

tenant satisfaction

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TENANT SATISFACTION AND PROPERTY REPUTATION OF TRADE CENTERS IN SURABAYA, INDONESIA

ABSTRACT:

Purpose: Trade centers are operationally run by a Property Manager as a delegate of the property owner. The dimensions of service quality (SERVQUAL) which includes tangibles, assurance, empathy, reliability, and responsiveness are vital to be implemented as the duties of property managers when providing service to tenants to maintain tenant satisfaction and property reputation. This study aims to understand the effects of the SERVQUAL dimensions, the role of property management, and the quality of rental value toward tenant satisfaction and property reputation.

Design/ methodology/ approach: The sample was gathered using the purposive sampling technique with the criteria of being a tenant and kiosk owner in trade center properties in Surabaya. Data was gathered using questionnaires, from which 100 respondents were acquired. It was then analyzed using the PLS-SEM in the SmartPLS 3.0 program to test the hypothesis.

Findings: The results of this study prove that the SERVQUAL dimensions - assurance, empathy, and responsiveness significantly influence tenant satisfaction with the mediating variable of the role of property management. Moreover, the SERVQUAL dimensions - empathy, reliability, and responsiveness significantly influence property reputation with the mediating variable of the role of property management.

Practical implication: Property managers are expected to proactively map out different service measures related to the dimension of satisfaction by conducting service training programs for their employees. In fact, in the post-pandemic period, property managers require new marketing strategies, such as leaseback, to effectively carry out renovations of the trade center's public facilities and restructure the tenant mix.

Originality/ value: Trade centers as trading areas experience management limitations due to the prohibition of mass gatherings during the COVID-19 pandemic, resulting in a limited number of onsite trading. Tenants who have entered a long-term contract experience loss, and rely on the aid of property management to survive. The role and quality of service of property management influence tenants' satisfaction post-COVID-19 pandemic.

Keywords: trade center, service quality attributes, role of property management, quality of rental value, tenant satisfaction, property reputation

Paper type: Research paper

INTRODUCTION

Commercial properties hold a vital role in the continuation of economic activity of a certain region by serving as a place of transaction, marketing, and delivery of service, also called a trade center. Trade centers are centralized hubs for the wholesale and retail trading of daily necessities and other goods, as well as the provision of diverse services, facilitated by comprehensive infrastructure. Kiosks within trade centers can be owned by either individuals or businesses (Ishak, 2014). Generally, a trade center is run by a property manager acting in the interest of the property owner, and is responsible for conducting operational activities such as managing, maintaining facilities, and providing services to the tenants. The process of providing service to the tenants is closely related to tenant satisfaction and property reputation (Sederson & Edwards, 2016). Property reputation is the perception-based representation of a company's past and future actions, depicting the overall performance of the company that

is appealing to all stakeholders when compared to other major competitors (Walker, 2010). In short, property reputation is related to the public assessment of property management performance. Tenant satisfaction is generally influenced by the quality of the service provided by the property management where the tenant is renting. The quality of service may take the form of politeness to tenants, routine maintenance of public facilities, as well as transparency in the transaction of paying rent. Hence, a good performance of the property management in providing service to tenants might influence tenant satisfaction, as well as the willingness of the tenant to recommend the said property to the public (Cachero-Martinez, et al., 2023; Sanderson, 2019).

Parasuraman et al. (1988) state that the performance of property management in providing services of the best quality to tenants may use the dimensions of service quality. Quality and the perception of quality are vital in retaining tenants, as service is the fundamental criterion for end-users of real estate products and services compared to other service providers (Ojekalu, et al., 2019). Service quality dimensions (SERVQUAL) are divided into 5 (five) dimensions which are tangibles, assurance, empathy, reliability, and responsiveness. Tangibles is described as a factor that covers the physical proof of a given service (Parasuraman, et al., 1985; Falcão, et al., 2017). Assurance covers the speed, efficiency, and transparency of the service by employees of the property management (Andaleeb, 2001; Kwan, et al., 2019). Karunasena, Vijerathne, dan Muthmala (2018) state that empathy is translated as the willingness of the property management to understand the tenant's needs. Reliability is closely related to the consistency of the employee's performance and constancy of the property management's employees. Responsiveness is the willingness of the owner to help tenants and provide speedy service (Buttle, 1996; Kwan, et al., 2019). To these dimensions, measurements are carried out on the difference between the expectation of what the tenants want, and the reality of what the tenants get, elaborated as the tenant's expectation of the quality of service confirmed by the actual perception of the quality of service received (Gönroos, 1993; Mmutle & Shonhe, 2017).

