



MIDLANDS STATE UNIVERSITY

FACULTY OF COMMERCE

DEPARTMENT OF ACCOUNTING

**AN INVESTIGATION INTO PRICING STRATEGIES ON FINANCIAL
PERFORMANCE. A CASE STUDY OF OLD MUTUAL PROPERTY**

By

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THE REQUIREMENTS FOR***

BACHELOR OF COMMERCE ACCOUNTING HONORS DEGREE

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Approval Form

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Dedication

This dissertation is a special dedication to my parents Betty Mhiripiri and Mathias Mhiripiri and the rest of my family and friends for their support.

Acknowledgements

My heavenly Father, thank you for granting me the opportunity to be part of the 2017 accounting students and above all for being there for me unconditionally.

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Abstract

The study is about an investigation into pricing strategies at Old Mutual Property. Although the company initiated pricing strategies, the number of credit losses and voids continued to increase, this therefore impelled the researcher to undertake a research into pricing strategies on financial performance. A case study approach was employed with the use of interviews and questionnaires as research instruments. The gathered data was presented on tables, graphs and pie charts and was analysed with the use of mode, while interviews were summarized. Major findings revealed that the current pricing strategy used within OMP was not effective in the current environment, which resulted in it passing unfair rental costs and this caused tenants to move out of the firm's property thus increasing the number of voids consequently reducing revenue. The current pricing strategy also increased credit losses as tenants terminated leases at the middle of contract periods thus also reducing revenue for the company. Theoretical views from scholars, authors and journals as well as findings were used by the researcher to provide recommendations. The researcher recommended Old Mutual Property to use strategic pricing when pricing its rental space as it is the one suitable in the current economy of Zimbabwe. Strategic pricing maintains market share, reduces number of voids and controls credit losses thereby increasing revenue. Further research can be done on other aspects that causes revenue to decline in property companies, like the impact of lease contracts on financial performance.

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Chapter One

Introduction

1.0 Introduction

This proposal gives the background of the study, the statement of the problem, the main research question, sub-research questions and research objectives. The significance and delimitation of this study are defined and possible limitations discussed. The chapter also covers the assumptions, abbreviations and summary of the study.

1.1 Background of study

Old Mutual Zimbabwe Limited is one of the largest financial services companies in Zimbabwe. It is the holding company to various subsidiary companies namely; Old Mutual Shared Services (OMSS), Old Mutual Custodial Services (OMCUS), Old Mutual Properties (OMP), Old Mutual Investment Group (OMIG), Central African Banking Society (CABS), Old Mutual Life Assurance Company (OMLAC) and Old Mutual Securities (OMSEC). They offer banking services, asset management, custodial services, property development and management, short term insurance as well as life assurance respectively.

Old Mutual Property is one of the largest property investment managers in Zimbabwe with a portfolio comprising over 500 000 square metres valued at approximately \$510 million. The property portfolio spans across the Retail, Industrial, CBD offices, Office Parks and Land sectors which are located in more than 30 centres around Zimbabwe. It has clients from within the group and outside Old Mutual Zimbabwe Group.

According to the quarterly management circular issued in March (2013) Mr Z.Zvenyika, the Property Manager said “tenants at major shopping malls especially in Harare, had over the past three years abandoned their premises citing unsustainable rents charged by landlords”. He further says “rentals are critical to the ongoing sustainability of our business and the return on investing in property is realised through the monthly rent paid by tenants”.

Ms Grace Mukahanana, OMP’s general manager in September (2015) issued a statement in the press (Herald) saying, ‘OMP is witnessing a decline in revenue because of the tight liquidity crunch in the economy’. Almost three quarters of offices and industrial space had become vacant. In an attempt to improve OMP’s financial performance, the management introduced pricing strategies to curb the low revenue realised since 2013. OMP’s tax consultant also confirmed that its revenue had declined because OMP was removed from being a large client to a medium client since it was not able to remit the expected tax threshold which qualifies it to be a large client because of its declining in revenue.

Revenue from:	2013 USD	2014 USD	2015 USD	TA BL E 1.1 OM P Per
Group Subsidiaries	\$1 800 000	\$2 100 000	\$2 500 000	
Outside Tenants	\$ 1 300 000	\$ 680 000	\$ 120 000	
Revenue for the year	\$3 100 000	\$2 780 000	\$2 620 000	
Credit Losses	\$ 250 000	\$ 325 000	\$ 487 500	

formance for the three-year period.

Source: OMP 2015 Annual Report.

The trend in table 1.1 above shows that group subsidiaries have contributed the highest rental income to OMP from 2013 and 2015. It can be argued that group subsidiaries are bound by the company’s policy that they cannot outsource space that can be provided by a sister company.

Rental income from outside tenants has declined from 2013 to 2014 by USD \$620 000 and it continued to decline in 2015 by USD \$560 000. This in turn affected revenue as highlighted in table 1.1 above. As shown in table 1.1 credit losses has increased from 2013 to 2014 by USD \$75 000 and it continued to increase in 2015 by USD \$162 500. Therefore, the purpose of this study is to investigate into pricing strategies employed by Old Mutual Property on its financial performance.

1.2 Statement of the problem

Old Mutual Property initiated pricing strategies in an attempt to increase profits since 2013. These strategies have shown unfavourable results as tenants continued to vacate its premises and the number of credit losses also increased. Therefore, the purpose of this study is to consider a variety of strategies OMP can implement to improve performance.

1.3 Main research question

What are the effects of pricing strategies on the financial performance of Old Mutual Property?

1.4 Sub –research questions

- What is the current pricing strategy of OMP?
- How has OMP implemented its current pricing strategies?
- What are the challenges that are faced by OMP in price implementation?
- What controls have management placed over pricing implementation?
- What is the best practise in pricing rental space?

1.5 Research objectives

- To determine the current pricing strategy used by OMP.
- To discuss how OMP has implemented its current price strategies.
- To establish the challenges that are faced by OMP in price implementation.
- To ascertain controls placed by management over pricing implementation.
- To establish the best practise in pricing rental space.

1.6 Significance of the study

To Student

The research was done in partial fulfilment of the requirements of the Bachelor of Commerce Accounting (Honours) Degree.

To University

This study will be a guide to scholars who would wish to carry out research on pricing of rental space in future.

To OMP

This study will make recommendations which may be considered by management on how to craft the price of rental space

1.7 Assumptions of the study

This study will be carried out under a sample of knowledgeable employees and it is assumed that they will give their true and fair opinions on pricing of rental space.

1.8 Limitations of the study

Time

The researcher faced difficulties in gathering data as some employees were affected by work load and other commitments. The researcher resolved this issue by use of appointments during lunch period.

Privacy and Confidentiality

Company policies limit the gathering of data. The researcher got approval to collect the data from the senior management of the group. The researcher was also part of the OMZIL group during internship period and this made it possible for other workers to provide confidential data since they knew each other.

Finance

The researcher is a full time student and stretched pockets for printing, photocopying and transportation to collect data.

1.9 Delimitations of the study

The study focused on Old Mutual Zimbabwe Limited head office from the period of 2013 to 2017, located in Emerald Hill (Harare) and due to limited time, data was gathered on a sample basis from employees as well as tenants who moved out of OMP's property.

1.10 Definitions of terms

- **Pricing:** According to Georgescu (2015) is the method of determining the value a producer will get in the exchange of services.
- **Pricing Strategy:** According to Georgescu (2015) refers to method companies use to price their services.
- **Revenue:** According to Khumar (2013) is the inflow or other enhancements of assets of an entity or settlements of its liabilities from delivering or rendering services, or other activities that constitute the entity's ongoing major or central operations.
- **Credit losses:** According to Georgescu (2015) it's someone who has failed to honour up a contractual obligation to pay money or render service.

1.11 Summary

This chapter covers the background of the problem, statement of the problem, main research question, sub-research questions and the research objectives. It also covered the significance of the study, assumptions of the study, limitations, delimitations and the abbreviations of the study. Chapter 2 covers Literature review.

Chapter Two

Literature Review

2.0 Introduction

Chapter Two looks at theories and views by various researchers from study on the impact of pricing strategies on financial performance. The main purpose of the researcher being to identify work that agree and disagree on this research. Objectives are also going to be discussed as well as the summary.

2.1 Literature Review

According to Hamdan (2013) literature review was a process undertaken by the researcher, when one will be reading, analysing, evaluating and summarizing a certain topic. It brings out the idea of the whole research being investigated and also aids in strengthening the topic with factual and tested information. Hamari, Koivisto and Sarsa (2014) further defined it as any gathering of resources on a specific topic and not essentially the great text literacy in the world.

2.1.2 Pricing strategy

According to Georgescu (2015) price is the unit measure by which clients appreciate the value of an offer, which has a strong impact on the selection of several competing alternatives. It is the only element of marketing mix that generates revenue for the company. It is a determining factor for the competitiveness and even viability of a company. Moradian and Soufi (2015) defines price in its broadest sense as the exchange of value of services which is stated in monetary value and also the quantity of benefit that clients pay in reward of using that particular service.

As according to Moradian and Soufi (2015) pricing strategy is an activity that is replicated and is continuous and non-stop. Giri and Sharma (2014) further defines pricing strategy as involving coordinating of marketing and financial decisions interdependent, mainly focused on managing costs, price reactions of clients and competitors in a given market. Price setting strategy must take into account company objectives, internationally may involve centralisation or location depending on the advantages and disadvantages of each strategy. Tawalbeh (2014) states that

pricing strategy one of the function that produces revenue into firms. Several pricing strategies can be noted and these include cost based, competitors and customers. Consequently, once the pricing objective is understood the strategy can be described.

2.1.3 Impact of pricing strategy on Financial Performance

According to Khumar (2013) the primary objective of a company is to maximise profit and this can be attained in the absence of an effective pricing policy. Martin (2017) says that market segmentation is of paramount importance in an attempt to understand the structure of rental markets through a good segmentation the company is able price the appropriate price on services hence maximise revenue and improve financial performance. Drury (2013) says that there is a direct relationship between pricing strategies put in place by management and financial performance as when the appropriate pricing strategy is adopted service are absorbed in the market hence increasing revenue.

Martin (2017) states that the value of any pricing strategy is questionable if it is not in line with the overall strategy of the company and which do not reflect organizational goals, can negatively affect performance outcomes. The consequences of pricing strategies have important managerial and public policy implications. According to Georgescu (2015) in a survey, it was observed that majority of the respondents were of the opinion (strongly agreed or agreed) that pricing has a strong effect on organizational performance. Price wars are never eliminated so, successful businesses price services as they are aware that a lower or higher price can drastically change sales revenue. Ferrell and Hartline (2012) notes that an effective price strategy helps to maintain the portfolio of clients hence reducing the rate of credit losses. Although it can be argued that price is not the only reason why people obtain services it can be agreed that it is the important one as agreed by all of the above authors.

2.1.4 Treatment of leases in financial statements

Companies used to apply IAS 17 to categorise leases as operating leases which were expensed in the statement of comprehensive income and finance leases which were recognized in the statement of financial position. According to the revised standard on leases IFRS 16, companies are now recommended to do early application of IFRS 16. International Financial Reporting

Standard 16 does not split the lease in being an operating or finance lease but it analyses whether the contract is a lease contract or non-lease contract. Under IFRS 16 the asset must be identified for one to recognise a lease. An illustration can be drawn from company X when it was faced with two options from the owner of the warehouse in a 3-year rental contract. The first option was to occupy a certain area of a building and the second one was to occupy 20 cubic metres of the building. In the first option there is no identified asset hence the rental payments will be expensed in the statement of comprehensive income. In the second option there is an identifiable asset and hence the rental payments will be recognized as assets or liabilities in the statement of financial position.

2.1.5 Current Pricing Strategy

Cost-based Pricing

Micu (2014) defined cost-based pricing as a method used to set a price of a service basing on the total costs that are costs of operating a business and all items inclusive for a company to have that particular service. It can be subdivided into three namely mark-up pricing, cost plus pricing and break-even analysis pricing, all types of cost-based pricing will be used more accurately if the business use a complete service subtotal.

Figure 2.1 illustrates the flow progression of cost-based pricing.



Source: Micu (2014:18)

Mark-up pricing

It includes a profit percentage with service cost. Holland (2016) asserts that price determination for many clients service is often a function of the cost of production. Price determination by this desired level of mark-up is often referred to as mark-up pricing. Micu (2014) stipulates that there

are several rules related to mark-up pricing for example, some business owners may expect to price items at 20 to 100% above their cost.

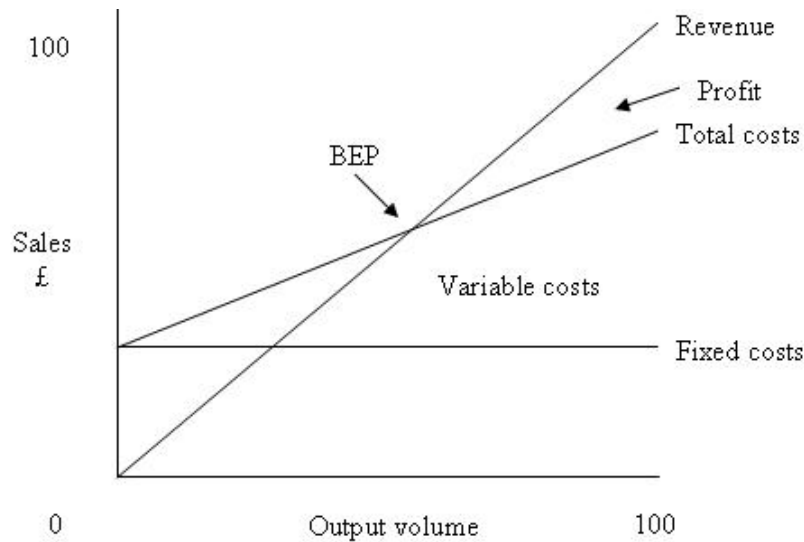
Cost plus pricing

It adds a percentage to an unknown service cost. As according to Micu (2014) cost-plus pricing is the most common pricing procedure because it carries an aura of financial prudence. Financial prudence, according to this view, is achieved by pricing every service to yield a fair return over all costs, fully and fairly allocated. In theory, it is a simple guide to profitability; in practice, it is a blueprint for financial performance. It is sometimes called gross margin pricing Nagle (2015) asserts that the primary reason to cost-plus method is attractive to marketers as they do not have to forecast general business conditions or service demand. If sales volume projections are reasonably accurate, profits will be on target.

