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A dissertation report to be submitted to the Faculty of Engineering and the Built Environment, University of the Witwatersrand, in fulfilment of the requirements for the degree of Master of Science in Property Development & Management

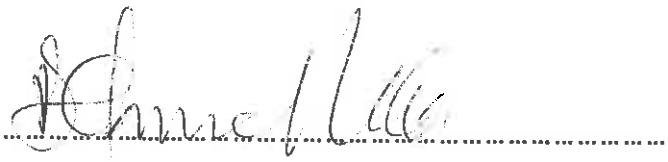
Corporate Real Estate Management – A survey of the South African Entertainment & Media Companies

CORPORATE REAL ESTATE MANAGEMENT

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Declaration

I declare that this research report is my own unaided work. It is submitted for the degree of Master of Science in the University of the Witwatersrand. It has not been submitted before for any degree or examination in any other university, nor has it been prepared with the assistance of any other body or institution, group, or person outside the University of the Witwatersrand.



(Matla Prince Selamolela)

26th day of October, 2017

Dedication

This work is dedicated to the loving memory of my parents, Mashapa and Mokgadi, my Son Rinae and the rest of my family for their unwavering support.

Acknowledgments

The writing of this research report involved the assistance and support of many people whom I cannot mention all by names. I would like to sincerely thank you for your invaluable comments and suggestions that greatly improved the quality of this work.

I am grateful to the almighty who made this possible. Also, it could not have been possible to complete this investigation without my sponsors. My sincere gratitude goes to my supervisor Dr Yewande Adewunmi for her guidance and encouragement during the preparations of this dissertation. I cannot forget Professor Samuel Azasus' warm reception at the school of construction economics and management. Last but not least, I want to convey a special thanks to the entire staff of the faculty of engineering and built environment.

Abstract

Purpose – The main objective of this study was to determine a particular knowledge and skill of the senior management of the South African entertainment and media Industry towards corporate real estate management.

Design/methodology/approach – Online questionnaire was administered on the random selection of entertainment and media companies, which includes 11 industry segment i.e. television, newspaper publishing, magazine publishing, business-to-business, radio, cinema, music, internet, video games, book publishing and out-of-home advertising. The population size was chosen according to Bizcommunity listing categorisation, which totalled to 171 companies. A random sample size of 120 organisations returned a total of 32 respondents who took part in the survey, of which 3(9.4%) are chief executive officers, 8(25%) chief financial officers, 1(3.1%) facilities manager and corporate real estate manager and 19(59.4%) hold other positions.

Findings – Majority of the firms has a formal organised real estate unit. Out of the 32 respondents in the survey, 19(59.4%) hold positions not related to a particular knowledge and skill in CREM. This indicate that there is no distinct individual who performs the CRE duties within the surveyed organisations. This clearly indicate that the duty is an operation that is generally passed onto an individual without the particular knowledge and skill that is required to undertake CREM. Furthermore, organisations continue to adopt crude traditional methods of recording real estate such as the historical measures of accounting. They also allocate real estate costs to organisational units. This emphasise the operational view taken towards CREM, and clearly showing that CRE is still on the backburner of strategic management practice. Therefore, vital financial information such as property asset valuation and obligation, profits and loss is distorted and incomplete for the purpose of decision makers, since CRE financial reporting is opaque and the numbers are incidentally available. CREM data then communicates solely the bare necessities, as it is hard to display CRE matters that one ignores. Hence the attitudes of senior management of the South African entertainment and media companies are entrenched with negations towards CREM, as they continue to manage CRE without a complete knowledge which is necessary to conduct

CREM. This indicates that it will take greater investment in time and resources to adopt the proposed leasing model, since CRE operational lease data may not be readily available.

Recommendations – Service providers need to take into account specific criteria used by respondent firms in the selection of who manages their corporate real estate. In addition, organisations need to implement an enterprise centralised component (ECC) system for lease inventory management.

Originality/value – This paper provides additional comprehensive description of corporate real estate management within the South African entertainment and media industry in order to fill a gap in the existing research work conducted in other sectors of the South African Industry and elsewhere. It also provides a particular knowledge and skill which is necessary for the adoption of the change proposed by IFRS regulation on lease accounting policy.

