping centres in socio-economically deprived areas. These themes offered valuable insights into the nature and dynamics of these shopping centres, the current management approach, and the associated strengths, weaknesses, opportunities, and threats.

The study's findings revealed that the implementation of an augmented and integrated PM approach can enhance the efficiency and effectiveness of managing shopping centres in socio-economically deprived areas. The research emphasised the necessity of a strategic and operational focus on managing these centres, as well as the significance of stakeholder management and understanding the historical context and growth patterns of these areas.

Additionally, the study's 10-year forecast for shopping centres in socio-economically deprived areas further supported the research question by outlining the potential for organic growth and the requirement for improved infrastructure and product offerings in these areas.

In summary, the research question has been effectively addressed through the thematic analysis of the interview data, providing valuable insights into the impact of an augmented and integrated PM approach on the performance of shopping centres located in socio-economically deprived areas. The study's findings make a meaningful contribution to the existing body of knowledge on property management and offer practical insights for industry practitioners and researchers.

5.7 Research Limitations

There was an absence of theoretical development in the AM and PM frameworks.

It was only possible to interview a total of 8 respondents due to the unavailability of senior to executive level managers. The constraint of geographical location posed a limitation on the study, as only interviews with participants residing in Gauteng could be carried out.

5.8 Conclusion

This study emphasised the nuanced nature and dynamics of shopping centres in the context of socio-economically deprived areas of South Africa. AM and PM theoretical frameworks currently in use failed to fully consider the unique attributes and dynamism of shopping centres. With an ever-changing economic market in South Africa, mostly affecting those who live in socio-economically deprived areas, there is a need to improve the stakeholder salience and management of shopping centres in these areas.

5.9 Recommendations

The research study recommends the integration of both SFM and CbFM into an augmented management model to address the multifaceted nature of shopping centres in socio-economically deprived areas.

SFM focuses on aligning organisational strategic goals with the operations of the asset, while CbFM considers the asset as a physical component within a community. By integrating these two approaches, the augmented management model can better account for the diverse stakeholders involved, including the community, customers, and macro-economic factors that impact the performance of shopping centres.

The research study further highlights the potential for progress in theoretical research on FM to lead to advancements that can inform and improve shopping centre management strategies in both theory and application. This emphasises the importance of ongoing research and development in the field of facilities management, particularly in the context of socio-economically deprived areas. By continuously advancing theoretical research, the management strategies can be refined and tailored to the specific needs and challenges of these areas, ultimately leading to more effective and efficient management practices. These findings contribute to the body of knowledge on shopping centre management and offer valuable insights for practitioners in the field, particularly in South Africa's socio-economically deprived areas.

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Appendix A: Interview Outline

INTERVIEW OUTLINE

Investigating The Role of Effective Property Management of Shopping Centres in Socio-Economically Deprived Areas

This will be an in-depth and unstructured interview; the discussion will be guided by the below set of questions which will be posed to the research participant.

The interview will take approximately 60 minutes, will be audio taped, transcribed and the results presented as part of the research findings in a research report submitted to the University of Cape Town in partial fulfillment of the requirements for the degree of Master in Property Studies.

Core Questions

- What is the nature and dynamics of socio-economically deprived markets?
- Who are the stakeholders in socio-economically deprived market retail centres.?
    - What are the stakeholders' perceptions (in particular customers & tenants)?
- What is managements **approach** and opinion of the current management structure, strategy and implementation thereof?
- What is managements **understanding** of how the roles and responsibilities are structured?
- What are the management **skills & knowledge** requirements for socio-economically deprived market retail?
    - How these currently being implemented?
    - Could they be implemented more successfully?
    - SWOT analysis of current management of socio-economically deprived market retail centres.
- What are industry professional's views on socio-economically deprived market retail?
    - What are industry professional's views on the management of socio-economically deprived market retail centres?
    - What are the industry professionals' views on AM, PM and FM?
- What developments have been made in management of retail in South Africa, in particular socio-economically deprived market retail since the move towards this type of locality?

- How has this changed since 2012 (ten years ago)?
- What developments still need to be made in management of in this type of retail market?

Asset and Property Management - Strategic

- What is your understanding of “community shopping centres in socio-economically deprived market”?
- How does the centre differ from a traditional centre?
- What are your views of the current dynamic and nature of these centres?
- What is your role as management of the centre?
  - Do your strategies integrate with those of the other managers?
  - Is there any integration between your role and others?
  - What is your understanding of facilities management?
- Can you explain the management structure applied?
  - Do you think the current management structure is successful?
  - What does management need to do to improve the centre?
  - How can management perform better?
- What are your priorities as an organization in the management of centres?
  - What values do you maintain?
- What are the strengths and weaknesses (SWOT) of the centre?
  - What works well at the centre?
  - What issues or problems exist?
  - What needs to be done to improve the centre?
- Is there any community involvement? If so, to what extent?