Break Even Analysis

Nagle (2015) defines the break-even price as the price that will produce enough revenue to cover all costs at a given level of production. Total cost can be divided into fixed and variable. When a company is operating at the break-even point it does not take into account demand, as it is concerned in producing where its total revenue is equal to total cost. At the break-even price an entity can neither make profit nor loss.

Fig 2.2 shows a break-even chart



Source: Nagle (2015:25)

2.1.6 Competition based pricing

According to Holland (2016) it is setting a service based on what the competition is charging. This method is used more often by companies offering similar services that do not vary from company to company. As defined by Micu (2014) this method is based on assumptions of a service image and position of the entity being the same to that of a competitor. He further denotes that it can be going rate pricing where a firm bases its price to competitors ignoring its demand and costs. It can also be price signalling where the entity will match to the price offered by competitors for the fact that it's unavoidable as there are many owners offering that particular service.

2.1.7 Customer based pricing

A method of pricing in which the seller makes a decision based on what the client can justify paying as according to Kolter (2013). Customer- driven pricing is not simply what the customer is willing to pay but, reflects the value of the service from the customer's perspectives. According to Micu (2014) the important features of customer based price includes understanding the sources of value of customers, services and solutions to meet customer's needs and that is why academics and practitioners appreciate it.

2.1.8 Value- added Pricing

Kolter (2013) asserts that it is a pricing strategy that attaches value-added features on services to differentiate a market offering that particular service and support higher price rather than low

price as it will be unique with the added features. As highlighted by Micu (2014) cost based is concerned in the company's perspective and little to customer and also demand based is more concerned by the customer rather than the company. It is further analysed that value-added to be concerned by both the company and the customer as it is what the entity thinks the service is worth to the customer.

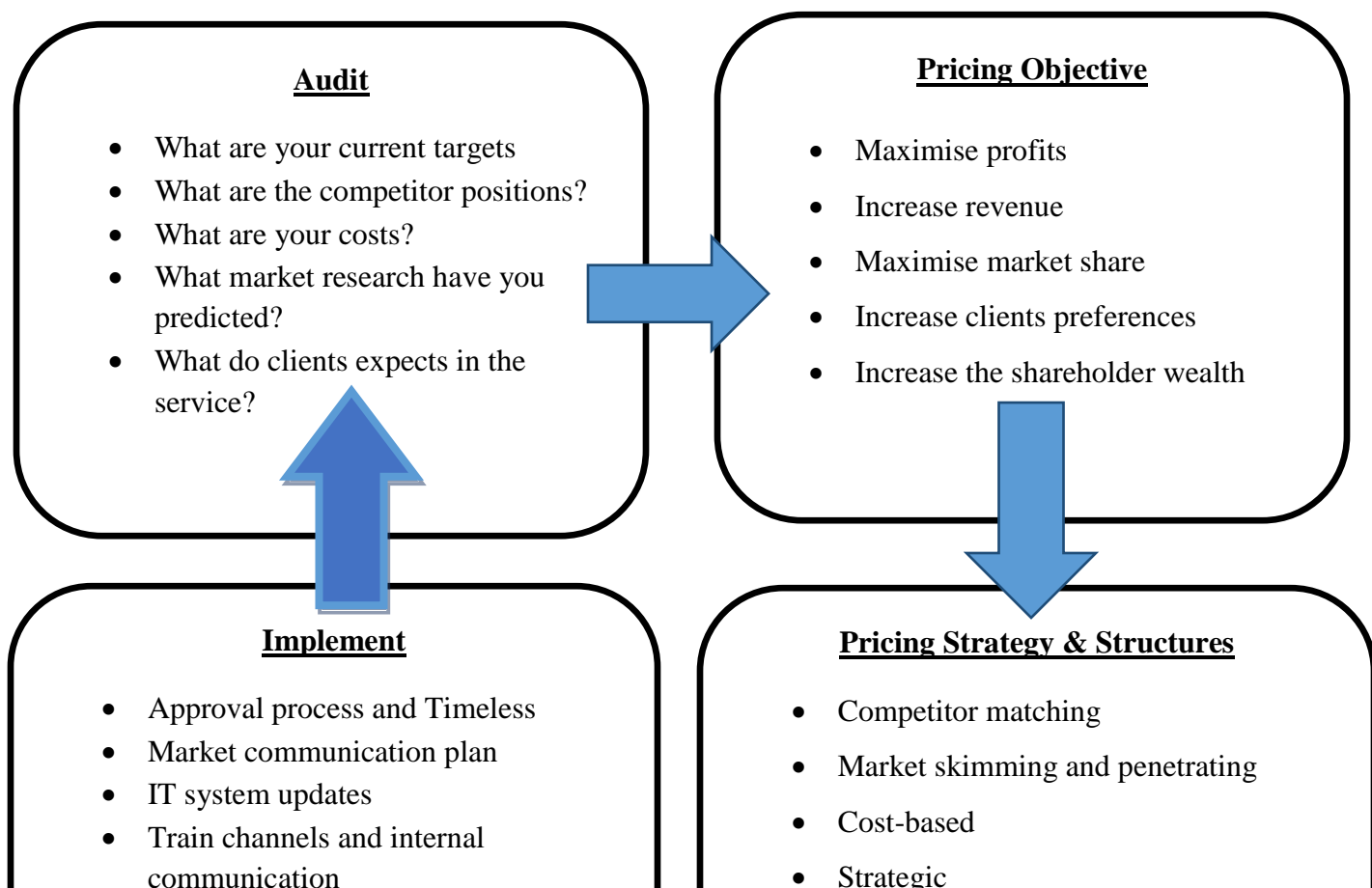
2.1.9 Demand –Oriented Pricing

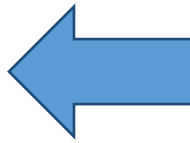
According to Halligian (2013) in an economist view holding other factors constant it is assumed that the higher the price the lower the demand for a service. Holland (2016) also supports this notion as he defines it as a pricing strategy that focuses on the nature of the demand curve of a particular service. The nature of the demand is subjective to the type of industry it operates on.

2.2 Price Implementation

According to an article by KPMG Global Pricing Services (2013) the best pricing system is only worth as much as its implementation. This implies that it is important to begin keeping an eye on the implementation side while developing the pricing system. According to Harvey (2015) price implementation is best applied through a price cycle. Halligian (2013) further says that a price cycle provides guidelines on how to price a service in most companies. This can be illustrated as

Fig 2.3 The Price Cycle





Source: Harvey (2015: 56)

Harvey (2015) asserts that an audit should pull together all the available data and insights at the first stage of a price cycle. The audit team must work hand in hand with market analyst so that they will not overlook important aspects. All the pricing objectives should be straight forward and flow within the company's goals. Kolter (2013) note that management must also create an environment that welcomes implementation of a certain policy, so that employees will notice the importance of the implementation through inductions. The next step is to select a pricing strategy and then the appropriate pricing structures and price levels to meet the objectives. In many cases once appropriate price levels are well understood and implementation will be successful. Finally, once the pricing has been approved by the business it must be implemented and the cycle can begin again.

In contrast to the above price cycle Harvey (2015) asserts that at a basic level, the main constraints on pricing are the costs connected with company's offer, clients' readiness to pay and market competition. According to Kolter (2013) service costs set a lower border under which prices are not viable in the long term. The upper limit is a combination of affordability for entity's target tenants, how they perceive the value and quality of service.

Micu (2014) outlines that cost based pricing strategy is best applied in a stable economy where the entity is rest assured that all its costs can be recouped by the client's satisfaction of a particular service, this is best observed in developed countries. In this view, Kolter (2015) argues

that cost based is applied in all economies as long as the management prices a service with all insights on pricing and also with the help of competitive agents so as to reduce voids.

According to Harvey (2015) companies are not able to adopt competition pricing on their services when the market is not viable .Dixon, Brittnell and Watson (2014) further says that for a company to use competition based strategy, the competitor will have to use or base upon reliable competitors and excludes once off rivals. Micu (2014) also argues that for value-based pricing strategy to be effective, there should be market segmentation first then later the pricing come into play. Halligian (2013) argues that the perspective of clients must not be ignored as it may differ from that of the company.

Void analysis is key in price implementation as in accordance to Dixon, Brittnell and Watson (2014) and a void can be described as property that does not have a tenant occupying it for a period of time. An appropriate strategy reduce the rate of voids in managing property. Harvey (2015) further note that a good price cycle also include void management. The entity will have to provide a clause in the contracts which explains the whole process of the lease so that property will not be over or undercharged and be idle without tenants. Halligian (2013) further supported effective management of voids when he highlighted that it helps to keep the market share thereby increasing the entity's revenue and reduce even rate of those who may fail to pay agreed rent.

In conclusion, it can be agreed that implementation of pricing a service cannot be done in isolation of an appropriate audit, straight forward objectives, effective strategy and finally the implementation. Micu (2014), Halligian (2013) and Kolter (2015) also agrees that implementation of an effective price strategy must not run parallel with the organisation's goal.

2.3 Challenges faced in price implementation

2.3.1 Incompetence of personnel to implement policy

KPMG (2016) noted that most companies are using incompetent staff to implement policies so, to reduce compliance risks, the responsible staff should ensure that pricing policies are implemented correctly as planned from the guidelines and must be a continuous process. Harvey

(2015) further denotes that for an effective pricing policy to have value to the organisation all departments must work towards the same goal and all staff must be knowledgeable of what to do. The staff should have a strong understanding of pricing hence there will be need for training. Some organisations undermine training and skip important stages of the price cycle with the view of minimising costs which will get along with them in the long run. As supported by Micu (2014) the entity must not involve workers who are not competent but rather, must involve innovative and competent staff that will be willing to work extra hard for the implementation to be effective.

2.3.2 Inadequate legal provision

Micu (2014) highlighted that in most developing countries, companies ignore acquiring adequate legal advice. A company should not ignore legal advice in price implementation as this may be costly and thereby not work with the company's goal to increase financial performance as cited by Harvey (2015). Policies implemented should not run parallel to government regulations as it may result in penalties which may tarnish the company's image or brand. Kolter (2015) pointed out that an entity must not operate like it is in a vacuum but rather must consider the legal factors surrounding it. The government can set price controls and as an entity operating within its economy it is bound by these price controls and if an entity chooses to ignore it can be penalized.

2.3.3 Lack of data and information

Justification on which pricing structure or strategy to rely on before price implementation is based on data that is gathered. According to Micu (2014) if management fails to plan in everything they partake, it means that the outcome will also fail implying that, data that is gathered resembles the outcome. For example, if the marketing team reluctantly and miss-observe the behaviour of its clients, it means that it will fail to implement the appropriate price strategy because they base upon a circumstance. An article by KPMG (2016) cited that it is difficult for an entity to obtain sufficient data from an economy that is downsizing and it implies that observations that one may do may be biased as both the companies and customers may only be using survival tactics which are dynamic.

2.3.4 Poor leadership skills

According to Halligian (2013) for price implementation to be effective, there must be an appropriate leadership style which will enhance its results. There is need for a two-way communication as feedback will help management to amend where it has overlooked. It can be argued that price implementation does not need a two-way communication as it is a continuous process which needs feedback. Harvey (2015) also highlights that poor organisational structure on its own can negatively affect price implementation for example, if it is long, communication down the hierarchy may be distorted and decisions may change.

2.3.5 Technological factors

Micu (2014) asserts that an organisation is supposed to be advanced in terms of technology during the implementation process, as to what can be drawn from the price cycle. It needs a company to appreciate the upgrade of technology and comprehend the whole price cycle in an efficient and effective manner. Most organisations who appreciate technology are more competitive as consumer's tastes are dynamic. Halligian (2013) also highlights that organizations which are slow in moving along with technology finds it difficult during implementation to be efficient and effective meaning to say they will fail to do the right thing at the right time at the end of the day.

2.3.6 Lack of funds

There is need for an entity to have a strong pocket during the implementation processes as it may require software to input data which are costly or hiring of experts labour to assist the entity's staff as pointed out by Harvey (2015). Most companies fail to implement prices effectively as they will skip some stages and minimise costs at the expense of the implementation. Micu (2014) highlighted that management tends to be more focused on the short-run effect rather than the long-term effect during implementation there by deviating from their pricing objectives to maximise shareholder's wealth.

2.3.7 Failing to observe leasing fundamentals

According to French (2013) if a company fails to know the objective of void analysis in price implementation it means that the organization will be planning to fail. If the leasing agent fails to identify the potential mix of local, provincial and nationwide tenants who meet the market needs to be recruited in the lease pricing policies will also fail to be drafted. An effective price implementation does not run parallel with proper implementation of voids. A good leasing agent will enable the company achieve one of its objective of increasing market share. According to Marten (2013) most companies are not able to maintain voids as they fail to know that its lost revenue and inefficient use of social assets. Long-term voids can negatively affect an area and makes it difficult for companies to find tenants who prefers to occupy the buildings even if low rentals are charged.