Sanderson & Edward (2016) state that the role of property management and rental value are variables that influence tenant satisfaction and property reputation. Property management is a group of people who collaborate to align demand, supply, and negotiations with tenants, aiming to achieve the goals established by the property owner while ensuring periodic building maintenance (Arnison, 1984; FNRP, 2021). Sanderson & Read (2020) state that property management holds a key role in maintaining tenant satisfaction and property reputation through its operational activities, specifically by delivering quality services to the tenants. The services provided will also influence the tenant's perception when paying their rent. Rental value is interpreted as the value that is set by the property management based on adjustments, where said value is to be paid by the tenants (Crosby & Murdoch, 2000). Rental value is elaborated as the value of the cost of rent and services (Sanderson & Edwards, 2016). The establishment of rental value is adjusted based on the facilities and services provided, with the expectation of increasing tenant satisfaction. This, in turn, encourages tenants to extend their property lease contracts and create a willingness to recommend said property to the public.

The study of Sanderson & Edward (2016) on the factors that influences tenant satisfaction and property reputation was conducted in the United Kingdom with the object of offices. The majority of the tenants of office properties aim to use the space for office administration activities with a low intensity of interaction with the public. On the contrary, tenants of the trade center properties aim to use the space for trading to reach a turnover. The role of property management is more intense in the effort to help tenants to reach a turnover. Moreover, there

is a greater number of visitors to trade centers to purchase a product from a tenant or a trade center property owner. The role of property management is needed in creating an attractive marketing strategy to attract visitors to the trade center (LeHew & Fairhurst, 2000). However, during the COVID-19 pandemic, tenants were forced to close their stalls in trade centers due to a decrease in the number of visitors, resulting in lower sales. The implementation of social distancing rules during the pandemic restricted the number of people gathering, and even after the pandemic, their effects continue to be felt. As a result, tenants have a difficult time paying the rent (Catriona, 2022). The focus of this study relates to the SERVQUAL dimensions, the role of property management, the quality of rental value towards tenant satisfaction, and property reputation, especially during the post-pandemic period. Regulations on social distancing and the total number of visitors make this study interesting to be done in the trade center area. The development from the study of Sanderson & Edwards (2016) is (1) the test of the direct effects of the variables of SERVQUAL, property management, and quality of rental value towards tenant's satisfaction as well as property reputation. And, (2) the test of the indirect effects of the variables of SERVQUAL towards property reputation with the role of property management, quality of rental value, and tenant's satisfaction as mediating variables.

THEORY DEVELOPMENT AND HYPOTHESES

Property Management

Shopping centers are the establishment of one or several buildings in a specific area, either vertically or horizontally, which are sold or rented to business operators or self-managed for trading activities (Lutfi, 2021). The area of shopping centers sold to business operators is commonly known as a trade center, while the area rented by business operators is referred to as a shopping center or mall. The sustainability of malls and trade centers is closely related to property management, which refers to a group of people or an organization appointed by the property owner to become their representative in managing the property. Property management will act to maintain the property and ensure that it can be rented out and well-maintained. The owner chooses a property management for their knowledge and expertise, as well as to save time and money (St Leonards Real Estate Agent, 2020). Moreover, Baum (2009) confirms that the role of property management is to increase the revenue from property investment, determine the right mix of tenants, maximize property capital through an efficient financial system, maintain records of income and expenses, prepare periodic financial reports, and also supervise and enforce lease agreements. Kyle (2016) states that property management has a scope of work that includes marketing, leasing, facility upkeep as well as maintenance, and building good relationships with the tenants. When performing these tasks, property management ought to recruit employees with adequate skills that align with the specific responsibilities within their respective divisions. This will contribute to the effective execution of tasks and ensure that the property management's performance yields favorable outcome.