Keywords: Corporate real estate management; entertainment and media; knowledge and attitudes; lease Accounting.

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Acronyms

CRE	Corporate Real Estate
CREM	Corporate Real Estate Management
E&M	Entertainment and Media
CREAM	Corporate Real Estate Asset Management

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Chapter 1- Introduction

Both practitioners and theorists converge on the proposition that corporate real estate (CRE) can add value towards the creation of a prosperous organisation. This prosperity lies in the ability of the real estate decision making process and inputs or the division of a particular knowledge and skill which is necessary to create an orderly functioning business (Anker et al., 2012). Caldwell (2005, pp.294-295) argues that the division of labour or a particular knowledge and skill of the individual men and women contribute to the creation of a vast production of goods and services (Hayek, 1960a, p.26). In addition, prices, profits and loss accounting of the goods and services are information signals which are vital to the independent plans of both consumer and producer (Hayek,1948;1945;1937).

Heywood (2011) argues that a long-standing issue for CRE practitioners and theorists is the lack of coordination between CRE strategies with organisational strategy. Thus, vital real estate information which is necessary to guide senior management towards their independent plans in order to satisfy the efficient employment of CRE assets is lost. In a similar thread, Ijasan (2013) has argued that CRE is still on the backburner of strategic management practice, corporate real estate management continue to follow traditional approaches focused on cost reduction and crude traditional methodologies, real estate managers still perceive their main role as acquirers of inexpensive space, emphasing the facility management and excommunicating the existing division of knowledge or a particular skill in CREM. That is to say, CRE organisations are not benefitting from the flow of vital information signals such as prices, profit and loss accounting which are necessary to direct the efforts of senior management towards a flourishing and prosperous business enterprise.

In addition, this extends the thread towards a broader flow of information distortion on the usage of CRE assets which is likely to plunder core assets (Zeckhauser & Silverman, 1983). The distortion of vital information signals such as profit and loss accounting fail the ability of the real estate decision making process and inputs or the division of knowledge or a particular skill to contribute towards the creation of a vast production of goods and services. The Coordination of the division of knowledge within CREM must be fed with key

financial signals such as the present value of property obligation and asset valuation, including the accounting for profit and loss which is necessary to have in order to achieve an orderly functioning organisation (Baltussen et al., 2014; Kaplan & Norton, 2006). The consequences of the lack of coordination between organisational structures and CRE could affect the efficiency of the overall business environment so that real estate assets could become problematic assets to the business (Zeckhauser & Silverman, 1983). For example, De Jong et al., (2005), has argued that companies saw an incentive to treat leases off-balance sheet, thus leading to a distortion of vital information signals with respect to the administration of company assets, resulting in financial scandals in the US and elsewhere (Coates, 2007).

The central point in the literature is that the attitudes of a majority of senior management of CRE companies are not contributing towards a particular knowledge and skill which is necessary to conduct an orderly functioning CREM (e.g. Lalloo, 2013; Ijasan, 2013; Simpson & McDonagh, 2010). Hayek (1978, p.33) stresses that the fundamental importance of the division of labour or a particular knowledge and skill is the attribute of a prosperous organisation (Feser, 2006, p. 111). Feser (2006, p. 114) said Hayek's theory provides a thread which runs throughout his work emphasizing the division of labour and knowledge as the attribute of a harmonious and spontaneous overall adjustment towards evolutionary economic administration (Hayek, 1948, 1937, p.54). Thus, without the division of labour or a particular knowledge and skill of individual men and women, coordination in the organisation is highly impossible. Ludwig von Mises (Mises, 1935, 1920) has pointed that the prices of goods and services including profit and loss accounting are information signals which are vital to convey information to the independent plans of both producers and consumers (Feser, 2006, p. 117).

This idea has been extended by Brounen et al. (2013); Canon & Fenbert (2011); The Royal Bank of Scotland (2010) reaffirming accounting policy as an important variable in CRE decision-making (Baltussen et al., 2014). Thus, to maintain an orderly functioning CREM, financial information such as the present value of real estate obligation and the market valuation, including the accounting for profit and loss must be communicated in order to convey vital information to the

independent plans of both the producer (CREM) and consumer (user demand) to make a harmonious and spontaneous overall adjustments towards an orderly functioning CREM. This harmonious and overall spontaneous adjustments have become a subject of a joint dialogue between regulated International Accounting Standard Board (IASB) and the Financial Service Board (FASB), aimed at improving financial reporting of vital CRE information which is necessary to convey key institutional guide such as prices, profit and loss accounting to a properly and orderly functioning business environment (Baltussen et al., 2014). Hence, the purpose of this study is to examine the attitudes of the senior management of the South African entertainment and media (E&M) industry towards corporate real estate management.