2.3.8 Economic Performance

According to www.forbes.com (03/04/17 09:10) property owners are facing a huge challenge in pricing floor space because tenants have reduced occupancy rate due to the adaptation of brick-and-mortar. According to Martens (2017) when an economy is struggling, companies economise to reduce costs so as to increase shareholder's wealth. The adoption of conducting business online has made tenants to ignore the need of a physical structure there by making it difficult for owners of property to negotiate prices during the implementation process.

2.4 Controls placed over price implementation

2.4.1 Internal Control

According to Jackson and Stent (2012) internal controls can be viewed as procedures, policies and organizational structures put in place by management so as to provide reasonable assurance that company's objectives are attained. Management can place internal controls as application or physical. The study named Internal Control Integrated Framework by French (2013) defines internal controls as a process used by the company's management to reduce risk and attain goals effectively and they include the control environment, the company's assessment of risk, and the information relevant to financial reporting, control activities as well as monitoring activities.

The entity influences the control environment through their integrity and ethical values for example during implementation process the organization's communication and behavioural standards enables employees not to deviate from recommended principals. According to Khurma

(2013) the management must not ignore risks for example; when trend of credit losses is increasing policies must be in place so as to ensure how to reduce credit losses. Management must create an environment of integrity and honesty so that employees will follow suit and avoid collusions at workplace and reduce the increase of credit losses through hard work and dedication to work.

2.4.2 Control activities

KPMG (2016) defines control activities as policies or mechanisms that assist to ensure that management's responses to reduce risks are noted during the risk assessment process as carried out. Management sets control activities to provide reasonable assurance that agency and objectives are met. As cited by KPMG article management can use passwords in accessing data to be used during implementation as well as written manuals so that work is done effectively. Jackson and Stent (2012) also note that personnel is of importance during implementation as the price cycle is controlled by the competent staff as well as the procedures they undertook during implementation process. Millichamp and Taylor (2012) further says that if there is existence of skilled labour force during implementation risks will be reduced for example a competent worker will not allow a trend of losses to increase but rather will strategize on how to improve the company's performance.

2.4.3 Computerized internal controls

Most of accounting activities are now done through the use of mainframes so, there is need for management to place controls over these activities. They can be divided into application controls and general controls as according to Millichamp and Taylor (2012). According to www.auditing.ed.au (01/04/17 13.45) it is further noted that general controls describe programme development and changes and also secures data. In developing its policies, management must not ignore general controls as they affect the whole IT environment. Management may also do testing procedures using test data as this help to ascertain if the clients will adhere to their objective. As according to Delloite article (2013) the purpose of application controls is to create specific procedures to give reasonable assurance over which transactions are captured. The article further breaks them into three as input, processing and output controls. Harvey (2015) recommends those that implements the price to be staff of integrity so that the implementation will be relied on without reasonable doubt. The human resource department

must also employ staff with proper qualifications so that human error will be reduced in the process of the implementation.

2.4.4 Physical controls

According to an article of KPMG (2016) safeguarding assets or documents a company uses will enable one to achieve goals confidentially and maintain good reputation without giving a signal to competitors. It is further said that during pricing implementation documents on the guidelines and progress must not be accessed by anyone, but only those with authority.

2.4.5 Segregation of duties

According to Jackson and Stent (2012) no person partakes all the stages of the implementation, the one who would have done the market research, must not be involved in the selection of the appropriate structure as it may cause overriding of the management's objective to reduce risk. Segregation will help the staff to employ their expertise and one to be accountable to his or her work. Puttick (2013) agreed to that saying if an employee is aware of his or her responsibility, objectives are attained as every employee will strive not be at fault when the implementation have not succeeded. It allows the entity to reward hard working staff who will be working exceptionally well and reward is a motivating tools to some employees.

2.4.6 Reporting

The preparation of accounts is not just a mere reporting as per accounting principles but it is also a control measure that all the work is carried out in a transparent manner as according to Khumar (2013). At every stage of implementation there must always be a supervisor so as to assist when one is deviating from the provided guidelines as highlighted by Harvey (2015). Reporting can be done in writing through continues assessment or reporting of an employee to his or her superior as to what stage one is with the work assigned to his or her department. There should be an appropriate organizational structure within a company so that during implementation information is not disturbed and also morale is safeguard as one will not have to report to many superiors.

2.4.7 Input, Output and Process controls

According to Millichamp and Taylor (2012) input controls are procedures carried on by management to ensure that all data that is fed into the accounting system is free from error. Management can put in place security cameras so as to ensure that during implementation

employees are following guidelines. Puttick (2013) described processing controls as those that are put by management to prevent loss of data that is captured in the system. Processing can be observed during implementation on how the system corrects errors and how efficiently the system update files. www.controls.ed.ac (02/04/17 12.40) further cited that garbage in garbage out hence output controls are those controls that are put in place to ensure that data was processed correctly. Responses reports can be drawn error reports during implementation stage.

2.4.8 Operating Reviews

The detailed and unbiased review of the entire business or specific segment is defined as an operating review. As described by Puttick (2015) for price implementation to be effective management must ensure the need and continuing operation of general and application control. Operating reviews analyses exception reports to establish incidence of errors detected during the input or process of data, identifying if they affect accuracy. They enable personnel to take remedial course of action.

2.4.9 Internal Audit

According to KPMG (2016) in an article they highlighted that management should not rely with external audit only but rather must value the importance of an internal audit. Organization's work has become more complex and therefore internal audit is gaining profile as they are the ones that can help the organisation how to reduce risk. It is the function of an internal audit to review operations of an organisation for example there is risk of losing clients if a wrong price is implemented so, internal audit reduces such kind of risks to an acceptable level agreed or expected by the management. Chartered Institute of Internal Auditors (2015) asserts that for an organisation to effectively comply with its own controls, it should be guided by an internal audit and must consider its recommendations. Millichamp and Taylor (2012) highlights that the internal audit function is the eye of the entity, for it is there to keep the company on track in all its activities. This implies that if credit losses or voids continue to increase at the presence of an internal audit, the audit's opinions is either neglected by the entity or the audit team is incompetent.

2.4.10 Effective management of voids

Management must control the rate at which tenants leave the company's property by interacting with tenants at regular basis so as to accommodate requests that needs to be improved. It is important to place policies over the control of voids. Employees must be trained on the importance of maintaining tenants and avoid contributing in scaring away renters. Contracts with tenants must clearly be defined and the period and process understood as this also reduces the increase of credit losses as according to Chartered Institute of Internal Auditors (2015).

2.4.11 Access Control Systems

According to www.audits.ed.ac (04/04/17 15.00) during implementation authorised personnel must be the ones to have access of records and assets over all activities involved. Computer sciences have brought about the use of biometrics in accessing company assets both physical assets and liquid assets. An entity may adopt the use of fingerprints on entrance and exit points on the premise so that information is not manipulated by unauthorised staff. Puttick (2013) further note that during implementation information and activities must not be open to everyone as the process is not yet finalised.

2.5 The best practise in pricing Rental space

2.5.1 Strategic Pricing

According to Harvey (2015) and www.marketing.ed.au (30/03/17 14.45) the best pricing system that an entity can use is determined by the client's definition of value which can be seen in four methods in which value can be defined. Liu and Zhang (2013) further splits the client's definition of value as price must be affordable, whatever what the client wants in service, quantity one obtains from the price paid and what one is willing to give up. Martens (2017) asserts that it is an integration of coordinated behaviour to achieve a common goal. It is not fixed but can be subject to change when the desired market fails to appreciate it. Liu and Zhang (2013) describes strategic pricing as profitable pricing, in which both the client's value is appreciated and the organization is also rewarded accordingly by the client.

According to Martens (2017) a survey conducted in United States of America on the effective pricing strategy for rental space the following results were obtained;

Table 2.1 Pricing strategies used in USA

Method	Percentage of respondents using that method
Cost based pricing	13%
Competition based pricing	12%
Strategic based pricing	60%
Customer based pricing	5%
Other	10%
Total	100%

Source: (Martens 2017:104)

Table 2.1 showed that in a developed country (USA) companies prefer strategic pricing method and can be confirmed by the 60% response rate. Companies in USA are able to maintain the rate of credit losses using strategic pricing and also increase revenue.

2.5.2 A case of ANGOR Property Specialist (Pvt) Ltd (South Africa)

ANGOR Property Specialist (Pvt) Ltd is currently using strategic pricing for its rental space. According to an article of July (2015) the financial director revealed that the company's profit is having a smooth trend increasing each year because tenants requests are considered as a priority. The financial director further says that it is necessary to keep listings up to date and publicly displayed to renters as it provides the company to obtain requests from qualified renters who affords space. The company provides prompt communication to renters as it responds to inquires within 48hours. ANGOR Property Specialist also reduces its credit losses rate through the collection of secured payments.

2.5.3 A case of Miami Property Management (United Kingdom)

Miami Property Management knows how to appreciate the tenant's value while providing services. According to the company's agent in a press release (News 24) of January 2016, said that renter's ability to pay must not be ignored therefore the company segments its market and price accordingly to the property's location. The financial manager further notes that a change

has been seen in the management of credit losses when the company changed from cost based pricing strategy to strategic pricing. The move of some tenants to residential areas also motivated the company to adopt strategic pricing.

2.5.4 A case of Pearl Properties (Zimbabwe)

In a developing country like Zimbabwe the property manager of Pearl Properties, Kudzionera (2016) notes that strategic pricing is the best practice to adopt as it enables both the company and tenants to survive. Strategic pricing provides room for adjustments of contract leases and reduces the rate of credit losses the company may face because the control environment will support room for acceptance of tenants requests. Pearl property further says that any upgrade of services will be negotiated at an agreed price with tenants as renters are the ones who pay and negotiating helps to reduce voids and increase revenue.

In conclusion, the above three companies are able to maintain credit losses and increase revenue as well as increasing market share eliminating voids as strategic pricing is being used.

2.6 Summary

This chapter provided an overview of literature on pricing strategies that can be adopted for pricing rental space and how companies can implement a price strategy. Challenges faced during implementation and controls that can be put in place in pricing space have also been discussed. The best practice for pricing space has also been discussed. The next chapter highlights on the appropriate investigation techniques that the researcher used to collect information.

Chapter Three

Research Methodology

3.0 Introduction

This chapter covers how the researcher undertook the research. It outlines the methods, skills and several ways employed by the researcher to enable the completion of the investigation. It is based on the collection of data, research design, research sample and data collection instruments as well as the summary.

3.1 Research Design

Keogh (2012) defined a research design as a complete scheme that involves different aspects in ensuring the effectiveness of addressing a research problem in a logical way. The framework of the researcher's plan of action can be evaluated through a research design. Kumar (2013) further asserts that a research design is an administration strategy that enables the research to be done in a way that is accurate, free from error and understandable. Cresswell (2014) outlines three types of approaches namely qualitative approach, quantitative approach and mixed approach. The researcher analysed the three and opted to use the mixed approach.

3.1.1 Mixed Approach

Cresswell (2014) defined mixed approach as a way of collecting and analysing both forms of approaches namely qualitative and quantitative in a single study. The researcher noted that using different approaches as combined helps not to overlook some aspects that can be left aside when evaluating the approaches independently. According to Abawi (2013) qualitative approach is one in which the investigator often makes knowledge claims based on primarily constructivist

perspective whilst quantitative approach the investigator primarily uses post positivist. Keogh (2012) asserts that constructivist perspective is when the researcher will be focused on individuals experience while post positivist denotes that all theory and past observations have errors and through the research the truth will be revealed and analysed.

3.2 Descriptive research

According to Bryman and Bell (2015) a descriptive research enables the researcher to describe the problem as well as understanding the nature of the problem. Cresswell (2014) noted three approaches namely descriptive, explanatory and casual descriptive research. Most researchers who use the mixed approach opt for descriptive survey as it allows one to go in-depth of the research as asserted by Abawi (2013). The researcher used both the descriptive and explanatory research in investigating the impact of pricing strategies on revenue.

3.2.1 Descriptive Survey

According to Kogan and Herzog (2012) descriptive survey is well-defined as an examination of the attitudes or understandings of a group of ideas based upon a series of questions. Cresswell (2014) further asserts that the main idea of using a descriptive survey is to better explain an attitude or behaviour by a group of people given a certain theme. Bryman and Bell (2015) highlighted that descriptive survey does not give a distinctive perception on the issue but the grouping of answers into programmed choices which will deliver statistical inferable data.

3.2.2 Explanatory Research design

It is a research plan used to observe what is really trendy on the ground in order to have new awareness on the nature of the problem and does not give conclusive facts as described by Cresswell (2014). It is also flexible and allows testing the correlation between two variables. According to Zikmund et al (2013) most businesses define issues, areas of potential growth or prioritizing areas that require statistical research using explanatory research.

3.3 Case Study

According to Bertram (2015) a case study method is an empirical evaluation that investigates an existing event within its real life context making use of different sources of evidence. As the research was undertaken within three months, the researcher focused on a case study of Old

Mutual Property. It is a strong instrument to review concerns on the ground. Interviews and questionnaires were used to investigate how pricing strategies affect financial performance.

3.4 Target Population

Kumar (2015) described it as a large well defined group of persons with a collective, obligatory attribute or characteristic. Punch (2013) further asserts that it refers to the whole population that the researcher will use to generalize the study. The target population was limited to Old Mutual Property management operating at the Head Office in Harare and the researcher had to make use of samples.