Quality of Service

In general, there are two perspectives on quality, which are the physical as well as the non-physical orientation of the product, service, and process. The physical orientation focuses on the product itself (Kotler, et al., 1996), while the non-physical orientation focuses on the delivery process of the service, which includes technical quality (medium of service delivery) and functional quality (method of service delivery) (McNeill, 2000). The quality is considered good when the outcomes meet the expectation of the user. Quality of service is the implementation of quality definition throughout the entire process of delivering a product to

fulfill the expectation of the consumer of said product. The aspects that shape the consumer's expectation of the quality of service have been communicated by the supplier of the goods and services through word-of-mouth communication, personal needs, and past experiences. (Parasuraman, et al., 1985; Albrecht, et al., 2023)

Parasuraman et al. (1988) divided the quality of service into five dimensions: tangibles, assurance, empathy, reliability, and responsiveness. Olanrewaju, et al (2022) state that (1) tangibility is the physical service that is given to users such as facilities, amenities, utensils, components, and others; (2) assurance is the polite behavior, certainty of service, safety of service, and credibility of the service provider; (3) empathy is the concern of the service provider to the user; (4) reliability refers to the ability of the service provider in giving the service as promised; (5) responsiveness is the ability of the service provider to quickly respond and providing the correct service to fulfill the user's needs.

Rental value

Value is the means of measuring something created based on physical, economic, social, and political factors applied to it (Fisher, et al., 2005). The meaning of value is vast and thus can vary depending on the word that follows it. In the context of rent, the term 'value' is specifically associated with the word 'rent', giving rise to the concept of rental value. According to Crosby & Murdoch (2000), rental value is defined as the value determined by the property management on behalf of the property owner, based on an analysis of open market rental value. The value indicates the amount that tenants are required to pay for the rental space and the service received. Likewise, Sanderson & Edward (2016) break down rental value into the cost of rental space and the cost of services. The quality of rental value is evaluated by the tenant based on the quality of the facilities and the services provided by the property management. Furthermore, service charges are the property owner's mechanism to collect from occupants all or part of the expenses incurred for the common areas of a building that are used by many people (Eccles, 2023).

Customer Satisfaction

Customer satisfaction is the condition achieved when the customer's needs and expectations towards a product are fundamentally fulfilled post-experience (Blackwell, et al., 2018). Mowen & Minor (2002) state that customer satisfaction is the overall attitude where expectations are met based on the perceived value of the product when consumers have purchased or utilized the desired product. Within it, there are seven aspects that are evaluated: performance, interaction, reliability, durability, comfort, aesthetic, and brand quality. Service and goods providers need to pay attention to these aspects regarding two things: the quality of the product and the service provided. Customer satisfaction is the combination between service and the customer's perception of the service dimensions. Marketers need to understand the customer in order to accurately assess the levels of customer satisfaction based on tendency, attitude, and perception towards service as well as its various dimensions (Panda & Das, 2014). Providing high-quality goods, services, and excellent customer service fosters satisfaction and encourages tenants to extend their rental contract of the property object. (Gibler & Tyvima, 2014). On the contrary, tenant satisfaction may decrease if the price surpasses the tenant's income or is excessively high, particularly when the property manager provides only basic services (Norazman, et al., 2023).

Property Reputation

5

Corporate reputation is the perception of a company's past actions and future prospects that portrays the overall attractiveness of the company to all stakeholders, especially when compared to other major competitors (Bravo, et al., 2015; Fombrun, et al., 2000). Ferguson et al. (2000) state that reputation reflects what stakeholders think and feel about a company. Broadly speaking, property reputation is the reflection of the quality of performance, assets, and value from the public's point of view. Pires & Trez (2018) state that the public's perspective on a company's reputation includes social expectation, company personality, and trust, when the concept of corporate reputation is applied to a property company. Sanderson & Edward (2016) divided the indicator of reputation assessment into two: the performance of the property management and the willingness of the consumer of property products to recommend the property to the public. The assessment is based on the image, quality of service and facility, and the identity of the property.

Relationship between Concepts

Property management is the key figure (Agostini, et al., 2017) in the service industry, particularly in terms of quality and its perception. The need to provide quality service is key in tenant retention, as it serves as the underlying factor among service providers in the real estate industry, catering to the criteria of end-users and their expectations. According to Sanderson and Read (2020), property management has the potential to increase the value of the real estate portfolio by providing a high-quality service to the tenant. Property owners would form or appoint property management to optimize revenue, provide service for tenants, and maintain the property facility, ultimately achieving the owner's objectives (Kyle, 2016). Property managers are expected to provide a range of professional services to tenants, such as repair and maintenance services for rental units, security, cleanliness services, responsiveness to inquiries and complaints, as well as facilitating property viewings for prospective tenants. Additionally, they are responsible for cost administration, conducting property inspections, collecting rental payments, disseminating announcements, and resolving disputes among tenants (Ojekalu, et al., 2019). Li (1997) states that property management is obliged to cater to the tenant's needs more in the present time than it was in the past since the practice of property management is more about providing service to the user than tending to the physical building. Similarly, Lui (2004) opines that the practice of property management has evolved rapidly from a more traditional style to a more modern approach, where a property management company normally adopts "achieving customer satisfaction" as its promotional slogan.