Appendix B: Informed Consent

CONSENT TO PARTICIPATE IN RESEARCH

Investigating the role of effective property management of shopping centres in a socio-economically deprived areas

You are asked to participate in a research study conducted by Charmaine Mphahlele, a student in the Department of Construction Economics and Management at University of Cape Town. The results of the study will be contributed to a research paper and presented to the Department in fulfillment of the requirements for the degree of MSc Property Studies.

You were selected as a possible participant in this study as a retail property professional who has experience and insight into the management of retail shopping centres within socio-economically deprived areas in South Africa.

1. PURPOSE OF THE STUDY

The purpose of the study is to determine what are the roles and effectiveness of the property management models applied in retail centres within socio-economically deprived areas in South Africa.

2. PROCEDURES

Your participation in this study is voluntary. If you volunteer to participate in the study, we will consult you to agree a time that would be suitable for a face-to-face interview.

The interview will be on a one-on-one basis either online or in person at a venue of your convenience and requires to be audio recorded to enable me to effectively translate the data.

3. POTENTIAL RISKS AND DISCOMFORTS

There are no foreseen or unforeseen risks for participating.

4. POTENTIAL BENEFITS TO SUBJECTS AND/OR TO SOCIETY

At your request, the anonymized research findings will be shared to you.

5. PAYMENT FOR PARTICIPATION

There will be no payment for your participation.

6. CONFIDENTIALITY

Any information that is obtained in connection with this study and that can be identified with you will remain confidential and will be disclosed only with your permission or as required by law. Confidentiality will be maintained by means of assigning each interviewee a three-character code, consisting of two letters and two numbers e.g. PM11. These codes shall be randomly assigned and have no relation to your personal information or the company that you work for. The information gathered through the interview process will be used solely for this research purpose.

The raw data of the interview will only be known to the student/researcher.

7. PARTICIPATION AND WITHDRAWAL

You can choose whether to be in this study or not. If you volunteer to be in this study, you may withdraw at any time without consequences of any kind. You may also refuse to answer any questions you don't want to answer and still remain in the study. The investigator may withdraw you from this research if circumstances arise which warrant doing so.

8. IDENTIFICATION OF INVESTIGATORS

If you have any questions or concerns about the research, please feel free to contact myself on charmaine.mphahlele@gmail.com or 0785080207.

This study will be conducted under the supervision of my supervisor Ms Kathy Michell (UCT, South Africa) on kathy.mitchell@uct.ac.za.

9. RIGHTS OF RESEARCH SUBJECTS

You may withdraw your consent at any time and discontinue participation without penalty. You are not waiving any legal claims, rights or remedies because of your participation in this research study.

If you have questions regarding your rights as a research subject, contact me on charmaine.mphahlele@gmail.com or 0785080207.

SIGNATURE OF RESEARCH SUBJECT OR LEGAL REPRESENTATIVE

The information above was described to me by Charmaine Mphahlele in English and I am a participant who is in command of this language, or it was satisfactorily translated to me. I was given the opportunity to ask questions and these questions were answered to my satisfaction.

I hereby consent voluntarily to participate in this study and I have been given a copy of this form.

____

Name of Subject/Participant

____

Name of Legal Representative (if applicable)

______________________________________ _____________

Signature of Subject/Participant or Legal Representative Date

SIGNATURE OF INVESTIGATOR

I declare that I explained the information given in this document to __________________ [*name of participant]* and/or [his/her] representative ____________________ [*name of the representative].* *[H*e/she] was encouraged and given ample time to ask me any questions. This conversation was conducted in [*Afrikaans/*English/*Xhosa/*Other*] and [*no translator was used/this conversation was translated into* ___________ by _______________________].

______________________________________ _____________

Signature of Investigator **Date**

Consent form for recording of interview – to accompany information sheet given to participant

Title of project: **Investigating The Role of Effective Property Management of Shopping Centres in a Socio-Economically Deprived Area**

Name of interviewer: **Charmaine Mphahlele**

Title of degree: **MSc Property Studies**

University of Cape Town

I ……………………………………………………………………………………………, confirm the following:

1.	I have read the information sheet provided by the researcher and thus understand the projects aims and objectives.	
2.	I am participating in this project voluntarily and understand that I may withdraw from the interview at any time if I so do wish.	
3.	I acknowledge and understand that confidentiality will be maintained.	
4.	I have been asked permission to record this interview and have given my permission.	
5.	I understand that this data is accessible to other researchers only if they honour the confidentiality agreement.	

Participant

Date ………………………………

Signature of participant …………………………………………………………………………

Name of participant …………………………………………………………………………

Organisation of participant…………………………………………………………………………

Researcher:

Name: …….