3.5 Sampling

According to www.sampling.edu (accessed on 31/03/17 12:25) it is a process in which a group of respondents are taken from a larger population for the purpose of a survey and used to represent a larger group.

3.5.1 Population and Sample Size

Table 3.1 Population and Sample Size

Department	Population	Sample Size	Questionnaires	Interviews	% to Sample Size
Finance	30	26	25	1	87%
Management	8	6	4	2	75%
Marketing	12	8	7	1	67%
Total	50	40	36	4	80%

3.5.2 Sampling Techniques

It cannot be argued that during an investigation, the researcher is not able to obtain data from all the respondents under the targeted population but can obtain reasonable assurance from a sample

basis as asserted by (Bertram, 2015). According to Rossi, Wright and Anderson (2013) a sample that is above 50% is viewed as more reliable and can be depended upon during an investigation. Although there are various methods that can be used as a sampling technique the researcher used judgmental sampling.

3.5.3 Judgmental Sampling

As according to www.explorale.com (accessed on 29/03/17 14.15) it is a non- probability method where the researcher selects units to be sampled based on their knowledge and professional judgment. Green, Camili and Elmore (2012) note that most investigators use this technique because it is cost sensitive and is taken from professionals who are having a practical experience rather than just a theoretical aspect.

3.6 Sources of Data

Data can be defined as raw facts as defined by (Levy and Lemeshow, 2013). The Oxford Dictionary further defines it as factual information used to calculate, analyse or plan something. Baker et al (2012) note that it can be divided into primary and secondary data. The researcher used primary data through questionnaires and interviews and also secondary data through the use of internet, reports and the press.

3.6.1 Primary Data

Bertram (2015) defines primary data as first-hand evidence or source of knowledge which gives the scholar better control of the data gathered. The researcher carried out personal interviews and questionnaires to attain this first-hand information and it was easy for the targeted population to unearth their honest answers as they used to work with the researcher during work related learning. Tran (2013) further denotes that primary data is that data obtained by the researcher which did not exist but it only came to light when the researcher investigated into it. According to Cresswell (2014) the use of primary data eliminates using obsolete data and eliminates bias as it will be original but however, because of confidentiality the targeted population may fail to unearth real facts on the ground and also primary data is costly to collect.

3.6.2 Secondary Data

It can be defined as data that already existed before being used by the researcher for some other purposes than that of the researcher as described by www.reference.edu (accessed on 29/03/17 15.15). These include newspapers, journals, company's reports as well as financial statements of previous periods. According to Cresswell (2014) it is cheaper to use secondary data as it is readily available and everyone has access to it. However, secondary data may be misleading as it was originally used for some other purposes so the researcher may misinterpret it and wrongfully analyse what is different from what the original author was saying.

3.7 Data collection instruments

These are tools used by the researcher to collect data from respondents as defined by www.edu.com (accessed on 29/03/17 14.25) and it was further stated that data collection instruments outline the structure in which data was collected.

3.7.1 Interviews

It is a qualitative method of research which seeks to describe the meanings of central themes in life pertaining to that particular subject as defined by (Baker, Edwards and Dodge, 2012). A story behind participant's experience can be drawn through an interview and can also be used to get more data around a topic according to (Cresswell, 2014). Face to face interviews can either be unstructured which have unlimited boundaries or structured that are guided. The researcher used a structured interview through closed ended questions and unstructured interview through open ended questions.

Open ended

According to Shrivastava (2016) the same type of open ended questions are asked to all interviewees and this approach facilitates a faster interview which enables the interviewer to analyse and compare data collected. Respondents are allowed to answer freely and reviews more detail. Keogh (2012) however, says that respondents can provide data they think the interviewer wants to obtain and may fail to give honest answers.

Closed ended

It is a method used to ask the same type of closed ended questions to respondents and there will be a set of alternatives from which the respondents are expected to choose from as defined by (Kogan and Herzog, 2012). They restrict the platform of respondents as they are asked in one word or a phrase and cannot allow room for more information about the topic. Bucher (2013) was of the view that closed ended questions saves time and are easy to analyse statistically but limit the depth of the information that the respondents will be willing to offer.

The researcher found it worthwhile to make use of open ended questions during the interview rather than closed ended as there will be no restriction of information and respondents are able to open up their minds to the researcher.

3.7.2 Questionnaire

A questionnaire is a document comprising series of questions designed to collect data for analysis from respondents as defined by Bucher (2013). They are aimed at answering the research objectives and this gives them room to give more accurate data if they are well structured. In this research both closed and open ended questions were used to analyse the impact of pricing strategies on financial performance. A large number of respondents can be given questionnaires and answer at the same time saving time and allow data to be converted into useful information efficiently. However, a questionnaire is not flexible in the sense that it does not leave room for further clarification as highlighted by (Baker, Edwards and Dodge, 2012).

3.7.3 Likert scale

A Likert scale is used to analyse the attitude of a group of people asked the same set of questions and the measurement is achieved by the way one agrees, disagrees, is uncertain or strongly agree or disagrees as defined by Bertram (2015). Obtaining data through a Likert scale is reliable and easy to understand. The diagram below shows how the scale appears.

Table 3.2 Likert scale

Item	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Points	5	4	3	2	1

Source; Bertram (2015)

3.8 Reliability and Validity

Reliability

It refers to the extent to which data collection methods such as tests, questionnaires or any other measurement procedures yield constant findings or same results on repeated trial as described by www.compass.port.ac.uk (accessed on 29/03/17 14.45) to ensure reliability of the research the investigator used scepticism to analyse the source of the data collected.

Validity

According to www.explore.com (accessed on 29/03/17 14.55) it is the extent to which the instrument measures what it purports to measure and performs as it was designed. The Oxford dictionary further note that is it the degree to which an instrument measures what is it designed.

3.9 Data presentation and analysis

Data presentation

According to Crewswell (2014) it is a logical way of presenting the entire research. It justifies the research in a quantitative manner and it was presented through bar graphs, tables and pie charts.

Data Analysis

According to www.explore.com (accessed on 29/03/17 17.00) it was defined as a process of organizing data in a way that can be understood and critically analyse explanations, comparisons and predictions of interrelationship variables. All questionnaires were put in one place and were checked for completeness. The researcher used mode, mean and median to calculate the percentage of the respondents to questions.

3.10 Ethical considerations

According to Bryman and Bell (2015) the researcher must have enough ethics when conducting a research as it will be carried upon human beings who have principles and values in addressing what is good or bad. The researcher must provide room for an insignificant number of respondents who may fail to provide data when researching because the research is based on human beings.

3.11 Summary

The chapter covered the research methods used by the researcher in the data collecting practice. These included the research design, research approach, population, research instruments, data collection procedures, sources, presentation, analysis as well as the summary. The next chapter will focus on data presentation techniques, analysis and clarification of findings.

Chapter Four

Data Presentation and Analysis

4.0 Introduction

Chapter Four centres on facts obtained from primary data findings. Presentation, analysis and interpretation of questionnaires and interviews was done through bar graphs, pie charts as well as descriptive summaries. Data findings are analysed to determine the effects of pricing strategies on financial performance. This chapter finishes with a summary.

4.1 Primary Data

4.1.1 Response Rate

According to Tran (2013) response rate is the arithmetic correlation of the number of subjects which are answered to an assessment divided by the total number of respondents in that particular sample expressed as a percentage. The greater the response rate, the more reliable are the results of the sample.

4.1.2 Response Rate questionnaire

The researcher dispatched 36 questionnaires to the targeted respondents and 30 were completed and returned giving a successful response rate of 83%. The other 6 questionnaires were not

returned giving a failure response rate of 17%. Table 4.1 below shows the responses for the questionnaires that were administered.

Table 4.1 Response Rate questionnaire

Questionnaires	Number	Response Rate (%)
Dispatched	36	100%
Returned	30	83%
Unreturned	6	17%

Janne et al (2014) in a survey recommended that a response rate that is more than 50% is appropriate, 75% very good and more than 80% is excellent. The questionnaire response rate was above 80% and can give reliable data findings.

4.2 Presentation of respondents' demography

4.2.1 Gender

Table 4.2 Responses on Gender

Gender	Number of Respondents	Response Rate (%)
Males	16	53
Females	14	47
Total	30	100

Table 4.2 shows that 60 %(18/30) were males and 40 %(12/30) were females out of 30 respondents. According to Blumberg et al (2012) a research must be gender balanced so as to avoid bias in an investigation.

4.3 Question 6 Current Pricing Strategy

4.3.1 Cost based pricing

The question sought the opinions of the respondents on whether cost based pricing is the current pricing strategy applied within Old Mutual Property.

Table 4.3 Responses on Cost based pricing

Strengths of feeling	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Respondents	15	14	1	0	0	30
Responses %	50%	47%	3%	0%	0%	100%

Table 4.3 shows that 50% (15/30) and 46% (14/30) strongly agreed and agreed respectively that cost based pricing strategy is being applied within OMP. Whilst 3% (1/30) were uncertain as to whether cost based pricing was being used in the organization. None of the respondents disagreed.

Therefore, majority of the respondents 97% with mode of twenty-nine out of thirty agreed that cost based pricing was currently used within OMP and one out of thirty (3%) disagreed that cost based is the current pricing system. Bushnell (2014) outlines that cost based pricing is suitable for trading organizations not property companies and this was proven to be true by the declining of OMP's revenue as it adopted cost based pricing. Analysis of OMP's (2015) report showed that revenue from tenants were continually declining since 2013 showing that the rentals charged by the company were exorbitant.

Furthermore the majority of the interviewees said that OMP includes operating costs and management commission that resulted in the price far much above even the market price and resulted in loss of tenants, as the interviewees agreed that cost based is the current pricing system.

In conclusion, cost based is the current pricing system used within OMP as agreed by the modal responses from questionnaires and majority of the interviewees.

4.3.2 Competition based pricing

The question sought the views of the respondents on whether competition based pricing is the current pricing strategy applied within Old Mutual Property.

Table 4.4 Competition based pricing

Strengths of feeling	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
Respondents	0	0	5	19	6	30

Fig 4.1 Responses on Competition based pricing

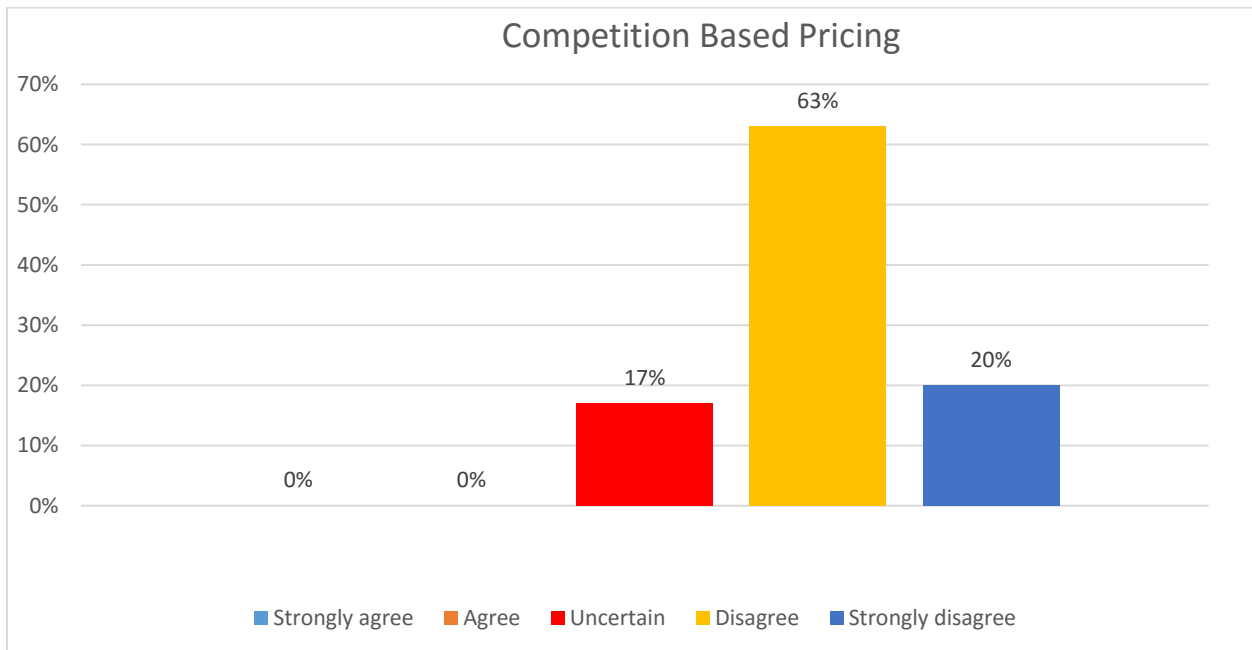


Figure 4.1 above shows that none of the respondents either strongly agree or agree with 0% and 17% (5/30) were uncertain as to whether competition based is being applied within OMP. The

respondents who disagreed were 63% (19/30) and those who strongly disagreed were 20% (6/30) on the use of competition based pricing within the organization.

Therefore it can be concluded that competition based pricing is not applied within OMP as 83% (25/30) respondents disagreed in competition based pricing as the current pricing strategy while 17% (5/30) disagreed. According to Holland (2016) competition based costing is not suitable in an unstable economy as operating costs within companies will not be similar hence if applied will increase credit losses as clients may fail to adhere to their contracts. The majority of the interviewees also acknowledged that OMP does not use competition as a base in pricing its rental space.