In general, the satisfaction level of tenants is influenced by the service quality given by the property management. According to Lepkova & Žūkaitė-Jefimovienė (2013), service quality has no exact definition because the valuation of "quality" is both objective and subjective. It is objective when quality is aligned with the external tangible variables that are factually measured, and it is subjective when personal experience, imagination, emotion, expectation, and service user's attitude are put into consideration. Users perceive service quality as the evaluation or global attitude related to the excellence of a service (Parasuraman, et al., 1988). The technique of measuring the satisfaction level of trade center tenants on service quality is by comparing the expectation of tenants towards the reality of service quality received by tenants. SERVQUAL which includes tangibles, assurance, empathy, reliability, and responsiveness (Parasuraman, et al., 1988; Olanrewaju, et al., 2022). Property management's efforts in unit leasing activity in trade centers are measured on tangibility dimensions such as the availability of public facilities, well-equipped warehouses, and the

appearance of the property management's employees. Assurance is reflected in the service quality provided by employees, aiming to build trust, ensure the safety and comfort of the user through courtesy and respect, and the assurance of transparency when doing transactions. Empathy is demonstrated through thoughtfulness towards the tenants and through the provision of a convenient service to the tenants. Reliability is measured through service with negligible errors and punctuality in providing service to tenants. Responsiveness is measured by the timely and thorough delivery of explanations regarding the operation of the trade center to tenants, as well as the prompt responses to tenant requests. Besides the dimensions of service quality, Sanderson & Edwards (2016) and Zhang, et al. (2023) state that property management and rental value also influence the tenant's level of satisfaction and property reputation.

The cooperation between shopping center management and tenants has a direct impact on the quality of service provided by the shopping center management (Prendergast, et al., 1996; Howard, 1997). It is essential for managers to ensure that shopping center management staff possesses knowledge on marketing, as they play a crucial role in the performance of the shopping center in delivering quality services (Vernor, et al., 1993). Frasquet et al. (2002) highlight the challenges and operational success for shopping center management involve the availability of financial resources, as it directly affects the quality of service. Several negative factors that affect the delivery of quality service include inadequate staffing, poor planning, high employee turnover, lack of education and training by property managers, insufficient adoption of technology, and ineffective communication to develop strategies. These factors can lead to a decline in customer growth within a competitive environment (Ojekalu, et al., 2019). These negative factors are up to the property manager to rectify.

In addition to the dimensions of service quality, rental value also influences the level of tenant satisfaction and property reputation. Property managers accurately assess the service provided in order to determine the appropriate rental value, ensuring that tenants' payments align with their expectations. The size of the rented kiosk indicates their rental price in the open market (Sanderson & Edwards, 2016). Crosby & Murdoch (2000) states that rental value is the amount that ought to be paid by the tenant to the property management, as the representative of the property owner on the rental site and the service received by the tenant according to the rental contract that has been agreed upon. Rental value is the property management's income, which is then recognized as the operating costs of the trade center. On the tenant's side, the rental value becomes the turnover target that must be fulfilled to cover the production cost and the monthly rental fee, as well as to gain profit. Tenants expect the property management to aid them in the process of achieving that target. Therefore, property management must strive to improve the quality of the physical facility and the level of service provided to increase the rental value. Consequently, the management ought to undertake various ways to ensure tenant satisfaction, encouraging tenants to stay for the duration of their lease term and potentially even extend their lease (Oyedokun, et al., 2014). Customer satisfaction in property products is the condition in which the tenant's expectations or expectations regarding the quality of physical facilities and services provided by the management align with the perceived quality in relation to the rental value paid. Furthermore, consumers' satisfaction level with a product also influences the post-experience attitude toward that product (Selnes, 1993). Satisfied tenants will provide positive evaluations regarding the reputation of the trade center. Company reputation is the representation of image, competitive excellence, and identity of the company based on both the direct involved consumer and the public perception (Pires & Trez, 2018). Company reputation is closely

related to the performance of the company over time. Good performance creates customer satisfaction, thus strengthening the company's reputation (Anderson, et al., 1994).