Signature: ………

Date: ………………………

Appendix C: Ethical Clearance

Sent: Wednesday, 28 September 2022 14:50
To: Charmaine Mphahlele <MPHCHA004@myuct.ac.za>
Subject: Your Ethics Application is now active

Status change comment:
This was approved by the Chair

Dear Miss Mphahlele,

Your ethics application titled: INVESTIGATING THE ROLE OF EFFECTIVE PROPERTY MANAGEMENT OF SHOPPING CENTRES IN SOCIO-ECONOMICALLY DEPRIVED AREAS for which you are the Principal Investigator, has been approved.
Your approval letter may be downloaded from the Attachments tab of your application, near the bottom of the page.
To retrieve your letter, you should follow the steps below:
1. Login to the eRA System:
2. Locate your application via the Ethics menu on the left.
3. Click on the Edit link
4. Go to the Attachments tab, scroll to the bottom
5. Download your letter
6. Say Voila! and pat yourself on the back!

We wish you all the best with your study.
UCT Research Office

This is an automated email sent from an unattended mailbox. To access the eRA system please click here

Appendix D: Randomly Selected Interview Transcript

Interview 3:

Research Topic: <u>Investigating the role of effective Property Management of shopping centres in socio-economically deprived areas</u>

Charmaine: Good afternoon RP01. Thanks again for agreeing to this interview. And for assisting me with my dissertation, as I've stated to you before, I am currently doing a master's with UCT. It's an MSc in property studies. I've done all my coursework, and I'm now completing the final stages, which is obviously the dissertation. My topic is basically around shopping centres that are located in what I've termed socially economically deprived areas, which in short is basically rural and township retail centres, as well as anything on the periphery of urban areas or outside of the main CBDs as we know them. So, the interview is being recorded. It will be transcribed, and the results will be part of the final research that I submit, but it will be kept anonymous and confidential, as well. And I'm happy to share a copy with you after I'm done. It's a little bit of an unstructured interview, in that I've sent some questions that we'll look into, but it will depend on how the conversation goes. The questions, so we might not do all of them. And we might, you know, do some that are not in the outline that I've sent you previously.

RP01: Okay. Okay.

Charmaine: Alright. No, cool. I appreciate it. Okay, so I think we can kick off. Hopefully we'll take about 45 minutes or so to conclude.

RP01: Okay. Okay.

Charmaine: Thank you. So I think maybe just as a brief start, if you could assist me with just giving me a bit of background about yourself and your experience and your area of specialisation or expertise and then we can start with the topic.

RP01: Okay, my name is RP01 it started out in undergrad in architecture went on to property did my studies as well at Wits, finished my masters in property. But during that time, I was also transitioning to the career of property management started out as a junior property manager in retail had retail buildings in Rustenburg to Northport and then from there left to join city property in CBD retail High Street retail, industrial in CBD. And then from there moved to Mowana, spent about a few years in Mowana, as a property manager for the township retail to run the dynamics there. So that's where I got my first taste of township retail. You know, again, got to really understand the dynamics. And right now currently retail asset manager, but for shopping centres in the urban areas, not the township anymore, but through and through my passion has always been retail, in whichever form. So that's my brief background.

Charmaine: Alright, no, no, perfect. So I mean, just listening from what you've said, I would say you have about 10 years' experience in property and specifically in the retail space. Am I correct?

RP01: Yes. Just about, ja.

Charmaine: That's quite good. Alright. Now then I think let's jump into the nitty gritty, which is great that you have done so many different asset types. But specifically also in retail, you've been involved, like you said, in High Street retail, which is, in my understanding, like CBDs, you've also done urban retail. And now when you add Mowana, you did township retail, what would you say… and you mentioned a word, ‘dynamics’, what would you say the dynamics of township retail, in my term, that being the socio-economically deprived markets? What do you say is… how are the dynamics different there to the other types of retail that you've been involved in?

RP01: I think, in answering the first question, you know, the question is about what is the nature and dynamics of those areas, and the one part about it is the nature for me, I thought of the people, the people that reside in these areas. And, you know, for the large part, a lot of them are struggling for survival. So, what you meet up with immediately is everyone is looking for an opportunity. It doesn't matter if it's a guy trying to wash cars, or someone trying to do a new business, someone trying to become a vendor on your database. You are always approached by people who are looking for opportunities. And so the mindset is a hustler mentality, a survival kind of mentality for most of the people who reside in these areas. So, you know, I think, from that perspective, I look at it as the people in townships, typically looking for help. And it's very small cases where they are actually creating, you know, new businesses within the ecosystem of the townships. So that's the nature. And then the dynamics was obviously, there's different interests, so communities need to be serviced, you know, the people who are the very, very poorest of the poorest need assistance. So you know, you have NGOs in there, you have big business in there. So you have like some of the REITs listed funds in there. I think the most successful ones would be your Masingitas, the PIC and McCormick. McCormick has a very good understanding of the dynamic of township. From my understanding is, you know, the dynamics are, it's a power play, big business is trying to profiteer out of township, the community is just given the bare minimum. And the businesses…the guys. the SMMEs in the township are really struggling to find or seize opportunities and would literally do nearly everything, to get a leg in or an opportunity. So it's not really an environment where it induces or fosters growth in a very ethical manner, in a very equitable manner. It's very opportunistic, and it's dynamic. But I think largely, there are good stories that come out of it, like Masingita is doing very big funding and developments in the communities. So I would say those are the guys that are definitely speaking to the positive aspects of township developments and dynamics.