In conclusion, both the modal response from the questionnaire and the majority of the interviewees disagreed that competition based is the current pricing system for pricing rental space.

4.3.3 Value based pricing

The question examined the opinions of the respondents on whether value based pricing is the current pricing strategy applied within Old Mutual Property.

Table 4.5 Responses on value based pricing

Strengths of feeling	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
respondents	0	0	3	17	10	30
Responses %	0%	0%	10%	57%	33%	100%

Table 4.5 above indicates that none of the respondents strongly agreed or agreed with 0% on whether value based pricing is currently applied within OMP. As shown above 10% (3/30) of the respondents were uncertain and 57% (17/30) disagreed with the highest response rate. Ten out of thirty 33% of the respondents strongly disagree on the adoption of value based strategy within the organization.

Therefore, the researcher can safely say value based pricing is not the current pricing strategy as Table 4.4 above shows that in total 90% (27/30) of the respondents disagreed while 10%(3/30) respondents disagreed of which 10% is an insignificant part of the whole response. Kotler (2013) outlines that value added features on services attracts higher values without analysing the perspective of the client obtaining that particular service and this will cause clients to increase the number of voids thereby reducing the entity’s total revenue. The majority of the interviewees highlighted that OMP does not add additional services or features on its buildings so as to ascertain its total cost therefore value based is not used within the company.

In a nutshell, the majority of the interviewees and the modal response from the questionnaire were of the same opinion that value based pricing is not the current pricing strategy within OMP.

4.3.4 Demand- oriented based pricing

The question sought the views of the respondents on whether demand-oriented based pricing is the current pricing strategy applied within Old Mutual Property.

Table 4.6 demand-oriented based pricing

Strengths of feeling	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
respondents	0	0	2	16	12	30

Fig 4.2 Responses demand-oriented on based pricing

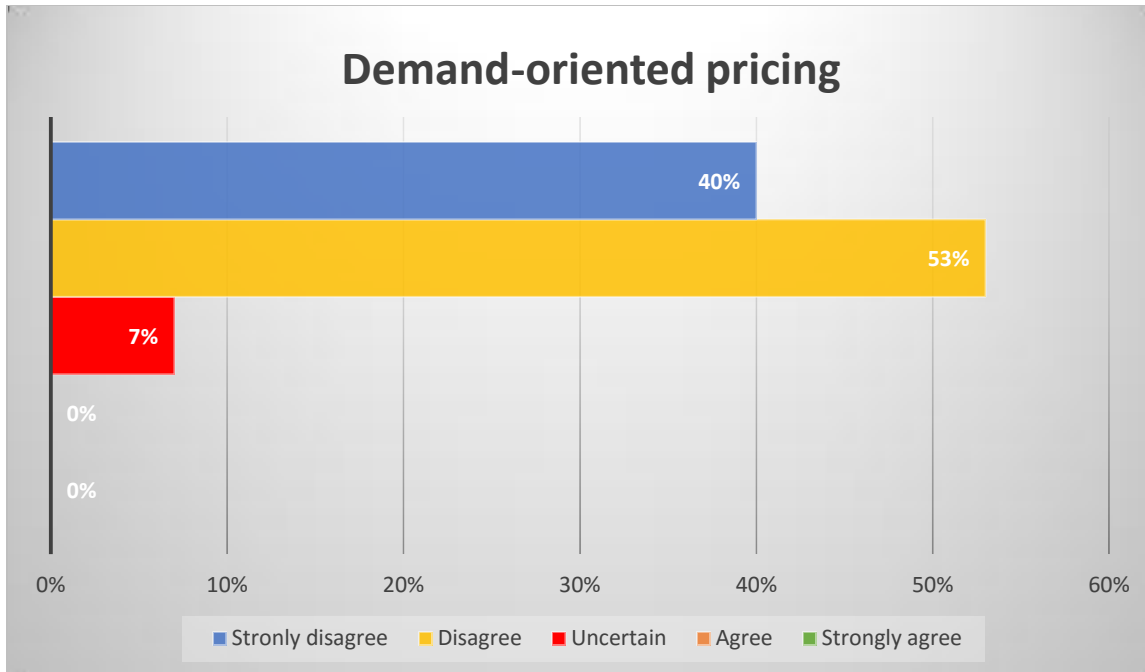


Figure 4.2 shows that none of the respondents are of the view that demand-oriented based pricing is being used at OMP with 0%, While 7% (2/30) were uncertain and 40% (12/30) strongly disagreed. The highest response rate was 53% (16/30) of those who disagreed.

Therefore, demand-oriented is not the current pricing strategy, because in total 93% (28/30) disagreed that demand-oriented is currently used within OMP while a small part of 7% (2/30) disagreed. Howard (2015) highlights that demand-oriented based pricing is most suitable in companies that are financially stable, as the strategy requires an entity to have reserve resources to cater demand fluctuations at any time. Holding other factors like inflation constant. The majority of the interviewees noted that demand is not appropriate to base upon when pricing rental space because property companies are different from retail companies which are controlled by demand.

In conclusion, both majority of the interviewees and the modal response from the questionnaire disagreed that demand- oriented is the current pricing strategy within OMP.

4.4 Question 7 Implementation of your current pricing strategy is influenced by:

The question sought the views of the respondents on whether there are guidelines within OMP, qualified personnel who approve pricing strategy, revision of policies as well as effective objectives that increase revenue to enhance the implementation process.

Table 4.7 Responses on Implementation of current Pricing Strategy

Statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
a)Guidelines of the organization	5	21	4	0	0	30
Responses %	17%	70%	13%	0%	0%	100%
b)Qualified personnel who approve pricing strategy	0	0	6	19	5	30
Responses %	0%	0%	20%	63%	17%	100%
c)Pricing policies which would have been reviewed	0	0	2	10	18	30
Responses %	0%	0%	7%	33%	60%	100%
d) Effective objectives that increase revenue	10	1	2	15	2	30
Responses %	33%	3%	7%	50%	7%	100%

4.4.1 Guidelines of the organization

Table 4.7 above represents that 17 %(5/30) strongly agreed and 70 %(21/30) agreed that there are guidelines during price implementation. Some respondents were uncertain with 13% (4/30) and none disagreed that implementation is influenced by guidelines of the organization.

In a nutshell, 87% (26/30) agreed that guidelines within the organization influence price implementation while 13% (4/30) disagreed that guidelines can influence price implementation in pricing rental space. This gave the researcher to conclude that guidelines of the organization

influence price implementation. Halligian (2013) supports the respondents view by saying that an organization must have established guidelines within its activities, for it to be able to adopt the price cycle guidelines. This was further supported by majority of the interviewees who acknowledged that the functioning of OMP is guided by guidelines in all its activities.

In conclusion, the modal response from the questionnaire and majority of the interviewees agreed that there are guidelines to implement current price strategy.

4.4.2 Qualified personnel who approve pricing strategy

The Table 4.7 above indicates that none of the respondents neither strongly agreed nor agreed that there are qualified personnel within OMP during implementation. It can be seen that 20% (6/30) were uncertain and 17% (5/30) strongly disagreed. The highest response rate disagreed with 63%.

Therefore, in total 80% (24/30) disagreed that implementation of price strategy is influenced by qualified personnel who approve strategy while 20% (6/30) disagreed that there were qualified personnel who approve price strategy. In conclusion, price implementation within OMP is not influenced by qualified personnel. Harvey (2015) outlines that for an effective implementation of a price cycle, organizations do not need mere staff but rather experts to approve the pricing strategy. The minority interview response aired out that the company is more concerned about an effective price strategy such that they hire experts (qualified personnel) to approve the price strategy they want to implement.

In conclusion, the modal response from the questionnaire contradicted with the minority of the interviewees that they are qualified personnel who approve strategy before implementation and basing on the modal response there are no qualified personnel who are hired to approve the current price system for pricing rental space.

4.4.3 Pricing policies which would have been reviewed

Table 4.7 above depicts that none of the respondents neither strongly agreed nor disagreed with 0% and 7% (2/30) were uncertain. Ten out of thirty 33% disagreed while 60% (18/30) strongly disagreed that pricing policies which are reviewed influence implementation of the price to be charged to tenants.

Therefore, price implementation within OMP is not influenced by policies which would have been reviewed as this was supported by a total of 93% (28/30) who disagreed while 7% (2/30) an insignificant number were uncertain. In a nutshell it can be concluded that 100% of the respondents disagreed. Micu (2014) argued that an effective implementation policies have to be reviewed so that the organization will analyse, if the policy is appropriate in that particular environment or industry. The majority of the interviewees said that policies are present but management at times overlook the review process as, this is shown by the rate of increase in credit losses that gave a signal that the policy needs to be reviewed.

In conclusion, price implementation is not influenced by policies that would have been reviewed as reflected by the modal response rate and the majority of the interviewees.

4.4.4 Effective objectives that increase revenue

Table 4.7 above represents that 33% (10/30) strongly agreed while 3% (1/30) agreed. The respondents who were uncertain and strongly disagreed had 7% (2/30). Half of the respondents disagreed with 50 % (15/30) that effective objectives that increase revenue influence price implementation.

As supported by Dixon, Brittnell and Watson (2014) if the response rate is 50% and above it means that the subject under questioning falls for that specific grade. It can be noted that 64% disagreed that price implementation is influenced by effective objectives that increase revenue while 36% agreed. The minority of the interviewees acknowledged that objectives are effective while the majority said that objectives are present but not effective as at times segment's objectives may be to increase market share at the expense of revenue.

In a nutshell, objectives are present but they are not effective as they are not increasing revenue as shown by the modal response who did not agree and the majority of the interviewee's response.

4.5 Question 8 Challenges faced in price implementation

The question examined the opinions of the respondents on whether there is competence of staff, financial stability, and effective management of voids as well as long lines of communication challenges in price implementation.

4.5.1 Competence of personnel

Table 4.8 Competence of personnel

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Competence of staff	12	10	3	2	3	30

Fig 4.3 Responses on Competence of personnel

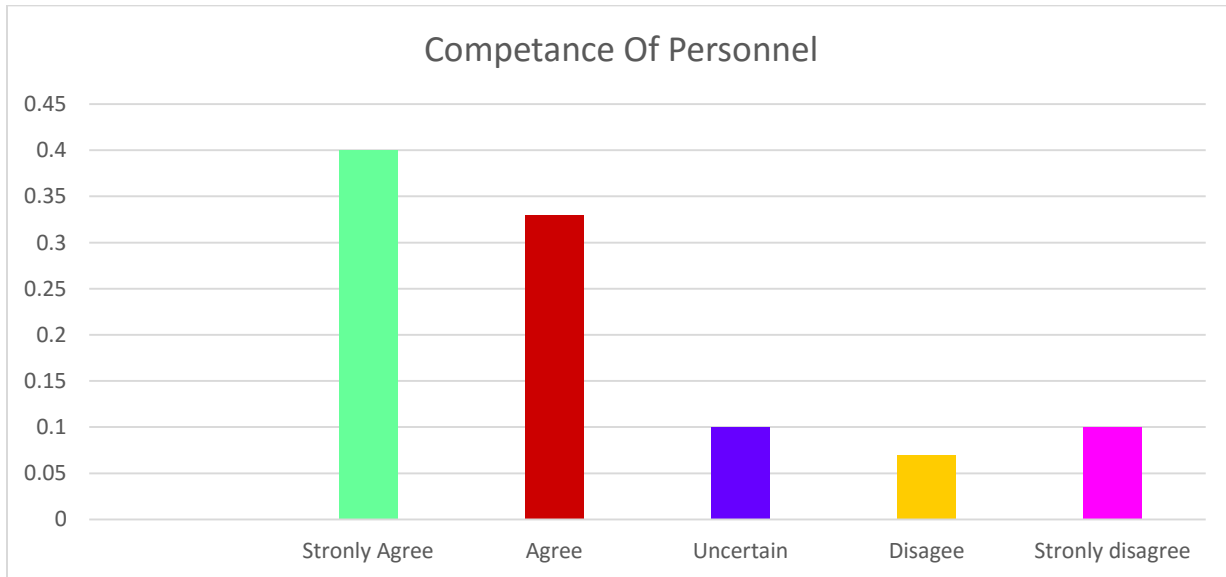


Figure 4.3 above shows that 40% (12/30) strongly agreed while 33 % (10/30) agreed, both of those who were uncertain and strongly disagreed had 10 % (3/30) and 7% (2/30) disagreed that competence of personnel is a challenge within OMP during the implementation process.

In conclusion, competence of personnel is a challenge during implementation as this was supported by the opinions of the respondents who agreed with 73% (22/30), although 27% disagreed with this view. KPMG (2016) noted that despite the fact that organizations are minimizing costs, hiring of experts is a need during implementation as this aids in increasing more revenue and also economize resources. The modal response from questionnaire agreed

with majority of the interviewees who said that competence of personnel is a challenge as the company is not able to induct or train staff on the whole implementation process so the appropriate strategy will be enhanced.

In conclusion basing on the majority response from the questionnaire and the majority response from the interviewees competence of personnel to implement the price strategy is a challenge as the company use available staff without inductions or training.

4.5.2 Financial stability

Table 4.9 Responses on Financial stability

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Financial stability	15	9	1	3	2	30
Response	50%	30%	3%	10%	7%	100%

Table 4.9 above represents that half of the respondents strongly agreed with 50%(15/30) while 30% (9/30) agreed, one person was uncertain with 3%, 10% (3/30) disagreed and the final category strongly disagreed with 7% (2/30) that financial stability is a challenge within OMP.