The Hypothesis of this study are as follows:

- H₁ : SERVQUAL dimensions (tangibles, assurance, empathy, reliability, responsiveness) significantly influence the property management of trade centers in Surabaya
- H₂ : SERVQUAL dimensions (tangibles, assurance, empathy, reliability, responsiveness) significantly influence the rental value of trade centers in Surabaya
- H₃ : Property management significantly influences the satisfaction of tenants of trade centers in Surabaya
- H₄ : Property management significantly influences the reputation of trade centers in Surabaya
- H₅ : Rental value significantly influences the satisfaction of tenants of trade centers in Surabaya
- H₆ : Rental value significantly influences the reputation of trade centers in Surabaya
- H₇ : Tenant satisfaction significantly influences the reputation of trade centers in Surabaya

INSERT FIGURE 1

METHODOLOGY

This is an associative study that tests ¹ the relationship between two or more variables. The population in this study consists of owners and tenants of kiosks in trade centers located in Surabaya. Purposive sampling technique was employed to select participants based on specific criteria: being a tenant or owner of a kiosk in a trade center in Surabaya who have been actively conducting business at these kiosks during the COVID-19 pandemic up until the time of the study. Data collection was conducted using a combination of hardcopy questionnaires and an online survey distributed through Google Forms between February and May 2022. This approach was chosen to comply with the restrictions on in-person meetings imposed during the COVID-19 pandemic. The structure of the questionnaire consists of six parts namely (1) respondent's identity, (2) dimensions of SERVQUAL, (3) role of property management, (4) quality of rental value, (5) tenant's satisfaction, (6) and property reputation valuation. The questionnaire's measurement of the variable of service quality (SERVQUAL) used the Likert scale on frequency (1 = never, 2 = rarely, 3 ¹ sometimes, 4 = often, 5 = always), while other variables used the Likert scale on agreement (1 = strongly disagree, 2 = disagree, 3 = neutral, 4 = agree, 5 = strongly agree).

The hypothesis testing phase utilizes a structural model, specifically the SEM-PLS 3.0, which describes the relationships among latent variables (constructs). The structural model employs path analysis, which simultaneously examines all variables and their respective indicators through several stages, beginning with the analysis of the outer model which includes (a) convergent validity which is a validity test using the loading factor value that is expected to be > 0.6 on the latent variables with the indicators; (b) composite reliability which is used to measure the internal consistency level and deeming it reliable if > 0.7; (c) Cronbach's alpha which is the reliability test with the value of Cronbach's alpha > 0.7; (d) average variance extracted (AVE) is the validity test and deemed valid if > 0.5; and (e) discriminant validity using the cross-loading factor to determine the comparison of the loading

value of each construct and is expected to be greater than the loading value of the other constructs (Hair, et al., 2017).

The second analysis is the inner model analysis which is the structural model that connects latent variables, that aims to ensure that the model formed is robust and accurate through several tests, namely (a) coefficient of determination using the R^2 value to measure the level of influence of exogenous variables towards endogenous variables. If R^2 is 0.67 it is categorized as 'substantial'; 'moderate' if R^2 is 0.33, and 'weak' if R^2 is 0.19; (b) predictive relevance is the predictive relevance test using the value of Q^2 to measure the relative influence of the structural model towards the measurement of the dependent latent variable observation. Q^2 value of > 0 proves that the values observed have been well-reconstructed so the model has predictive relevance. If $Q^2 < 0$ then it shows that there is no predictive relevance. The hypothesis testing the final stage of data analysis utilizes the bootstrap resampling method to estimate the path coefficients through t-statistic tests. The t-statistic test function is employed to examine the significance of the relationships between both endogenous and exogenous variables, using p-values or confidence intervals. This study incorporates 5,000 bootstrap subsamples and involves 100 respondents, ensuring robustness in the result. The t-value for the test of both sides is 1.65 (90% confidence interval), 1.96 (95% confidence interval), and 2.58 (99% confidence interval) (Hair, et al., 2017). The hypothesis testing process begins with path analysis. Firstly, it examines the dimensions of SERVQUAL (tangibles, assurance, empathy, reliability, responsiveness) on property management performance and trade center rental value. Secondly, it investigates the relationship between property management performance and tenant satisfaction, as well as trade center reputation. Thirdly, path analysis examines the influence of rental value on tenant satisfaction and trade center reputation. Lastly, path analysis explores the relationship between tenant satisfaction and trade center reputation in Surabaya.