1.1 Problem statement

Feser (2006, p.54) stated that the value of any given product is determined by not the amount of labour that went into making it or by the cost of production, but the individual desires of the consumer and the producer. Feser (2006, p.54) said this theory run through a thread of theorists such as, (Smith; Hume; Menger; Von Mises and later Hayek). Caldwell (2005, p.208) & Feser (2006, p.114) stated quoting from Hayek "that economic knowledge is widely dispersed among individuals; and if prices, profit and loss accounting are a way of coordinating the plans of the individuals, those plans can only be known by those individuals". Furthermore, "without the key institutional guidepost such as profits and prices, coordination in the business environment is impossible". "Likewise, trade only take place if it benefits both the producer and the consumer in an exchange and only those individuals involved in the exchange have complete knowledge of the benefits they seek and what they are willing to give in exchange" (Hayek,1948;1937).

However, recent studies have discovered that information chaos exists behind the façade of financial reporting, revealing that senior management has a surface level attitude and lack a real focus towards corporate real estate asset management (Simpson & McDonagh, 2010). Moreover, Beattie et al. (1998) said that under the existing lease accounting model, an increasingly substantial amount of leases is not recognised on the balance sheet (Baltussen et al., 2014). "Globally, the IFRS Foundation illustrated that by 2013, World Leasing Yearbook reported a signed amount of almost $800 billion new leases worldwide in 2011". In especial, "the IFRS lease accounting project still causes a combined amount of approximately €6 billion of off-balance operational lease obligations to be added to the AEX listed corporate balance sheet" (Baltussen et al., 2014). That is to say, vital information to convey the necessary flow of knowledge to enable each producer and consumer to make their independent decisions is opaque and incidentally available. Information that is necessary for each consumer and producer to determine how much men and women are willing to give in exchange for someone else's product or service is distorted. Fundamentally, it is difficult to obtain the right signals to make a harmonious and overall spontaneous adjustments by both producer and consumer. In the context of South Africa, Lalloo

(2013) discovered that the majority of companies own their premises, with only 14, 1% opting to lease, in addition, 2, 6% have a hybrid of owning some and leasing other premises. Moreover, Maluleke (2014) also discovered that the majority of companies in South Africa either own their real estate or lease them.

The problem to be addressed in this study, is aroused by a similar social science question asked by Hayek: How do senior management come to learn the information that is necessary to have in order to coordinate CRE plans within the division knowledge and a particular skill? Furthermore, Hayek argued in his writings of economics and knowledge (1948; 1937) and the use of knowledge in society (1945; 1948) that the way in which economic agents come to learn represent the crucial empirical element of economics, and that information (prices, profit and loss accounting) signals represent the key institutional guidepost for learning within a well-functioning business environment (Feser (2006, p. 61). In addition, Feser stated that Hayek in this connection manifests the indispensable role played by the value of goods and services (Feser (2006, p.54). Hence, the researcher is interested in gathering data in the form of perceptions of senior management of the South African and entertainment and media organisations towards CRE. How do senior management come to learn the information that is necessary to have in order to coordinate CREAM? What is the readiness of CRE administration towards the adaptation and overall adjustment of CREM which is necessary to adopt the proposed leasing accounting policy?