Basing upon twenty-four out of thirty 80 % of those who agreed, it can be noted that financial stability is a challenge within the organization despite the fact that six out of thirty 20% disagreed. Harvey (2015) supported these results as he noted that most entities skip some important stages of price implementations because of inadequate funds to support the whole cycle. The majority of the interviewees also acknowledged that funds are not enough to undertake all the required stages that are supposed to be done during implementation for example, void analysts are not involved in price implementation the company uses it available staff as it is costly to hire analysts.

In a nutshell, the majority of the interviewees and the modal response from the questionnaire admitted that financial stability is a challenge within OMP.

4.5.3 Effective management of voids

Table 4.10 Effective management of voids

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
Effective management of voids	13	16	1	0	0	30

Fig 4.4 Responses on Effective management of voids

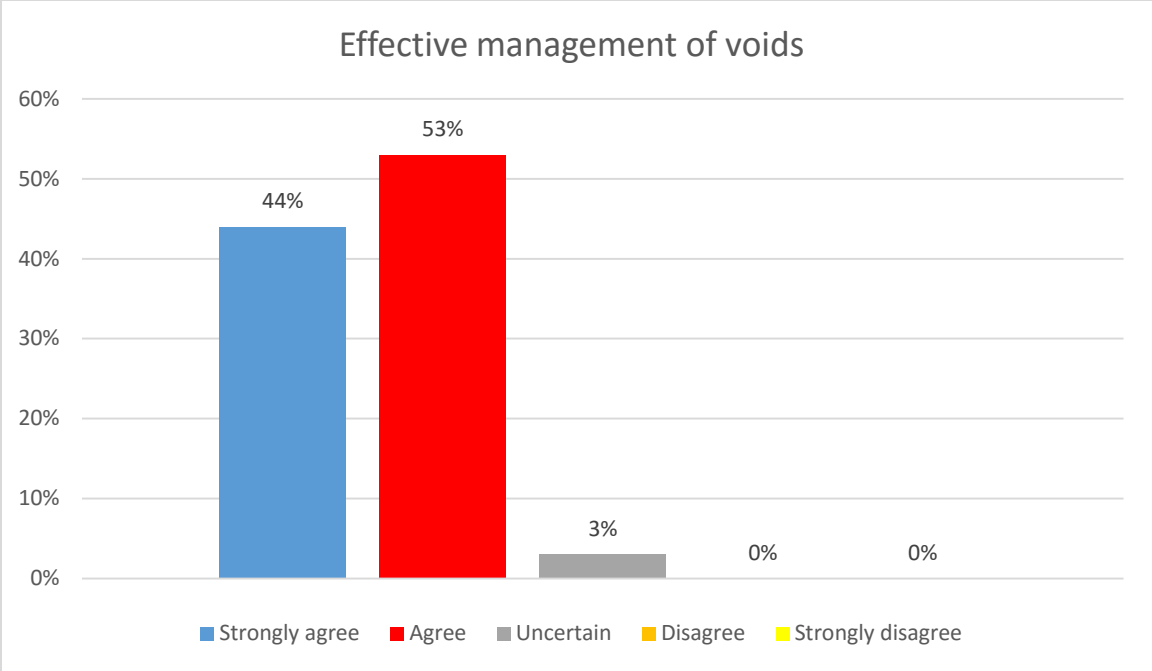


Figure 4.4 above indicates that 44% (13/30) strongly agreed and 53% (16/30) agreed while 3 % (1/30) were uncertain. None of the respondents neither disagreed nor strongly disagreed.

Therefore, it can be resolved that there is no effective management of voids as this was supported by 97 % (29/30) of those who agreed to the fact that voids are a challenge in their views despite the fact that 3 % (1/30) disagreed. French (2013) reinforced this by outlining that an entity should know the impact of void analysis in price implementation otherwise the entity will plan to fail. The results from interviews also expressed that due to economic crisis within the country voids are a challenge to manage thereby making it difficult to correctly price a certain area.

In conclusion, there is no effective management of voids as shown by the modal response from the questionnaires, majority of the interviewees as well the property manager Grace Makuhanana who acknowledged in the press (Herald, 2016).

4.5.4 Long lines of communication

Table 4.11 Responses on Long lines of communication

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
Long lines of communication	15	12	3	0	0	30
Response	50%	40%	10%	0%	0%	100%

Table 4.11 depicts that 50% (15/30) strongly agreed and 40% (12/30) agreed. None of the respondents neither disagreed nor strongly disagreed while 10% (3/30) were uncertain that there are no long channels of communication to be followed during implementation process.

In a nutshell, there are long lines of communication to be followed as this is supported by 90 % (27/30) of those who agreed that during implementation there are long procedures. Those who disagreed were insignificant with 10% to the view that there are long lines of communication. Halligian (2013) notes that for activities to be executed as planned without distortion, communication must be effective as this helps to eliminate mistakes during implementation and avoid wastages. The majority of the interviewees said that decisions are centralised and were not open enough to explain the lines of communication within the company.

Conclusively, there are long lines of communication basing on the modal response from the questionnaire and the centralisation of decisions as said by the majority of the interviewees.

4.6 Question 9 Controls placed over price implementation.

The question examined the views of the respondents on whether there is segregation of duties, access controls over activities like biometric systems, operating reviews or an effective internal audit function within OMP over price implementation of rental space.

4.6.1 Segregation of duties

Table 4.12 Segregation of duties

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Segregation of duties	0	0	4	14	12	30

Fig 4.5 Responses on Segregation of duties

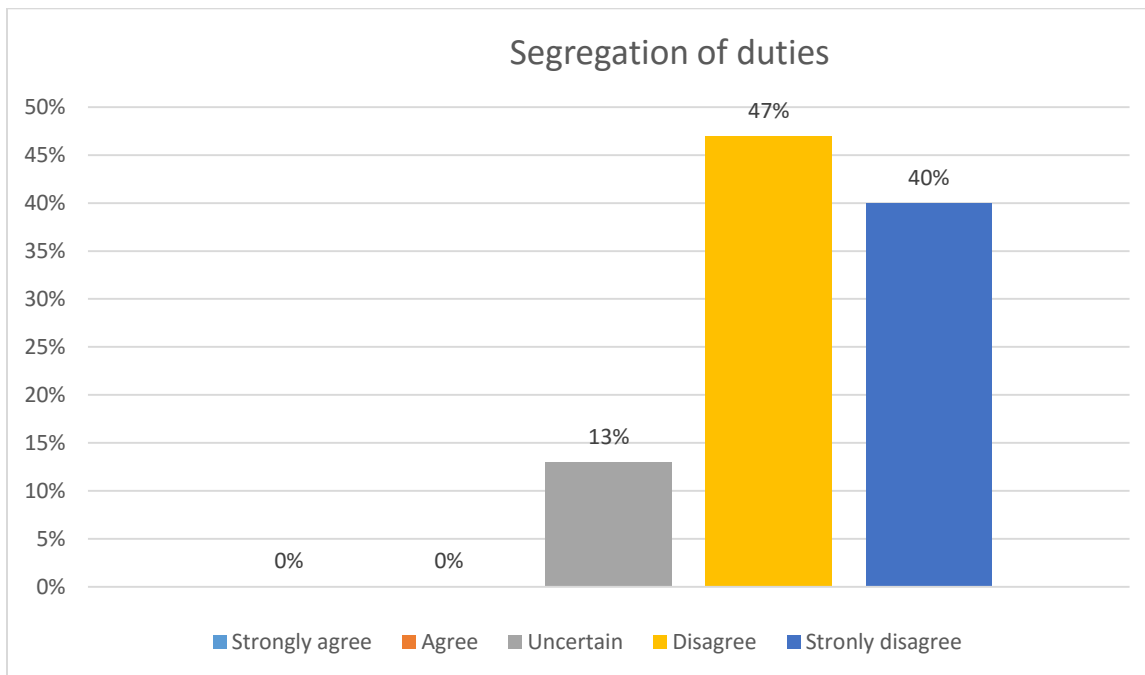


Figure 4.5 above represent that none of the respondents neither strongly agree nor agree with 0%. The respondents who were uncertain had 13 % (4/30) while 47% (14/30) disagreed. Out of the total of thirty 40 % (12/30) strongly disagreed that there are segregation of duties during price implementation.

Although 13% (4/30) agreed, it can be noted that during implementation of a pricing strategy there are no segregation of duties as this was supported by modal response of 87% (26/30) who disagreed that segregation of duties is present within OMP. Jackson and Stent (2012) highlights

that for effective implementation to take place one individual must not control more than three activities during the implementation process. However, minority of the interviewees contradicted as they said that the company has adequate personnel and each task is given to one person no one will partake two duties.

In conclusion, there is no segregation of duties as shown by the modal response rate from questionnaires.

4.6.2 Access controls over activities

Table 4.13 Responses on Access controls over activities

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
Access controls over activities e.g. biometric system	16	8	3	1	2	30
Response %	53%	27%	10%	3%	7%	100%

Table 4.13 shows that 53% (16/30) strongly agreed while 27% (8/30) agreed. Some respondents were uncertain with 10% (3/30) and 3% disagreed (1/30). Out of the whole total of thirty 7% (2/30) strongly disagreed.

In a nutshell, basing on the number of respondents who acknowledged that access controls over activities are present of 80% (24/30) it can be concluded that during implementation access controls are present despite the fact that six out of thirty 20% disagreed. According to www.audits.ed.ac (04/04/17 15.30) during the implementation process the activities must be accessed by strictly authorized personnel and biometric systems is one of the effective access controls. The interviewees' further supports that access controls are present during the implementation phrase but personnel may collude and manipulate them for personal advantage.

4.6.3 Operating reviews

Table 4.14 Operating reviews

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	total
Operating reviews	2	6	7	4	11	30

Fig 4.6 Responses on Operating reviews

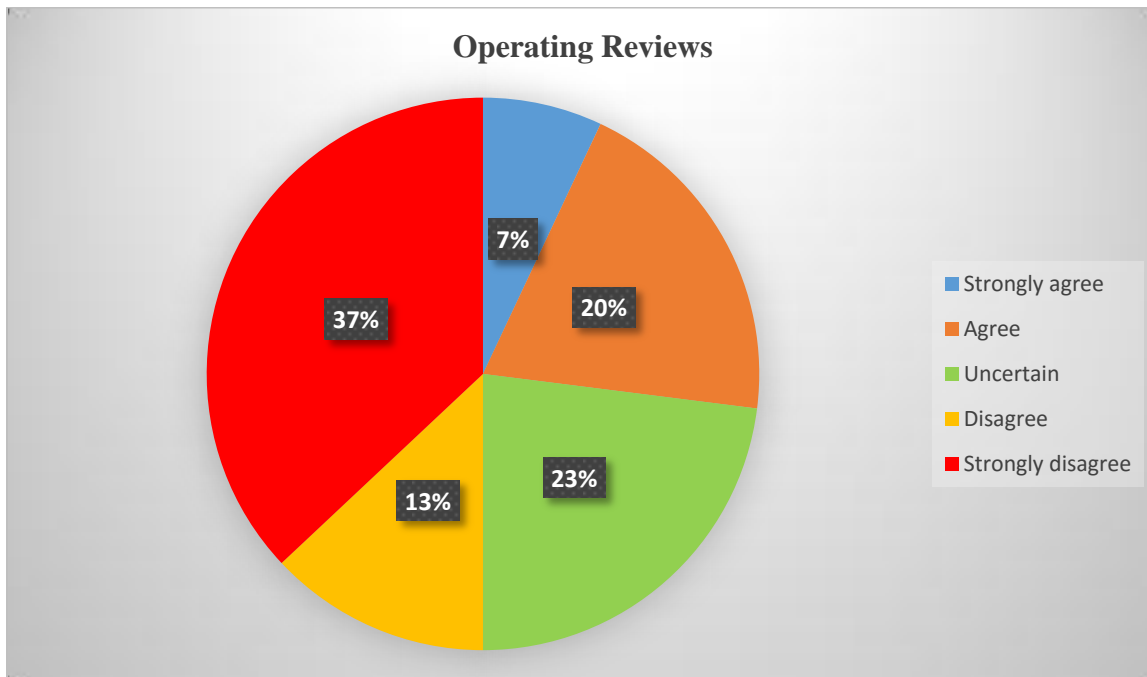


Figure 4.6 above indicates that 7% (2/30) strongly agreed while 20% (6/30) agreed. Respondents with 23% (7/30) were uncertain while 13% (4/30) disagreed and 37% (11/30) strongly disagreed.

It can be noted that the whole total of those who agreed was 27 % (8/30) while 73 % (22/30) disagreed that operating reviews are present within OMP during implementation phrase. The above results shows that operating reviews may be present literally but not effectively monitored during implementation process. Puttick (2015) further supports the above results that for operating reviews to be done as designed by the management the individual departments should be workers of integrity who are hard workers and not those who are pushed to work. The

majority of the interviewees said that managers are at times loaded with pressures and may overlook importance of these operating reviews.

In a nutshell, both the modal response from the questionnaire and the majority of the interviewees agreed that during implementation there are no operating reviews.

4.6.4 Effective internal audit function

Table 4.15 Responses on Effective internal audit function

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
Effective internal audit function	0	3	0	19	8	30
Response %	0%	10%	0%	63%	27%	100%

Table 4.15 above represents that none of the respondents neither strongly agreed nor were uncertain while 10% (3/30) agreed, 63% (19/30) disagreed and 27% (8/30) strongly disagreed that the present internal audit within OMP is effective.