ANALYSIS AND DISCUSSION

Data was gathered through the questionnaires using Google form and hardcopy, from which 127 respondents were acquired. After a thorough check of all the respondent's data, 27 were ineligible due to incomplete filling and unfulfilled technical sampling requirements. A total of 100 questionnaires were then further processed. Respondents are tenants and kiosk owners who run their businesses in the trade center. The profiles of the respondents were then categorized based on kiosk ownership, line of business, trade center name, kiosk floor, period of rent/ownership, average monthly rent, average monthly service charge, and kiosk area (m^2). Table 1 shows the respondent's characteristics.

INSERT TABLE 1

The majority of the respondents are tenants who do business in the trade center, with 84%. The dominating line of business is boutique % fashion (26%), followed by food (23%). The floor chosen the most is the ground level and the first level. The majority of the duration of ownership or rent is 5-10 years (46%). The average monthly rent in several trade centers in the range of Rp.5,000,000 – Rp.10,000,000 per m^2 per month (36%) and a service charge of Rp.1,000,000 – Rp.2,000,000 per m^2 per month (58%) with a kiosk area of 10 - 20 m^2 (60%).

Table 2 shows the exogenous variables and the indicators, which are the service quality given by the property management to the tenants of 7 (seven) trade centers in Surabaya. The analysis result of the descriptive statistic shows that on average respondents score the service quality of the dimension of tangibility ($\mu = 4.380$, $SD = 0.659$), assurance (μ

= 4.456, SD = 0.630), empathy ($\mu = 4.352$, SD = 0.687), reliability ($\mu = 4.406$, SD = 0.668) and responsiveness ($\mu = 4.360$, SD = 0.690). The tenant's perception of the assurance and reliability of the property management is the highest.

INSERT TABLE 2

Table 3 shows mediating variables with the indicators from the property management's role and quality of rental value along with its exogenous variables and the indicators, which are tenant satisfaction and property reputation.

INSERT TABLE 3

The mediating variables in this study are ² the role of property management and the quality of rental value. The descriptive statistics test shows that respondents agree that property management is able to carry out their role well ($\mu = 4.372$, SD = 0.650). The role of property management in answering calls, responding to complaints as well as giving feedback to tenants has been carried out well. Tenants give their feedback regarding the quality of rental value as the cost of rent and service charge on the facilities and quality of service, which tend to be neutral, thus needing effort from the management to determine a more relevant rental value or adjusted to the rental market of trade centers ($\mu = 3.538$, SD = 0.638).

The endogenous variables are tenant satisfaction and property reputation valuation. Descriptive statistics show that tenants are satisfied with the cleanliness, security, responsiveness to questions and complaints, as well as repair, maintenance, and upkeep of the building ($\mu = 4.268$, SD = 0.668), but services to tenants still need to be improved for them to be willing to renew the lease. The trade center's management of the kiosks rented and the availability of public facilities positively reinforces the property's reputation. In general, the trade centers' reputation is still good ($\mu = 4.190$, SD = 0.628), but each of the trade center's brand and image still needs to be improved.

Hypothesis testing used the SEM Partial Least Square model using SMARTPLS ver. 3.0 program through the outer and inner model analysis. Table 4 presents the results of the test regarding the relationship between indicators and latent variables through the analysis of the outer model, including Convergent Validity (CV), Discriminant Validity, and Reliability Test. Convergent Validity is measured through the outer loading of each indicator and the Average Variance Extracted (AVE). All indicators from the research variables show outer loading values > 0.5, indicating that the selection process continues based on the AVE and composite reliability of each variable. AVE values > 0.5 indicate that the variables explain more than half of the variance of their indicators, thus considered to meet the criteria for convergent validity (Hair, et al., 2017).