Charmaine: Alright, so in your view investors and developers, and all these asset managers and REITs they could do a little bit more when it comes to township retail than just look at profits. There’s still room for growth in working in these areas on their side.

RP01: Yes. I'd like to say that you know, right now it's very monetary sort of profiteering approach to Township. And so there are a lot of socio-economic issues that are being left, unresolved. And, you know, what we saw in the riots last year is part of that where a lot of these businesses come and set up malls, these asset managers, investors invest in these townships, not really giving back to the communities or not showing that they consider the communities, that they have these assets there. And so what we saw in retail is, the community centre, and the malls that they felt did not give back, they looted, some even burned to the ground. So yes, I think with property, I think the strategy, if it's going to be a profiteering making strategy, there are guys that have done it successfully, but they're also very sensitive to the needs of the communities now, and the likes of McCormick are sort of bringing in some of those elements.

Charmaine: And what are those elements that a developer or an investor should be looking at in order to be in good standing with the community that they decide to develop in or be in?

RP01: I think, you know, big store connections to be made in townships are the taxi associations are quite key, because they essentially bring the feet to these assets. And if you do not have a good relationship with them, you run the risk of having a white elephant. So the elements are taxi, and network with taxi affiliations, associations, you know, understanding the dynamics of the informal markets, you know, how do you bring in some of those elements into these investment assets, investment grade properties. And part of it is about understanding the social context that those assets are in. You know, a lot of the retailers in South Africa, your PEPCO, your Ackermans, those guys know what works. Give it cheap to the guys and they'll come, they don't care what the shop looks like, or where it is, they will come. And so the landlords really have to show that eye for finish and quality, which I think the guys that are really doing it well now, Masingita I would say.

Charmaine: Okay. Alright, no, I think that's fair, that, you know, the kind of centres that we find in these areas have definitely still got a long way to go in terms of quality, if we can call it that. Look and Feel experience. If you're in the centre, you can sort of have the feeling that it was done, you know, not haphazardly, but with as little costs as possible. So, definitely agree with you there. So what do you think when we come to the managing of these centres, so we're looking at it from either a REIT, or a fund or an asset manager that has got a portfolio… So looking at it from a portfolio perspective or asset manager perspective, what are the approaches that management is doing in these kinds of areas? And what is the strategy that they employ?

RP01: So, I think… obviously, I don't want to speak negatively about my experiences with Mowana. But what I found was the biggest headache in managing shopping centres in township was you need a really strong team unit. And unlike, urban shopping centres, where you can almost sort of decentralise some of the core shopping centre functions, you know, like a credit control team working out of Sandton as opposed to working out of Mabopane, you know. And what I'm seeing now that I'm working with an organisation where they've almost decentralised the way they manage the building. So the general manager is based at the shopping centre, his entire structure is there. Credit control, operations, even security, if there is a security manager, all of the guys are in one building. And what that has done, what works with that structure is that there's accountability, things get done. If the GM says, leasing manager execute on a lease, go collect the FICA and everything, the person responsible or reports to that general manager. And what I found is if you try and make a node satellite job function, then the people working on the building are not vested. And so what I'm seeing is good structure for managing assets in any building in any sort of shopping centre, the whole team should be at the centre. You can't have other people doing other things remotely. And that's what I found is successful. And that's what I saw was a big strain because from paying the suppliers to invoicing, the collection of turnovers, if you don't have a good team on the ground, you're literally ineffectively managing that asset.

Charmaine: Okay, so you need, I guess, more decentralised structure with lots of smaller flat structures at the different centres or the different regions, at least. To assist more quickly and to have a smaller reporting line, because that creates accountability.

RP01: Yes, so I think from where I'm from an asset management perspective, to manage township portfolios, you need strong general managers or property managers that really know their assets that they're managing. And centre managers are also key sources of information because they know everything. And so, management perspective is having a good, competent structure of people below, then it's going to be a lot easier from a high level perspective to manage the strategy of the portfolio.