In conclusion, it can be noted that the internal audit function is present but not effective as 90% (27/30) of the respondents disagreed to this opinion despite the fact that 10% (3/30) agreed to the effectiveness of the internal audit function during implementation. According to KPMG (2016) the views of the internal audit function must be considered and not ignored as this will help in maintaining true and fair records. Interviewees further acknowledged the existence of the internal audit function as majority said that it exists but not effective as some of the members included in the internal audit function also assist in the operations department during the implementation process, hence there independence is compromised.

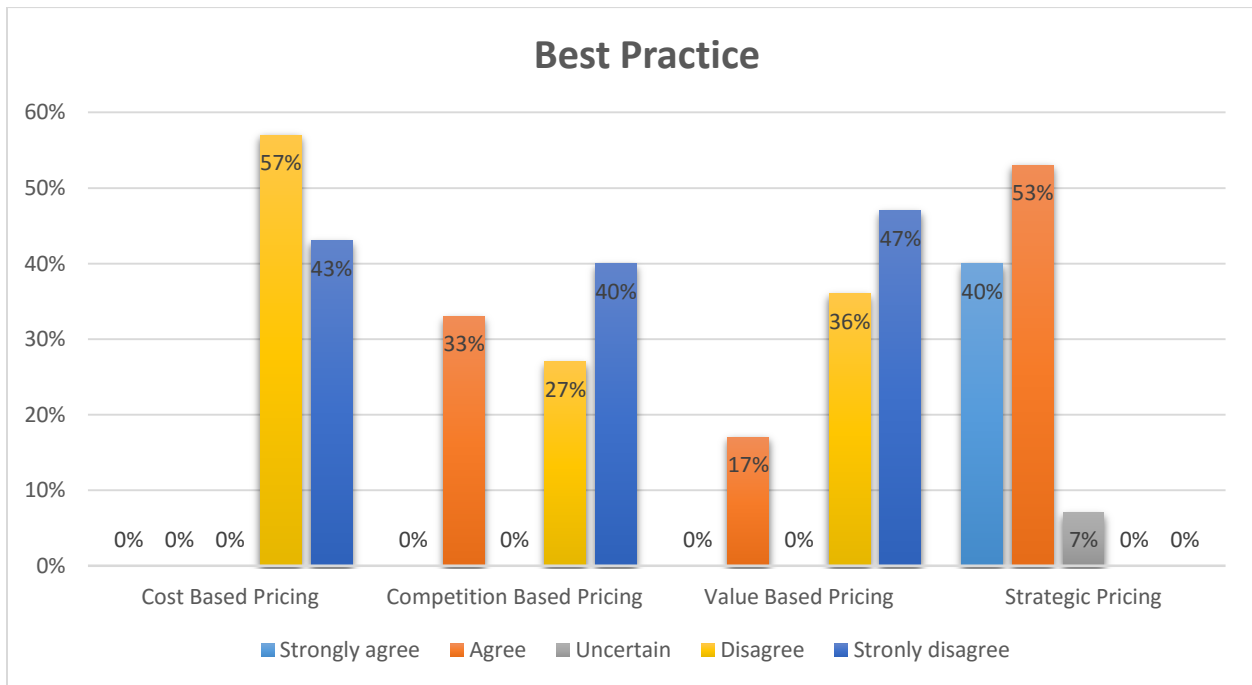
4.7 Question 10 best practice in pricing rental space in the current environment is;

The question attempted to find the views of the respondents on whether cost based pricing, competition pricing, and value added pricing or strategic pricing is the best pricing strategy to price rental space.

statement	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree	Total
a) Cost based pricing	0	0	0	17	13	30
b) Competition based	0	10	0	8	12	30
c) Value added	0	5	0	11	14	30
d) Strategic pricing	12	16	2	0	0	30

Table 4.16 best practice in pricing rental space in the current environme

Fig 4. 7 Responses on the Best practice in pricing rental space



4.7.1 Cost based pricing

Figure 4.7 indicates that none of the respondents agreed, strongly agree or were uncertain on whether cost based pricing is the best practice with 0%. The modal response is 57% (17/30) of the respondents who disagreed and 43% strongly disagreed on cost based pricing as a best practice method for pricing rental space.

Therefore, in total 100% of the respondents disagreed that cost based pricing strategy is the best practice in pricing rental space. This was supported by Nagle (2015) who noted that using cost based pricing strategy in pricing rental space results in charging high rentals to tenants and in some case loss of revenue through increase in rate of voids. Analysis of Old Mutual Property's report shows that in the period of 2013 to 2015 voids increased as well as credit losses resulting in a sharp decline in revenue and profit. Majority of the interviewees further supported said that cost based pricing is not the best pricing strategy for pricing rental space.

In conclusion, the majority of the interviewee's response and the modal response from the questionnaire cost based pricing is not the best practice in pricing rental space.

4.7.2 Competition based pricing

Figure 4.7 highlighted that 33% (10/30) agreed, while 0% response was given on those who strongly agreed and were uncertain that competition based pricing is the best practice in pricing rental space. It can be shown above that 27% (8/30) disagreed and 40% (12/30) strongly disagreed.

On aggregate the majority 67% of the respondents disagreed that competition based is the best practice in pricing rental space and this was supported by Kolter (2013) who disagreed that competition based can be applied in all sectors because in a recession a competition based pricing will be misleading. While 33% agreed that it is the best pricing strategy for pricing rental space. Micu (2014) also agreed by highlighting that competition based pricing can be related to market based or fair model pricing which is suitable in all sectors. It is further said that services will not be under or over charged hence clients will increase client loyalty and increase the company's revenue by reducing credit losses.

Competition based pricing is not the best practice in pricing rental space as reflected by the results shown above and as supported by the majority of the interviewees that Old Mutual has not used it since in cooperation in pricing rental space.

In conclusion, the majority of the interviewee's response and the modal response from the questionnaire competition based is not the best practice in pricing rental space.

4.7.3 Value based pricing

Figure 4.7 above showed that 0% strongly agreed or were uncertain on whether value added is the best pricing strategy for rental space. Of the whole total 17% (5/30) agreed while 36% (11/30) disagreed and 47 % (14/30) strongly disagreed.

In conclusion, 83% of the respondents disagreed in the view that value based pricing is the best practice in charging rent although 17% agreed. Kolter (2013) supports the view of the respondents who disagreed when he outlined that most property service companies only incur maintenance costs on buildings and in rare cases property is increased an extra cost because of the added feature or service. However, Nagle (2015) notes that due to rapidly technological changes client's preferences are becoming more dynamic and it needs an entity that offers unique extra services to clients that will be priced strategically, so as to ensure that the entity increase revenue and clients increase satisfaction. Majority of the interviewees said that pricing property companies basing on value is misleading as the company's perspective of value may differ from the client.

In conclusion, the majority of the interviewee's response and the modal response from the questionnaire value based pricing is not the best practice in pricing rental space.

4.7.4 Strategic pricing

Figure 4.7 showed that 40% (12/30) strongly agreed and 53% (16/30) agreed that strategic pricing is the best pricing strategy for pricing rental space. Out of a whole total of thirty 7% were uncertain on what can be regarded as the best pricing strategy. None of the respondent disagreed or strongly disagreed with 0%.

On the whole 93 % (28/30) agreed that strategic pricing is the best while 7 % (2/30) disagreed that strategic pricing is the best in pricing rental space. Harvey (2015) noted that a price must be fair to clients, suitable in the prevailing environment, not contradict with the company's objective of increasing revenue and maintaining market share through reduction of voids and he further said that strategic pricing in pricing rental space will enable all these goals.

Martens (2017) in a survey carried out in USA also supported that strategic pricing is the best practice to price rental space as results from the survey showed that it is the best pricing strategy for buildings. Both the client and the entity will be considered and this results in effective management of buildings and more revenue is gained since tenants will be satisfied with the price charged by landlords hence this also eliminates credit losses and increase market base.

A case of Pearl Property further supports that the current economic of Zimbabwe is in need of strategic pricing rental space as Pearl Property is managing well its buildings with low rate of voids, reasonable credit losses and this in turn increases its revenue. According to Kudzionera (2017) www.properties.com (20/04/17 14.00) an entity that will be operating in a declining economy where tenants are using residential buildings for commercial business, it needs a property company that considers the value of tenants pricing strategically so as to maintain or increase its market share and reduce rate of credit losses.

Therefore, basing on the modal response rate of 93% and survey in USA as well as cases of Pearl Property Zimbabwe as well as the majority of the interviewees response strategic pricing is the best pricing strategy in pricing rental space.

4.8 Interviews

In conclusion, the majority of the interviewee's response and the modal response from the questionnaire strategic pricing is best practice in pricing rental space.

4.8.1 Interviews Response

Table 4.17 Responses on Interviews

Instrument	Scheduled	Respondent	Response Rate (%)
Face to face	4	3	75%

It can be shown from the Table 4.10 above that of the four face to face interviews scheduled only three were undertaken giving a response rate of 75%. The interview targeted the key informants. According to Brinkmann (2014) an interview must be structured in a way that is effective and efficient and three interviewees that are not bias can present reliable information on a certain topic.

4.8.2 Interview Response Analysis

Question 1: What is the current price strategy within Old Mutual Property?

Majority of the interviewees said that rentals are determined by the commission earned and operating costs and those operating costs are pushed to tenants. Majority of the interviewees further said that cost based pricing strategy is currently used within Old Mutual Property, as all total costs are the base of how rentals will be charged to tenants. Minority of the interviewees said that using cost based pricing strategy has resulted in pricing their floor area far much above the market price and this has caused tenants to move out of OMP buildings. Management were of the opinion that the continuous increase in the number of voids and credit losses is caused by the current price strategy they are using and it has made the company to witness decline in revenue over the past three years. Majority of the interviewees disagreed that they use competition based pricing, demand-oriented pricing or value based pricing in pricing its space.

In support of the majority interviewee's response, the modal response of question 6 of the questionnaires agreed that cost based is the current price strategy. Nagle (2015) noted that using total costs alone neglecting client's perspectives in price implementation of property companies is risky, as it may result in increase of credit losses therefore cost based pricing may be misleading.

Conclusively, both the modal of questionnaires and the interviews agreed that cost based pricing strategy is the current pricing strategy in pricing rental space.

Question 2: How have you implemented your current pricing strategy?

Majority of the interviewees said that the implementation of current price strategy is first debated in the board meeting and then the guidelines are passed down the hierarchy on how the

implementation process is to be done. Majority of the interviewees further said that a price cycle is used in the implementation of a price strategy for space to be priced and company have to hire experts to oversee the whole implementation, as well as to follow all the stages required. The majority of the interviewees further said that staff observe guidelines they are given during the implementation process and this gives management assurance, and not prioritise the review of the pricing policies. Harvey (2015) noted that an effective price implementation that aids in increasing more revenue and reduces credit losses is one which is implemented by the skills of experts although they are expensive as well as the continual review of the implementation process.

The interviewee's majority response were agreed by questionnaire's modal response question 7 first part as the respondents agreed that they observe guidelines they are given during implementation process while question 7, third part of the questionnaire the modal response agreed that pricing policies are not reviewed . However, question 7 second part contradicted with the interviewee's response that experts are hired during implementation as the modal response disagreed that qualified personnel approve the pricing strategy before implementation.

In conclusion, basing on the majority response of interviewees and questionnaires, guidelines influence the implementation of price strategy but as they are not effective as the majority response agreed that they are neither reviewed nor approved by a qualified person as noted out by Harvey (2015) and the modal responses from the questionnaire question 7.

Question 3: What challenges have you faced in price implementation?

Majority of the interviewees said that Zimbabwean economy is declining and tenants do not have enough resources, and OMP is also facing financial crisis to hire competent staff to initiate the price implementation process. Majority further said that the rate of voids in OMP's property is moving at a faster rate and the rate of credit losses is unbearable and causing revenue to decline as tenants now making use of brick and mortar as a way to reduce their operating cost. All the respondents highlighted that tenants physiologically are now perceiving OMP's property to be expensive and this alone have made even leasing negotiations during implementation to fail. Halligian (2013) further noted that if an entity fails to control voids, it will also fail to price its

buildings as the targeted tenants will have an attitude despite the fact that an appropriate strategy is used and the prices charged are reasonable.

The interviewee's response was supported by questionnaire responses question 8, as the respondents agreed that effective management of voids, competence of staff as well as financial stability are a challenge within OMP. However, the interviewees did not accept that there is an issue of long lines of communication that the modal response of question 8 last part, noted. Micu (2014) further noted that for effective implementation a company must be financially stable so that all the stages will be observed during the implementation process. Halligian (2013) note that effective communication is of importance during implementation as it aids in reducing mistakes and saving time and costs.

In conclusion, the modal response of question 8 of the questionnaire and majority of the interviewee's response agreed that OMP is having financial instability, ineffective management of voids as well as not able to hire experts and ineffective communication challenges during implementation of a price strategy.

Question 4: What controls have you placed over price implementation?

Minority interviewees said that controls are of major concern within the organization and all activities to be undertaken during implementation have to be authorised by a superior, which contradicted with majority interviewees who said that within the price implementation process, authorisation is present but practically within OMP the approval of the pricing strategy is not following the proper channel. All of the respondents said that there are access controls over activities e.g. biometric is present but minority further said having biometric is enough as the systems are operated by adequate personnel through segregation of duties. Minority of the interviewees said that there are operating reviews as well as an effective internal audit function.

The interviewee's minority response was supported by question 9 second part that access controls are present. However, the minority interviewee's responses contradicted with question 9 first, third and last part as the modal responses showed that segregation of duties is not present, operating reviews are also not present and internal audit is present but not effective during

implementation. Puttick (2015) further supports having access controls over activities as a good control measure as only authorised personnel should oversee work and eliminate distortion of data during implementation. Jacskon and Stent (2012) noted that for an effective implementation of a practise segregation of duties must be present and the internal audit must be a watchdog of a company.