INSERT TABLE 4

Discriminant validity was tested using the ⁷ Fornell-Larcker criterion and cross-loadings. Table 5 presents the Fornell-Larcker test, which compares the square root of each Average Variance Extracted (AVE) on the diagonal with the correlation coefficients (off-diagonal) for each variable for each relevant row and column. The correlation value for the tangible variable (0.779) is equal to assurance, while the correlation value for property management (0.867) is greater than assurance (0.779). These test results indicate that tangibles and property management are interrelated with assurance. In other words, there is an overlap in the items

perceived by the respondents in the affected variables (Hamid, et al., 2017). Another alternative for testing discriminant validity is cross-loading, where the items in a variable have higher values compared to all cross-loadings with other variables (Hair, et al., 2017). Based on the loading factor values in Table 4, all variables in this study have satisfied discriminant validity and are considered valid. Table 4 also displays the reliability test through Cronbach's Alpha (CA) and Composite Reliability for each variable. Cronbach's alpha and Composite Reliability values greater than 0.7 indicate reliability (Hair, et al., 2017).

INSERT TABLE 5

The inner model analysis is used to evaluate the structural model and significance test the causality relationship between latent variables so that the model formed will be robust and accurate, using the R^2 value and predictive relevance (Q^2). The influence of service quality towards the role of property management is $R^2 = 0.876$, but the influence of service quality towards rental value is only $R^2 = 0.138$, while the rest is influenced by other factors such as location and accessibility. The role of property management influences tenant satisfaction with $R^2 = 0.135$ and property reputation with $R^2 = 0.273$. Moreover, the predictive relevance analysis is used to determine the observation value produced by the model using the Q^2 value, which is 93.3%. Thus, the model has predictive relevance value where the exogenous values and mediating variables have a good predicting level towards the endogenous variables.

INSERT FIGURE 2

Figure 2 and Table 6 show the test of the hypothesis of exogenous variables' influence on endogenous variables based on the path coefficients and t-stat values through bootstrapping. Hypotheses are accepted if the p-value satisfies the significance criteria (1%, 5%, 10%) for both direct and indirect relationships.

INSERT TABLE 6

In Table 6, the first direct effect relationship shows that the SERVQUAL dimensions, namely tangibles, assurance, empathy, reliability, and responsiveness, have a significant influence on property management role, and the SERVQUAL dimension of reliability has a significant impact on rental value. Secondly, property management has a significant influence on tenant satisfaction and rental value, but rental value does not significantly affect tenant satisfaction and property reputation. Thirdly, tenant satisfaction significantly affects property reputation. The test results in the study's indirect effects model show that the SERVQUAL dimensions of tangibles, empathy, reliability, and responsiveness have a significant influence on property reputation, with property management performance as the mediating variable. Furthermore, the SERVQUAL attributes of responsiveness has a significant impact on tenant satisfaction, with property management performance as the mediating variable.

DISCUSSION

The assessment of service quality has been applied in various service industries, including the retail market, such as trade centers. SERVQUAL serves as the foundation for the dimensions of tangibles, assurance, empathy, reliability, and responsiveness, which significantly influence the role of property management. The services related to tangible

dimensions include the availability of adequate equipment for facility needs and maintenance at the trade center. The Assurance dimension encompasses the presence of security personnel overseeing trade center activities as well as providing a transparent contract payment transaction, thereby creating a sense of security. The empathy dimension involves the ease of contacting employees during working hours or in case of emergency situations at any time. The reliability dimension entails carrying out repairs and maintenance according to schedule and having a low employee turnover rate. The responsiveness dimension includes education on security and safety in the trade center area, including the communication of operational rules to prevent violations by tenants. Mesthrige (2021) states that quality property management implies better maintenance. The level of service quality in property management is an important determinant of building quality, which can enhance the image and intrinsic value of the property. The quality of property management services is directly linked to the level of service standards provided. As service outcomes improve, it becomes necessary to enhance the role of property management by raising the standards and expanding the range of services offered. (Ojekalu, et al., 2019). Also, a broader range of service dimensions provided can enhance tenant satisfaction (Hui, et al., 2013). Wanninayake & Dissanayake (2007) state that commercial companies that fail to provide desired services to tenants will experience a high turnover rate and create a negative impression. This problem becomes more severe in competitive business environments as tenants can easily switch to other commercial buildings to find better options and higher levels of satisfaction (Karunasena, et al., 2018).