Charmaine: Okay, that makes sense. And how important are facility managers in that kind of structure that you are suggesting would work better? What is their importance? And how would it assist if we have a structure like that?

RP01: So it's funny, we were analysing our organisation. And so what we've actually synthesised there was the core function of property management is ensuring that the asset doesn't lose its value. So, what does an agent make sure of, he makes sure that inspections are done, waterproofing is maintained, it's not having to get replaced, he makes sure lifts are serviced on time, he makes sure the paint looks fresh, he make sure that all of those things that add to the property's value, you know, the bricks and mortar. He is like the key; his job function is like a risk. He's a risk mitigator and he makes sure everyone's doing their job, he's making sure the security company… he works with the supervisor, he even anticipates if things are going to break. He gets back up, he forecasts budget, you know, and that for me is the foundation of proper property management. You need a strong facilities management team, proactive guys not reactive. Guys that see something and that even before it becomes a 10 million Rand problem, you know, those are the kind of people that are essential to a property management structure like that.

Charmaine: Okay. And I think what you've just described kind of answers the question of what are management skills and knowledge requirements in those areas. So, as you said, people that are proactive, that are good with budgets and forecasting and being risk mitigators. I think for me, is what I'm taking from that. Would you say or would you like to add anything else to that about skills and knowledge?

RP01: So, I think with property management, I'd say, the overarching functions are ensuring the property doesn't lose its value. So that's the technical stuff that the facilities manager would do, and then there's the income side. Income side, talks to what you just mentioned, being able to budget, use Excel, be able to negotiate leases, understand lease clauses, you know, really arm-wrestling, with the tenants into getting the best deals on the table. And so those are sort of the key core functions. And obviously, there are other smaller functions like being able to collect rent on time, the tenants knowing that when they have to pay when they agreed to a contract, they have to fulfil on it, you know, all of those sort of very key skills, fundamental skills, that if you appoint a property management company, or a property manager, he should be able to even manage the facilities guys to say, have you checked your OSH occupancy certificates or regulations? Are you compliant? What are doing about it?

Charmaine: Okay. Alright. No, I hear that. Okay, in your view, how… we just spoke about leases. So I'm just going to pick up on that, how important is a lease renewal in these kinds of places? Or are you happy to have new tenants, new different kinds of offering? And then maybe we can talk a little bit about tenant mix as well. So, if I could just hear your opinion on those two.

RP01: I think leasing is a very big core function of assets. Lease renewals, I think a renewal is important if the tenant is performing well. So, a Shoprite/Checkers renewal is a KPI deliverable. Someone messes that up, almost like you fire that person. Because that's a big anchor tenant. So yes, renewals are important. Obviously, the size of the tenant, the type of the tenant, performance of the tenant will talk to what strategy you have to adopt going into that renewal. But again, renewals are key because they inform the value. The more leases you have renewed, the better value you'll get from your evaluations. And then tenant mix. So, I think with township retail and I think one element of it is, there are the guys that will print paper being your anchors, so PEPCO Group, Shoprite/Checkers, Shoprite, actually, and your [inaudible] and all of those guys. It's actually a category called value. So, township retail, by its nature has to be more value, tenant oriented. So what does value mean? The guys that provide discounts, guys that provide merchandise very cost effectively or very cheaply. I don't want to say cheaply, but, you know, understanding the socio-economic context that these assets are in, you need guys that speak to people, can afford that merchandise. And so that's the weighting. So you have a larger percentage of value tenants that you still…like all the landlords, they still want to bring in some flavour to their shopping centres. So you will still bring a unique offering you might have… I mean, even these nationals now have an array of products or brands that they can introduce to any shopping centre that talks to the different LSM categories I'd say, but a lot of it has to do with the type of customers you have. And that will end up as performance. What we are finding is we look at turnover more than anything in asset management in terms of, do we renew this tenant? Who do we want more of, and that's for us, almost gives us an indication of which categories to add more of, because we're looking at turnover to rent ratios, the health of the tenants, and that is informing the strategy to adopt with tenant mix.

Charmaine: Okay. And when we speak about strategy, how is it formulated? Is there a guiding principle? Or do you look at the centre, its size, where it is? When you think about a strategy for, let's say, a shopping centre in Hlabane, what is the thought process? And how is that different to a centre in Mabopane, as an example?

RP01: Ja, so I think maybe before we get to strategy, the key inputs that are necessary to inform a strategy. And, without those, then any strategy doesn't have any weight to it. Key input would be the location of the asset, the demographics, the statistical… in terms of understanding, who are the people that the shopping centre services? And those will be the key sort of informants for inputs…

Charmaine: So, are you looking at LSM, age, population, that kind of stuff that you get from a market study?