1.2 Significance of the problem

The central point of this research study lie in the perception of a majority of companies lacking in CRE strategies. That is to say, they may experience lack of coordination which is necessary to adopt the proposed leasing model, primarily since most companies with large portfolios of operating leases do not have ready access to the lease contract information they will need for reporting under the proposed leasing model—nor do they have that information in an electronic form that will maximise its usefulness (Chambers et al., 2015; Baltussen et al., 2014). The IFRS Foundation (2013) has argued that lease options related to renewals, purchase, bargain purchase, termination, and rights of first refusal may not currently be stored in electronic form for most, if not all, of a company's operating lease portfolio (Chambers et al., 2015). That is to say, vital information to convey the necessary knowledge for the organisations to adopt the changes proposed by IFRS leasing policy is highly distorted. Information that is vital for each consumer and producer to determine how much men and women are willing to give in exchange for someone else's product or service is highly distorted. Fundamentally, it is difficult to obtain the right signals to make a harmonious and overall spontaneous adjustments towards evolutionary CREM practice by both producer (CREM) and consumer (user demand). The division of knowledge to make various exchanges by both producer and consumer, knowledge which includes, attitudes, habits, skills and tools and institutions which is necessary to learn vital information that is necessary to have for the adoption of the changes proposed by IFRS leasing policy is distorted (Caldwell (2005, pp.294-295).

Hence, this study aims to answer the empirical question: what are the attitudes of senior management of the South African entertainment and media industry towards CRE? How do senior management come to learn CRE information that is necessary to have in order to coordinate CREAM? This problem is aroused from the widely common assertion that the attitudes of a majority of senior management of CRE companies are entrenched with the view that CRE is an evil creating cost in the value of goods and services, a euphemism of the wide popular view, "we are not in the real estate business". The study will provide information on questions such as: does the organisation has a formal organised real estate

unit or a person with this area as their sole responsibility? How does your organisation generally record real estate value? What best describe the treatment of the costs of occupying real estate in your organisation? How reliable, accurate and understandable is your organisation's database system? What are the attitudes of senior management towards CRE? Thus, this information is vital for both the producer (CREM) and consumer (user demand) to increase the ability of the real estate decision making process and inputs or the division of a particular knowledge and skill which is necessary to create an orderly functioning business (Anker et al., 2012).

1.3 Objective of the study

The main objective of this study was to determine a particular knowledge and skill of senior management of the South African entertainment and media Industry towards CREM.

1.4 Research problem

This study attempts to address the following social science problem: how do senior management of the South African entertainment and media companies come to learn CRE information that is necessary to have in order to coordinate CREAM?

1.5 Research questions

In order to address the above problem, the following questions will be answered:

1. What are the attitudes of senior management of the South African entertainment and media companies towards CRE?
2. What is the readiness of CRE administration towards the adaptation and overall adjustment of CREM, which is necessary to adopt the proposed leasing accounting policy?

Chapter 2- Introduction

The purpose of this chapter is to review the literature and the various definitions of corporate real estate by a contemporary of practitioners and theorists. Secondly, an attempt is accomplished by demonstrative literature on how widely dispersed and fragmented is the division of a particular knowledge and skill among individual men and women in the economic administration of CRE. Thirdly, there is a discussion on the bundle of corporate real estate management which is described as CREAM (the management of all aspects of real estate; marketing and physical management, acquisition and development, disposition, property management, financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage). This is followed by a discussion of the corporate real estate organisational structure, roles, title and responsibilities and reporting responsibilities of the CRE manager. Lastly, we come to the central point of this study, the attitudes of senior management towards CRE, which has become a subject of discussion among a majority of contemporary practitioners and theorists around the world. Towards the end of the literature review is a discussion on CREM value add proposition. The conclusion ends with a theoretical gap in the study, which is the primary base to ask the question: how can the combination of fragments of knowledge existing in different minds, bring about results which, if they were to be brought deliberately, would require knowledge on the part of the directing mind which no single person can possess? How do senior management come to learn the information that is necessary to have in order to coordinate CRE plans within the division of knowledge and a particular skill?

2.1. Literature Review

Feser (2006, p.125) had argued in the light of Hayek, describing Adam Smith as the first to see that we had stumbled upon methods of ordering human economic co-operation that exceed the limits of our knowledge and perception (Hayek 1988, p.14). In the late 1990s Deng & Gyourko (1999) argued in a similar connection that a debate is emerging around the issue of whether non-real estate firms should own so much property, with Linneman (1998), among others, contending that it is harmful for non-real estate firms to devote capital to investments outside their core competencies. Moreover, Lindholm et al. (2009); Lindholm (2008) argued that globalisation of business operations and other competitive pressures are driving business organisations to compete in an ever competitive, rapidly changing global environment. Razali (2008) stated in a similar thread, that Dixon (2005) had seen that there was an increasing debate during the late 1990s over the emergence of a new economy, built on major structural changes driven by globalisation, information and communication technology. Commensurate with these observations, Khanna et al. (2013); Apgar (2009) had aroused a concern that real estate is difficult to manage because it not only affects everyone, but affects them at various levels including customers at a marketing/image level, employees (as a place to work), investors (as a financial asset), regulators, neighbours, etc. (Didiza, 2014).