Responsive services, such as prompt service and maintenance of physical facilities, providing education to tenants regarding security and safety in the trade center area, as well as notifying them of operational rules to prevent violations, can create satisfaction among tenants, as observed in the study by Sanderson & Edwards (2016). Tannor et al. (2022) state that the attitude of personnel, service reliability, responsiveness, and the competence of personnel delivering services are what users expect, leading to user satisfaction. Tenants will experience greater satisfaction when the property management delivers both high-quality goods and excellent service (Gibler & Tyvimaa, 2014). Adequate and well-maintained trade center facilities will shape a good brand and image in the public's evaluation. Additionally, delivering good, consistent, and error-free services to tenants by property management creates a positive perception among tenants. Satisfied tenants are more likely to remember and associate the image and brand of the product, which ultimately affects the company's reputation (Almeida & Coelho, 2017). The public perception of a product's reputation is influenced by the provision of good service, leading to increased customer loyalty (Abu-ELSamen, et al., 2011; Ramanathan, et al., 2018).

Ramanathan et al. (2018) state that measuring service quality alone will not be able to create added value for a company. It is necessary to understand the relationship between measured service quality, customer satisfaction, and tenant behavior. This study proves the relationship between service quality and tenant behavior, including satisfaction, loyalty, and willingness to recommend the trade center to others. Word-of-mouth (WOM) communication is considered a more credible source of information for consumers compared to mass media advertising. Satisfied customers will recommend or speak positively about a company and are willing to pay more for its products or services (Cachero-Martinez, et al., 2023). On the other hand, rental value is a factor that hinders satisfaction and property reputation. The COVID-19 pandemic has led to a decline in economic transactions (Njo & Sugeng, 2023) and its effects continue to be felt during the post-pandemic period. As a result, tenants are withholding rental values, including service charges, assuming that they did not receive adequate economic

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value from the transactions that took place. Property managers face challenges with long-term tenants who have been renting for 5-10 years. Despite the ongoing pandemic, these tenants continue to operate within the trade center, but they experience a decline in visitor numbers due to restrictions on the number of people allowed to gather. Property managers need to implement new strategies to revive the trade center after the pandemic like environmental awareness in order to establish sustainable building environmental management (Njo, et al., 2021). This includes the development of additional facilities, such as incorporating drive-thru services, partnering with platforms like Go-Jek for online services, and leveraging online couriers for efficient delivery and pickup services. These measures aim to enhance accessibility for both sellers and buyers, facilitating trade within the center. Safety and cleanliness (Njo & Sugeng, 2023) remain the utmost priority of property management services, even as the spread of the virus has diminished.

CONCLUSION

The performance of property management is influenced by the service quality dimensions of tangibles, assurance, empathy, reliability, and responsiveness. However, the service quality dimensions of tangibles, assurance, empathy, and responsiveness do not affect the rental value of the trade center. Furthermore, the service quality dimensions of tangibles, empathy, reliability, and responsiveness affect the reputation of the trade center through the mediating variable of property management performance. Only the service quality dimension of responsiveness has an impact on tenant satisfaction through property management performance. The trade center portrays itself as a wholesale and retail trading center that provides common facilities such as parking, elevators, a safe environment, cleanliness, and adherence to post-pandemic COVID-19 health standards. The role of responsive property managers in managing the trade center is crucial to enhance tenant satisfaction and ensure lease extensions in the future. In the long term, good service enhances the reputation of the trade center, but the quality of service has not yet matched the rental value set by the management. It is advisable to utilize the post-pandemic period with relaxed social distancing rules as a foundation for further research with a larger number of respondents.

Theoretically, the research implications explain the management of property services in a commercial environment (trade center) and the role of property management in providing quality services that contribute to knowledge about service quality to achieve tenant satisfaction. Tenant satisfaction also influences the reputation of the property. From a managerial perspective, the research implications emphasize that property managers are expected to map out proactive steps related to different dimensions of satisfaction by implementing service training programs for employees to effectively serve customers and evaluating implemented programs. In the human resources division, the Indonesian Shopping Center Management Association (APPBI) and universities can collaborate to expand cooperation offerings such as internships and training, benefiting both parties. Property managers need to evaluate, maintain, or revise the company's commitment to customer service. The expertise of property managers related to customer service should also be communicated to the company's executives to inform agreed-upon decisions. Companies need to establish communication channels with various stakeholders in property management. Furthermore, during the pandemic to this day, trading in trade centers has experienced a drastic decline and has not fully recovered, requiring property management to restructure marketing strategies. Property management can employ the leaseback process as a strategy to facilitate renovations that were not feasible during the pandemic. This approach

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involves enhancing the trade center's public facilities and reorganizing the trading concept to bring catrabout changes in the tenant mix. These changes are expected to be able to expand the existing market.

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