RP01: Yes. Exactly. Market study that gives you the different customer profiles, age demographic profiles, income levels, travel distances, the other existing shopping centres that compete within the same catchment area, all of that has to be done by this market research. And then the location, you know, things like what easy access does. I never thought about it, but access- how people access your mall, how people leave your mall, that plays such a big role in the performance of a shopping centre and shopping centres that are right next to each other. If it's awkward going in, the other shopping centre with the easier access gets the better share of the turnover that is generated. So some of the, I'd say critical elements, but from a strategy perspective, again, you need to take into consideration the skills you have, you know, from a human resource perspective, what doees the structure look like? How easy or you know, you have to consider how easy it is to execute on decisions, you know, also having to understand, you know, like when I was with Mowana there's a procurement process, you know, the PFMA process, it takes time. And if you work for a private organisation, like where we are, buying and transacting is within a week, a month at most, you've already paid the vendor, you've already got the job done, you've already checked the work, and everything's done. Whereas on that side, you know, things take forever to get done. So, from a strategy perspective, it's about understanding your competition as well. What does that other shopping centre have that you don't have? How do you… sometimes you even poach, are you going to have a strategy where you go and poach some of the tenants you want? All of those. And one thing I'm learning now is strategy is not fixed. We live in a world where there's market volatility… things change overnight. And so we need a system that can easily adapt. And so we're looking at rather than a five year strategy, it's all about how relevant is this plan? Is this plan still working for us? And you almost sort of become more about agile, but you batten down on the fundamentals, what you need to do and execute quickly.

Charmaine: So, you are more proactive than you are reactive, because your strategy is changing as the dynamics change on the daily or the market changes.

RP01: Yes, like right now we're about what are the next big trends coming? What are we seeing, what is happening, you know like NBA in Sandton, how they went about executing NBA. They have a store, they have courts, it's a whole branding strategy. You know the adoption of US [inaudible] culture, so that's a big trend that we're seeing. So, what we're saying to ourselves is, what are the other trends that we're not picking up on that we should be sort of looking into how we can incorporate into our shopping centres as well? And that's what you don't get a lot of lately.

Charmaine: And what are the data banks for that kind of analysis, to say what are the trends that we can follow in these centres? Is it things like [inaudible], going to these conferences, is it MSCI? What do you use as part of your data bank for making some of these decisions in your day to day?

RP01: So, it's a combination of a few things, MSCI all regions have to be a part of it or are part of it, because it's good to benchmark against your competition on a national level. So, that's not where we get these sources, but things like shopping centres…all of those organisations where you get to network, where you get to hear what other people are doing, you get speakers coming from across the world to tell you what they are seeing. And I think it all adds to the knowledge base and I think what we're seeing, for example myself because I'm passionate about our property even in my spare time, I'm part of an organisation in property with other property professionals. So, even my other colleague she has friends who buy for these big brands. So, it's about your network and it's about being immersed in the professional space that we are in where we just share knowledge and those networks are what help us to see what to do and what not to do, what the other person is experiencing that we should avoid. It's having a….sorry?

Charmaine: No, sorry I was saying the opposite of what you're saying. I suppose doing the opposite, which is hoarding the information. I mean, yes you'll have it to yourself, but it doesn't really put you ahead of the curve if anything it eliminates you from finding out other things that could be even better or more profitable to your business.

RP01: That's true, because what we've seen is that you could be hoarding stale information. You could be hoarding information that's not useful and yet you think it's gold. I mean what I'm seeing my mentor has got networks with people very high up and if there's something very interesting that he hears about, he doesn't hesitate to pick up the phone, this is what we're doing, this is what we're thinking, how have you guys gone about it. You know, that is so enriching. You get through analysis or waste of time trying to figure out what this data is and what you can do with it. Someone's already gone 10 steps ahead and all it takes is just a phone call. And that's the power…

Charmaine: [inaudible] tested it, ja that's the power of networks. Okay, no okay cool. I think let's talk about the previous portfolio that you did with Mowana and maybe just have 2 or 3 or 4 centres in mind and then let's do like a quick swat. Especially on the opportunities and the threats, I think we've touched a little bit here and there on the weaknesses and the strengths. So, maybe the opportunities and the threats for those centres that you have in mind. Maybe, if you can mention what centres you have in mind and then I'll jot those down, because I am talking to the other asset managers as well within PIC so I want to see the similarities that come up.

RP01: So, you know that one opportunity that all the township assets that the PIC has is, because they are older buildings or buildings that are built during Apartheid, somewhere there. What you find with them is that they are actually the hearts of the communities that they are in. Why I say that, because taxi routes, transportation networks, interchanges. You know Mabopane has a train, it's got an interchange of transport modes that's a big opportunity that most other centres would revel in the opportunity. Obviously given if Transnet works then it would be even better, but those are transport interchanges that McCormick…McCormick has to go and build a taxi rank to have that and PIC has…you know all of those centres have taxi ranks that are over 20 years as well. So, that's a big opportunity to capitalise on. The informal trade has already finalised around these assets.