In conclusion, the modal of the questionnaire question 9 and majority of the interviewees, access controls are present and basing on the modal responses to question 9 there is no segregation of duties, operating reviews are not present and the internal audit in not effective over OMP's price implementation of the appropriate price strategy for pricing rental space.

Question 5: In your own opinion, what is the best practice in pricing rental space?

Majority of the interviewees said that strategic pricing is the best practice in pricing rental space as it values both the entity and the tenant. The majority of the interviews further said that if the tenant's value is considered and the entity observe the price that the tenant expects to pay or can afford, it will aid in improving rapidly increasing credit losses and loss of revenue within OMP. The minority also noted that even the increase in voids will be minimized as the tenant and the organization will be comfortable with the price to be charged. Majority of the interviewees disagreed that neither value based pricing nor competition based pricing is the best practice in pricing rental space as well as cost based pricing.

This was supported by questionnaire's response to question 10 of the respondents who agreed that strategic pricing is the best practice in pricing rental space. Martens (2017) in a survey carried out in USA, strategic pricing came out to be the best and one of OMP's competitors (Pearl Property) is managing well because it has adopted strategic pricing.

In a nutshell, both the interviewee's majority response and the questionnaire modal response agreed that strategic pricing is the best pricing strategy for pricing rental space.

4.9 Secondary Data

Table 4.18 OMP's credit losses for the three-year period.

Revenue from:	2015 (USD)	2016 (USD)	2017 1st Quarter (USD)
Credit Losses	\$ 487 500	\$ 583 200	\$ 641 520
Percentage increase	10%	20%	25%

Source: OMP 2017 1st Quarter Report

Table 4.18 indicates that the rate of credit losses have increased by 10% in 2016 and are continuing to increase as they increased by a further 5% for the first quarter of 2017. Mr Zvenyika, one of the property managers highlighted most occupiers who complain that rentals are high will be deviating from their lease contracts as occupiers will only notice high rentals if their businesses are not operating so well. However, Mr Kamutsi the financial accountant disagreed with the opinion of Mr Zvenyika in a meeting held at Mutual gardens in (2016) as he noted that despite the decline in tenant's operations the current pricing system do not consider the client's values. According to the quarterly report Mrs Suica (2017) the cost accountant highlighted that the increase in credit losses leads in termination of lease contracts thereby reducing revenue expected to be earned for a particular period.

Table 4.19 Companies that moved out from OMP from 2014

Company	Moved out from:	Now Operating in:
Allied Insurance	Old Mutual Center	Eastlea
ZB bank	Eastgate	Zb building
Ok supermarket	Chitungwiza Town Center	Makoni
Frontcomm	Westgate	Eastlea
Alliance	Westgate	Borrowdale

Source: OMP 2017 quarterly Report.

The table 4.19 above shows companies that have moved out from Old Mutual Property from 2014 up to 2017 the current year. Allied Insurance have moved out from Old Mutual Center to Eastlea. Zb bank is now operating from its own space although this has caused it to retrench and squeeze at a small portion at its own building. Ok supermarket moved out from Chitungwiza Town Center to Makoni. Frontcomm and Alliance have moved from Westgate to Eastlea and Borrodale respectively. This has caused voids to increase at an uncontrollable rate reducing revenue and according to Mr Sigera voids within OMP have folded from an average of 20% in 2015 to between 30% to 40% in 2016. In this current year 2017 first quarter alone voids are continuing to increase.

4.10 Summary

Chapter 4 comprised of presentation and analysis of data that was collected by the researcher through the use of questionnaires. The researcher presented data in tables, graphs, bar charts and pie charts as well as data that was obtained from interviews was summarized. The last chapter will be chapter 5, and it is the next one which will deal with summary, conclusions and recommendations.

Chapter 5

Summaries, Conclusions and Recommendations

5.0 Introduction

Chapter 5 focuses on summarizing chapters, major findings as well as the conclusion of the study, recommendations and suggested areas of further study.

5.1 Chapter Summaries

Chapter 1 presented a problem within Old Mutual Property, from which the researcher was able to obtain a research topic. Chapter one covered the background of the study where an investigation into pricing strategies on financial performance was analysed by the researcher. The current pricing strategy being implemented caused revenue to decline as reflected from a trend analysis. Tenants complained on being overcharged by landlords and as a result number of voids increased as credit losses also increased. The chapter also covered the statement of the problem, main research question, sub-research questions and research objectives. Delimitations, limitations, significance of the study and crucial meanings were also discussed.

Chapter 2 reviewed literature from different scholars, authors and researchers on their opinions and understandings on how pricing strategies impact on financial performance. Different pricing strategies were reviewed and how companies implement the strategies as well as challenges that may be faced during implementation. Controls over price implementation were also discussed and the best pricing strategy for pricing rental space which aids in reducing credit losses and in improving financial performance was suggested. The prominent authors in this chapter were Harvey (2015), Micu (2014), Nagle (2015) and Kolter (2013).

Chapter 3 covered research design and the research instruments that the researcher used. Questionnaires and interviews helped the researcher to obtain primary data. The researcher used

judgemental sampling to determine the population and sample size, of which the sample consisted of Old Mutual Zimbabwe Limited Staff only Secondary data was acquired from abridged financial statements and company's reports.

In chapter 4, the researcher presented and analysed data that was obtained from the questionnaires and interviews conducted. Questionnaire response rate was 83% and interview response rate was 75%. Data was presented in pie chart, tables and bar graphs. Findings were analysed through mode and percentages were used to represent outcomes. Interviews responses were summarized.

5.2 Major findings

5.2.1 What pricing strategy was currently used within Old Mutual Property?

- Cost based pricing strategy was agreed to be the current pricing strategy used within OMP by employees and management.

5.2.2 How have they implemented the current pricing strategy?

- The research revealed that marketing and finance departments were not receiving adequate training on the implementation of pricing strategies hence the departments were failing to observe the impact of voids on both financial statements and company's goodwill.
- In an attempt to reduce costs, some important stages of the price cycle were skipped for example feedback tests from clients were ignored and this increased the rate of credit losses which resulted in declining of revenue.
- The study discovered that channels of communication that have to be followed during implementation are long and time consuming and this will result in distortion of some information obstructing an effective price strategy implementation.

5.2.3 What are the challenges faced during implementation?

- Being a group member OMP's financial instability is shielded by other group members and this has affected its operations indirectly when sister companies do not assist its

operations thereby neglecting some important stages of the cycle because of lack of funds.

- Old Mutual Property is concerned of being cost effective which results in using non-experts who overlook some important aspects during void analysis thereby implementing an inappropriate price strategy for a particular space for example available staff who are qualified approve the price strategy before implementation.
- Companies no longer value renting more space area because of the need of brick and mortar so, this makes the effective pricing strategy implemented to become ineffective as tenants will not be willing to negotiate realistically even if their values are considered.
- Economically Zimbabwe is in a recession hence all companies are reducing costs as far as possible moving out from commercial buildings to residential areas despite the fact that an appropriate price is charged.

5.2.4 What controls are in place over price implementation?

- The management has crafted some controls such as accessing controls or segregation of duties during implementation but they are not functioning as designed as there are not able to reduce errors and detect losses at an acceptable level.
- The management is generalizing some controls and failing to put specific controls for price implementation process like boundary controls at the point of exchange of data.
- Controls in place are not able to reduce the rate of created losses at an acceptable level and also voids are not effectively managed which then makes price implementation cycle controls ineffective.

5.2.5 What is the best practice in pricing rental space?

- The results shows that strategic pricing strategy is a regarded as the best price in pricing rental space although not implemented Old Mutual Property.

5.3 Conclusion

All the research questions were addressed and this meant that the research was successful. Basing on the findings it can be concluded that the current pricing strategy, cost based was ineffective as it caused tenants to move out of OMP's property, increasing the number of voids

and rate of credit losses which negatively affected financial performance as it declined over the past years.

5.4 Recommendations

- Personnel training and hiring of experts should be done as it is of importance during implementation, it also aids in adherence in guidelines and management of time effectively within the organization. Harvey (2015) noted that for an effective price cycle to be implemented the organisation have to forgo training costs at the expense of an effective price strategy. Hamdam (2013) further notes that there is need for experts to analyse the market so that an effective price strategy will be implemented which yields more revenue and reduces credit losses.
- Management ought to review specific controls like keeping track of the ability of tenants to pay reduces credit losses and is part of feedback tests in a price cycle which must not be avoided even if the budget is tight. Jackson and Stent (2012) further notes that controls must not be placed while the company do not follow them as they are designed so, reviews must not be overlooked.
- OMP should appreciate technological changes and adequately offer resistible services to tenants and value tenant's perspectives through strategic pricing in charging rent and increase market share, as this helps to eliminate voids and increase revenue. Micu (2014) highlights that in a dynamic world an entity must also offer what clients need as they are the king to the business implying that tenant's views must be appreciated. If OMP is able to offer affordable charges, tenants will stop relocating to residential areas.
- Void analysis must not be overlooked as it aids in an effective pricing strategy to be implemented. Kotler (2013) also noted that if a company fail to note the importance of effective void management that entity will plan to fail as, the wrong price strategy will be put on the wrong service thereby reducing revenue that ought to have been gained.
- Old Mutual Property ought to price using strategic pricing, Hamdam (2013) note that it allows tenants to negotiate and reach a consensus on the effective price for a particular space thereby eliminating voids and increase of credit losses which will result in a decline of revenue.

5.5 Suggested areas for further study

The research did not cover all aspects that causes revenue to decline in property companies. Future researchers can focus on the impact of lease contracts on revenue.

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APPENDIX 1



Midlands State University

Faculty of Commerce

Department of Accounting

P O Box 9055

Gweru

16 April 2017

Dear Sir/Madam

RE: REQUEST TO RESPOND TO QUESTIONNAIRE.

I am a final year student at Midlands State University named Mhiripiri Rutendo. I am investigating on the research topic: **An investigation into pricing strategies on financial performance. A case study of Old Mutual Property.**

The research is being done as a requirement in fulfilling a Bachelor of Commerce (Honors) Degree in Accounting. Your response will only be used for academic purposes.

Your assistance is greatly valued.

Yours faithfully

Mhiripiri Rutendo (R137191R) Contact number: **0777 276 251**

Email address: rutendotasiweyi@gmail.com

APPENDIX 2

Demographic Characteristics

Instructions

Respondent is not allowed to write his/ her name on the questionnaire.

The space provided is enough to answer the questions below.

Please make use of a tick in the box in order to indicate your response.

1. Gender: Male Female

2. Highest Educational Level

Higher National Diploma	<input type="checkbox"/>	Undergraduate Degree	<input type="checkbox"/>
Diploma	<input type="checkbox"/>	Postgraduate Degree	<input type="checkbox"/>

Others (specify).....

3. Position Held

Internal Auditor	<input type="text"/>	Accountant	<input type="text"/>
Accounts Administrator	<input type="text"/>	Finance Manager	<input type="text"/>
Supervisor	<input type="text"/>	Assistant General Manager	<input type="text"/>

4. Department

Management	<input type="text"/>	Cost Accounting	<input type="text"/>
Financial Accounting	<input type="text"/>	Taxation	<input type="text"/>
Creditors	<input type="text"/>	Marketing	<input type="text"/>

5. Duration in department

Less than one year	<input type="text"/>
1 to 3 years	<input type="text"/>
More than 3years	<input type="text"/>

From the following Likert scale may you please tick in the respective box your answer to the statements below.

Opinion	Strongly agree	Agree	Uncertain	Disagree	Strongly disagree
Points	5	4	3	2	1

6. The Current Pricing Strategy is;

From the following statements may you please respond by indicating the extent to which you agree or disagree with the activities.

	Statement	5	4	3	2	1
a.	Cost based pricing					
b.	Competition based pricing					
c.	Value added pricing					
d.	Demand-oriented pricing					

7. Implementation of your current pricing strategy is influenced by;

From the following statements may you please respond by indicating the extent to which you agree or disagree with the activities.

	Statement	5	4	3	2	1
a.	Guidelines of the organization					
b.	Qualified personnel who approve strategy					
c.	Pricing policies which would have been reviewed					
d.	Effective objectives that increase revenue					

8. Challenges faced in price implementation

From the following statements may you please respond by indicating the extent to which you agree or disagree with the activities.

	Statement	5	4	3	2	1
a.	Competence of staff					
b.	Financial stability					
c.	Effective management of voids					
d.	Long lines of communication					

9. Controls placed over price implementation.

From the following statements may you please respond by indicating the extent to which you agree or disagree with the activities.

	Statement	5	4	3	2	1
a.	Segregation of duties					
b.	Access controls over activities e.g. biometric system					
c.	Operating reviews					
d.	Effectiveness of the internal audit function					

10. The best practice in pricing rental space in the current environment is;

From the following statements may you please respond by indicating the extent to which you agree or disagree with the activities.

	Statement	5	4	3	2	1
a.	Cost based pricing					
b.	Competition based					
c.	Valued added					
d.	Strategic pricing					

Any other comments

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Thank you for your cooperation.

APPENDIX 3

Interview guide for management

1. What is the current pricing strategy within OMP?
2. How have you implemented your current pricing strategy?
3. What challenges have you face in price implementation?
4. What controls have placed over price implementation?
5. In your own opinion, what is the best practice in pricing rental space?

Thank you for your cooperation.