Towards the 20th century (citing Feser (2006, p.111) Hayek drew this connection, "to act on the belief that we possess the knowledge and the power which enable us to shape the processes of society entirely to our own liking, knowledge which in fact we do not possess, is likely to make us do much harm" (Hayek 1978, p. 33). Furthermore, Feser (2006, p.114) & Caldwell (2005, p.208) quoting Hayek, "how can the combination of fragments of knowledge existing in different minds, bring about results which, if they were to be brought deliberately, would require knowledge on the part of the directing mind which no single person can possess?" (Hayek 1948, p.54, 1937). Hayek in this connection manifested the indispensable role played by prices, and profits and loss accounting in the business of economic administration (Feser (2006, p.54). Thus the social science problem entrenched in this study is similar to Hayek's problem i.e. how can the combination of fragments of knowledge existing in different minds, bring about results which, if they were

to be brought deliberately, would require knowledge on the part of the directing mind which no single person can possess? How do senior management come to learn the information that is necessary to have in order to coordinate CRE plans within the division of knowledge and a particular skill?

2.2. What is Corporate Real Estate?

Zeckhauser & Silverman (1983) are among the early pioneers who defined CRE as the land and building owned by companies not primarily in the real estate business (see, Omar, 2014; Liow & Ingrid, 2008; Liow, & Nappi-Choulet, 2007). Abdullah et al. (2011) had argued that researchers and practitioners agree that property is often referred to as an important resource or an asset to any organisation (see, Zailan & Maziah, 2002; Ismail, 2001; Balch, 1994). That is to say, "even an agent working from a mobile phone will seek free use of doorways for shelter" (Weatherhead 1997). Such space has been described as corporate properties or corporate real estate (Ijasan, 2013). Brueggeman & Fisher (2001) refers to CRE as the use of real estate, as part of a business operations and associated activities (Ali, 2007).

Hwa (2003) stated that the composition of CRE varies with the type of business being carried out by the respective companies, and the property type and amount owned is dictated by the nature of its operations, e.g. for manufacturing companies, it would have factory premises, offices and warehouse and land for future expansion/development. "These properties could be located in several locations". "Major food retailers would own warehouses and distribution centres, and are active in the acquisition of properties for its new outlets". "Companies involved with the service industries such as banks, insurance, travel agencies etc. will own mainly office buildings". "A large financial group or a holding company would typical have a wide geographical spread of its properties in the form of branches". "Utility companies will own land reserves, rights of ways and easements for transmission lines, pipelines etc". "Real estate owned by railway companies will include warehouse, workshops, storage buildings, rights of ways etc" (Hwa, 2003).

Appel-Meulenbroek et al. (2015); Liang & Chen (2011) described CRE as the property used to house the business for any kind of company. Kooymans (2000); Dresdow & Tryce (1988) extended the definition to "real estate owned by a corporation, whether it is for investment or not, this included freehold and leasehold real estate that is used by an organisation for its own productive purposes (Omar & Heywood, 2014). The conceptualisation of CRE has been at the mean of on-going debate among both practitioners and theorists within the discipline. Appel-Meulenbroek et al. (2015); Oladokun, (2010); Pole & Mackay (2009) had argued that CRE is a costly resource, often the second largest behind labour cost. In a similar thread, Omar & Heywood (2010) described CRE as often the second or third largest operating cost of a business or public authority and may represent as much as 50 per cent of the total assets on the balance sheet. However, this percentage varies in different countries (Laposa & Charlton, 2001; Liow, 1999; Weatherhead, 1997). Liang & Chen (2011); Roulac & Manning (1999b) stated: CRE includes all space involved in supporting a company's business.