Charmaine: Established.

RP01: Yes, and it's just about how do you now create a platform where you can help these businesses in a sustainable manner without making it seem like you're doing a handout. And those are the sort of big social upliftment opportunities that I think the PIC has with its assets in the township and if redeveloped well, I think…I haven't seen Ga-Rankuwa, I'd love to go and visit, but if executed properly it almost brings back that pride to those communities that have really gone through a lot over the 30 years from service delivery issues and everything. And if you have these assets that bring back the pride and that's what Masingita is doing, they actually have pride in the developments that they're doing, because they know it gives people that sense of ownership, it just gives them confidence to say, "this is our mall, it's done well, by our people." So, that's the core opportunity that I see with the PIC with the Mowana portfolio, that township portfolio.

Charmaine: I agree, I just wanted to add to what you said about the communities having gone through a lot over the last couple of years with service delivery and stuff. The other thing is that PIC obviously works on behalf of GPF, so we definitely are viewed as an institutional investor or GPF. They see GPF's money as their money so, it's not like they look at is as this white investor in inverted commas, coming into this space. They see it as someone bringing back what is already theirs and just fixing it for them. So, I understand that sense of pride, but I also understand that sense of obligation that they put on us as the PIC. Correct.

RP01: Yes, and that for me, the threat is when they see that it's not being managed properly. When they see that the centre is dilapidating or safety is not a concern, or attention to detail- the toilets are free, but there are only 3 toilets working. All of those are the threats. Those are the threats, because the communities still go, but they'll only keep going until someone else provides them with a better facility. And what will happen is that the people who can spend a little more in the shopping centre will go to the other ones and those who can't and are struggling will start to congregate there and it almost creates a perception that this is the township of the township if you know what I mean.

Charmaine: Ja, and obviously the first that will go is your tenants will go. They will get poached, they'll leave, you lose your Shoprite and now who's your new anchor?

RP01: Exactly.

Charmaine: Your PEPCOs will go, I mean we kind of saw it at Hlabane if you recall, where we waited too long and we had a lot of community resistance and by the time we were able to come into market there was another shopping centre that had popped up, just outside of town, Rustenburg, which was 2/3 kilometres away and all our anchors were gone. And if your anchors go, your nationals go, then you're stuck with whatever is left over.

RP01: Exactly. Also, I think the biggest…another threat is power. Lack of power.

Charmaine: Electricity.

RP01: Electricity and what we've seen, I think here at [inaudible] they adopted a strategy in 2019 that all the shopping centres will have generators and that has worked. It cost a lot, obviously at the time and from a PIC portfolio township retail if the lights are on at those centres, it doesn't matter which centre it is, if the lights are on tenants will go back even if they're perceived as old. Obviously everything else is done, you have to make sure that the roof is not leaking, the building is maintained, taken care of, but once those are done. If you can provide constant power, even the other centres that store some of those tenants, those tenants will go to the landlord who provides uninterrupted power. And that's becoming a big play in retail now, it's no longer just about where you are, but "can I trade when there's loadshedding"? And that's important, what we're also seeing is people now congregate to the shopping centres, because they know there's power and that again means turnover is even better.

Charmaine: So, they leave their houses because there's nothing to do there because it's dark. So, they'd rather walk or go to the centre kill time in inverted commas.

RP01: Yes.

Charmaine: Okay, alright. That's interesting. So, there's more dwell time as a result. Possibly. In the centres.

RP01: Yes. I would say, dwell time for us has increased significantly. We provide Wi-Fi and the Wi-Fi has analytic capability, so we can tell how many shops get visited, how many people, how long people stay, how loyal are the people who come back, and how they behave in the shopping centre. And so, those are some of the analytics that reinforce that this was a good strategy we're seeing dwell time increase.

Charmaine: So, that could also be an opportunity for these centres. Obviously introducing Wi-Fi to be able to get those analytics.

RP01: Yes, I think Wi-Fi nowadays is a non-negotiable. Electricity is the other one. That's actually a must-have, not even an opportunity anymore. The guys that are doing well have that already.

Charmaine: That's how you retain your tenants as well as your customer base.

RP01: Correct.

Charmaine: Where do you see this type of retail in the next 10 years and what do you think…maybe 2 or 3 improvements you've seen in the last five?

RP01: What I see, the opportunity in township is if the people who are already in there make small intentional efforts to improve the wellbeing of the people they cater to. I think over the years…it's about sustainable development and contribution and what sustainable means here is, "how do you procure, how do your policies procure locally as much as possible without compromising on quality"? How do you ensure that labour, people who are employed at the shopping centre are being employed under good practice, are they covered? And those are small things that can be done in terms of governance. And then, how do you again incorporate retail better? How do you incubate some of these small businesses to creating exposure to an international brand or network? I think, that's the opportunity of township retails is that there's so much potential when things are done right. There's exponential growth that could happen and so I think if township is given the TLC it needs it will be where the big brands want to be. Already your PEPCOs, your big nationals, the guys that are in the top 40% of the JSE, the bulk of their assets are in townships already. So, there's a lot of money in there, it's just not formalised. They know that's where their bread and butter is. Urban I think is getter too diluted with international influence, but township is going to peak. People in there are resilient, they're tough, but you can't keep subjecting them to second hand quality services or tenancies or buildings. I think what has improved is that, the guys who are developing in townships see the potential township has. They are being more conscious of their product that they are delivering in these areas. So, I think for me we're seeing a lot of good quality developers coming, looking into township and building proper shopping centres and I think for me that's the biggest improvement. Those that are there, they're doing a lot better than what was happening in the last 10 years.

Charmaine: I agree. So, the offering has improved.

RP01: Yes, the offering has improved.

Charmaine: Alright, that's fair. Okay, that's good. I appreciate your time RP01. I think we've come to the end of our interview. I just have a comment, but it's not part of the interview. You know when you were talking about the tenure and what you think could happen and I just had a thought…I did PDP just recently and one of the things they were saying is that we need to forget about retail. Retail is saturated, it's overdone and property development is residential, the different types of residential. But, you make a good point that there is a need for retail done right in these kinds of locations, because people are still travelling far. It's just the right investors need to get into the right markets with the right intentions. So, that's what I was just thinking that maybe it's not the death of retail yet. Especially in these locations.

RP01: You're right and what I'm also realising now is that because of the PIC's assets in the townships commuting prices are not like these newer malls where people have to travel very far. Petrol prices are going up. All of these things are sort of making people want to buy locally a lot more and so if you're able to leverage on things like that it will help. But, from your PDP I think also remember with developers are the guys who have access to capital and capital is saying I need to put my money somewhere so that I can grow. And so, yes developers and the buzzword is 'residential' but I also feel that there are a lot of old, neglected assets that if you buy you just do it very well, touch it up nicely, get the mix right. That's also like almost like a refurbishing and re-energising of assets that could possibly be going for a song right now. Because, township is perceived as high risk, but if you give an offering that's top market then there's a lot of opportunity there. But, like I said we're looking at trends. Cellphone adoption in the urban areas has accelerated due to COVID. Urban centres were hit by e-commerce, but it didn't hit townships. You can't get Sixty60 in townships, well you can but it's a security factor and that's why retail for township is here to say. The role that landlords play is that they curate the shopping experience. It is up to them to curate it. These retailers now have a mix that caters to all of those LSM categories.

Charmaine: Alright, no. Thank you so much. I really appreciate our conversation and thanks for making time to meet up with me today.

RP01: All the best.

Charmaine: Okay, thank you.

Appendix E: List of Themes and Sub-Themes

EMERGENT THEME		No. of files	No. of references
History and Growth	**Emergent Theme One - 4.2**		
Sub-theme (4.2.1)	History of socio-economically deprived areas	8	8
Sub-theme (4.2.2)	Area characteristics	8	8
Sub-theme (4.2.3)	Growth of socio-economically deprived areas	8	7
Stakeholder Management	**Emergent Theme Two - 4.3**		
Sub-theme (4.3.1)	Community Engagement	8	8
Sub-theme (4.3.2)	Stakeholder Management	8	8
Sub-theme (4.3.3)	Consumer Profile and Behaviour	8	8
Sub-theme (4.3.4)	Tenant Profile and Behaviour	8	5
Sub-theme (4.3.5)	Shopping Centre as a Social & Economic Node	8	7
Nature and Dynamics	**Emergent Theme Three - 4.4**		
Sub-theme (4.4.1)	Design, type and size	8	6
Sub-theme (4.4.2)	Transport and access	8	6
Sub-theme (4.4.3)	Centres performance & competition	8	8
Sub-theme (4.4.4)	Impact of COVID on Shopping centres	8	3
Management Application	**Emergent Theme Four - 4.5**		
Sub-theme (4.5.1)	Strategy and implementation	8	8
Sub-theme (4.5.2)	Structure and application	8	8
Sub-theme (4.5.3)	On-site operations	8	8
Sub-theme (4.5.4)	Benchmarks and Key Performance Indicators	8	6
Key Management Functions	**Emergent Theme Five - 4.6**		
Sub-theme (4.6.1)	Asset Management Function	8	8
Sub-theme (4.6.2)	Property Management Function	8	8
Sub-theme (4.6.3)	Facilities Management Function	8	8