Towards the 20 century, Joroff et al. (1993) had termed CRE as the fifth resource after the traditional resources of people, technology, information and capital (Hwa, 2003). Furthermore, CRE is the function within an enterprise that manages its physical work, production and customer engagement environments (Omar & Heywood, 2014). Ali et al. (2008); Brown et al. (1993), had defined CRE as it applies to properties that are either owned or leased by firms to achieve corporate objectives. Along with this definition, Roulac (2001) pointed out how the management of CRE itself has evolved significantly over the past several decades, from the trend of custodial approach prior to 1970s to the emergent strategic approach in which the real estate function is moving towards a coordinated growth, efficiency and effectiveness (Liow & Nappi-Choulet, 2007).

Kania et al. (2015) had seen the light of the definition in both narrow and broad sense. "In the narrow sense, real estate is used to describe property used for operational activities of an enterprise". "In a broader sense, CRE refers to the entirety of the controlled property, regardless of its legal title, or whether it is used for operational activities, or constitutes investment assets". Accordingly, both concepts describe property in CRE management processes as a financial resource of an enterprise (reflected in the balance sheet) and as tangible assets in

the physical dimension, which are to contribute to obtaining the expected performance and achieving the business objectives of an enterprise (Kania et al., 2015; Haynes, 2012). Furthermore, CRE decisions are approached from three dimensions, i.e. a financial perspective: corporate management wants to efficiently employ the capital for holding real estate, a real estate market asset: the goal of all corporations is ultimately the maximisation of shareholder value, and lastly as an operational asset: the main goal is to maximise the utility of space consumption, while at the same time minimising the operational cost (Liow & Nappi-Choulet, 2007).

The central point in the literature is that CRE should be managed to support the core functions, and that the real estate strategy must therefore be coordinated with corporate strategy in order to enable the independent decisions of both producer and consumer, or the individuals involved in the exchange to have complete knowledge of the benefits they seek and what they are willing to give in exchange (e.g. Omar & Heywood, 2014; Baltussen et al., 2014; Omar & Heywod, 2010; Liow & Nappi-Choulet, 2007; Roulac, 2001;Nourse & Roulac 1993). Thus for the purpose of this study the term CRE considers the type and the nature of business being carried out by the respective companies. That is to say, real estate owned by a corporation, whether it is for investment or not, this includes freehold and leasehold real estate that is used by an organisation for the creation of a vast number of goods and services (Kooymans, 2000; Dresdow & Tryce,1988).

2.3. Corporate Real Estate: The division of knowledge

In the 1980s many practitioners and theorists began to call attention to the largely unrecognized importance of CRE among companies in Europe (UK predominantly) and north America (USA predominantly), with some studies focusing on entities in Australia, New Zealand and Singapore (see, Simpson & McDonagh, 2010; Kenley et al., 2000). "A concern was aroused in Manning & Roulac (1999), in tracing the evolution in CRE research within the academy since 1989, when they observed that a decline in CRE research by academics was evident in the latter half of the 1990s". "In contrast, industry-initiated research, especially that by the International Development Research Council, reflected a greater activity and initiative". "In later work, Manning & Roulac (2000) suggested that there is a need to address the emergent property issues of strategic importance to the enterprise through research methods that are more useful to the emergent issues being investigated" (Roulac, 2001). As seen in the light of Hwa (2003), changes in the competitive, economic, financial and regulatory conditions call for changes in the corporate organisation to make a harmonious and overall spontaneous adjustments within the evolutionary business environment. However, despite the call to senior management to change their policies towards CRE, it appears that a majority of companies continue to neglect their real estate assets. This argument is evident in the numerous financial scandals that occurred at Enron, WorldCom, Xerox, Sunbeam, Waste Management, Adelphia, Tyco, HealthSouth and Global Crossing, amongst others, in the USA (Coates, 2007) and Ahold in The Netherlands in 2003 (De Jong et al., 2005). In especial, the global financial crisis mainly owes its most vivid roots to the recent crack of the housing bubble in the United States of America (Abatecola et al., 2013).

Recently, the International Accounting Standard Board (IASB) jointly with the Financial Services Board (FASB) embarked on a joint project aimed at improving financial reporting of vital information which is necessary to convey key institutional guide such as prices, profit and loss accounting to a properly functioning business environment (Baltussen et al., 2014). Chambers, D., et al. (2015); Baltussen et al. (2014) had argued that lessees will have to report assets and liabilities in the statement of financial position for all leases exceeding a 12-

month term. The information regarding a company's real estate usage, e.g. leasing versus owning real estate and its operational costs, will become much more transparent and will appear continuously in all corporate financial statements, most likely from 2017 onwards (Baltussen et al., 2014). Thus, "the IFRS lease accounting project still causes a combined amount of approximately €6 billion of off-balance operational lease obligations to be added to the AEX listed corporate statement of financial position". "Moreover, it implies that €5 billion of this €6 billion of CRE value that will be recognised on-balance has a significant potential to turn into gloom and doom for CREM divisions" (Baltussen et al., 2014). The findings in the past decades by Zeckhauser & Silverman (1983) show that corporate property represented between 25% to 41% of total corporate assets, and the conclusion by Veale (1989) that corporate space costs accounted for some 10% to 20% of operating expenses or nearly 50% of corporate net operating income. Numerous researchers (including, Rodriguez & Sirmans,1996; Nourse & Roulac, 1993; Nourse, 1990; Veale, 1989; Roulac, 1986) have concluded that senior management has not paid the same attention to their corporate property commitments as they do to other aspects of their business (Roulac, 2001). Furthermore, Liow & Nappi-Choulet (2007) "had argued that the ownership of significant amounts of real estate by corporations in the United States is well documented, estimated approximately at about 25% of corporate wealth (Rodriguez & Sirmans, 1996)". "In the United Kingdom, real estate represents on average 30%-40% of total assets and 100% of capital in the statement of financial position of industrial companies". "Many of the largest non-real estate companies control property portfolios that are comparable in value terms with those owned by mainstream real estate companies (Debenham Tewson & Chinnock, 1992)". "Comparatively, European non-real estate firms own higher percentage of CRE than the US firms, and owner occupation of real estate has historically been part of the corporate culture in the UK and some European countries (Laposa & Charlton, 2001)". "Similarly, Asian non-real estate firms report higher property holding intensity (i.e. percentage of property held as total tangible assets) than the US and European firms, with many large business firms own their prestigious administrative headquarters in order to boost their corporate image". "For example, Singapore business firms invest, on average, at least 40 per cent of their corporate resources in real estate (Liow, 1999)".

Maluleke (2014) had argued that South Africa has a prime quality of commercial real estate stock, which has been developed to international standards (Jones Lang LaSalle, 2012). Hence, there is more focus on the division of knowledge in CRE, which continues to evolve as more knowledge increase with emergent interest towards a more strategic role (Chambers et al., 2015; Baltussen et al., 2014). Appel Meulenbroek et al. (2015) reassert that organisations are striving for more value added; the pressure to achieve a more effective CRE asset management has increased (Liow & Ooi, 2004). As Liow & Ooi point out: this means that existing real estate assets would be subject to more frequent and rigorous evaluation to justify their continual inclusion in the firm's asset portfolio. Many authors, such as, McDonagh & Nichols (2009); Bouri et al. (2008); Roulac et al. (2005) have also stressed the necessity to manage CRE more strategically.

Despite the negations among a majority of CRE companies worldwide, some companies are beginning to realise the strategic competitive advantage in CRE, and this has become evident in the scale of outsourcing (see, Maluleke, 2014; Lalloo, 2013; Matsham et al., 2012; Gibler & Lindholm, 2012; Too, Harvey & Too, 2010; Hwa, 2003; Kooyman, 2000; Kimbler & Rutherford, 1986). Ikediashi & Ogunlana (2015) argues that facility management and outsourcing has attracted several interests among researchers and practitioners on account of the assertion that by bringing in external providers to manage FM services, there is improvement in cost transparency, strategic positioning, increased access to new technologies, skills, expertise and ideas (Li & Choi, 2009). Thus, numerous research studies (e.g. Ali et al., 2008b; Liow & Nappi-Choulet, 2008; Hwa, 2003; Manning & Roulac, 2001) around the real estate management research area have mostly focused their content on the evolution of this particular bundle of operations mainly known as corporate real estate asset management (hereafter CREAM), that if efficiently and effectively managed can contribute towards a flourishing and prosperous organisation (Abatecola et al., 2013). That is to say, the contribution of CREM can add value towards the division of a particular knowledge and skill which is necessary for the individual men and women in the creation of a vast number of goods and services. This can be done when property continually communicates current market prices; account its operational expenses including profit and loss separately in order to convey vital financial information

which could enable a harmonious and spontaneous overall adjustments towards evolutionary CREM practice (Hayek, 1960a, p. 26; Hayek, 1948, 1945, 1937). More importantly, Abatecola et al. (2013) had emphasized that as for countries in Africa there is very little empirical research done on CRE. Thus, this research study, aims to fill a gap within the South African entertainment and media Industry.

2.4. The Bundle of Corporate Real Estate Asset Management: CREAM

The management of CRE involves broader aspects of real estate management ranging from routine day-to-day property management to higher-level activities of long-term CRE strategic planning and asset management (Ali, 2007). Ali (2007) had described CREAM as the management of all aspects of real estate; marketing and physical management, acquisition and development, disposition, property management, financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage. CREAM may include broad aspects, for instance, facility management, workplace design, outfit management, assets portfolio management and so on (Liang & Chen, 2011). Bell (2016) argues that if the management of corporate real estate is aligned to the brand strategy of the company, real estate can be seen as a resource to achieve corporate and business goals (Khanna et al., 2013; Appel-Meulenbroek et al., 2010; Lindholm & Leväinen, 2006). Over several decades, CRE management deductively tinkered on five corporate real estate areas: custodial, entrepreneurial, administrative, managerial and strategic, each with its own distinct agenda, and the relationship to corporate senior management (Roulac, 2001).

Both practitioners and theorists substantially converge on the view that CREAM, the management of all aspects of real estate; marketing and physical management, acquisition and development, disposition, property management, financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage, can contribute to the success of the organisation, including human resources, finances, internal culture development, improved productivity, marketing, and many more (Omar & Heywood, 2014; Ali, 2007). Ploumen et al. (2015); Appel-Meulenbroek & Feijts (2007) had defined CREAM as the management of the real estate portfolio of an organisation by aligning the

portfolio and the services to the needs of the core business, in order to obtain maximum added value for the business and to contribute optimally to the overall performance of the organisation. Furthermore, CREAM focuses on profitability instead of reducing costs and, it can stimulate affectivity, effectiveness, productivity, flexibility and creativity within the corporate activities (Ploumen et al., 2015). Again, Ploumen et al. (2015) emphasized that CREAM can add value in asset value, marketing and sales, flexibility, cost reduction, productivity, employee satisfaction, innovation and sustainability through coordination with other corporate resources, so that the added value of the corporate resources to the organisation can achieve prosperity. Nourse (1990) says: some businesses are real estate all businesses use real estate. He goes on to define CREAM as the study of the management of corporate real estate assets by CRE companies as a complement and input to their core business (McDonagh, 2008). The dominant view is that, CREAM fulfils its function by managing real estate needs for non-real estate organisations, whether the core business is finance, insurance, manufacturing and other general services (Omar & Heywood, 2014). In accordance with this definitions, this study pays particular attention to CREAM, seen as harnessing the ability of the management to direct CRE resource in support of organisational objectives and strategies which translates into business success (Appel-Meulenbroek, et al., 2014; Appel-Meulenbroek & Feijts, 2007; Lindholm & Nenonen, 2006).

2.5. The Roles and Responsibilities of CRE functions

2.5.1. CRE organisational structure

The CRE organisational structure is the enterprise value chain aligned with the functions towards a superior corporate property strategy, by citing the contribution of corporate property/real estate to enterprise competitive advantage through creating and retaining customers, attracting and retaining outstanding people, contributing to effective business processes to optimise productivity, promoting enterprise values and culture, stimulating innovation and learning, enabling core competency and increasing organisation prosperity (Roulac, 2001). The structure functions alongside the objectives of its stakeholder

customers e.g., employees, suppliers and customers both external and internal. External (citing Ulrich & Brockbank, 2005) are people that receive service or buy products from a company, and internal (citing Anderson & Kerr ,2002) is another group inside the organisation whose work depends on the work of another group to deliver what they need so they can do their job properly (Omar, 2014; Roulac, 2001). The organisation can determine the structure of the CRE by means of centralised or decentralised (Roulac, 2001). More importantly, in the same manner Omar (2014) argued that strategy is structure and structure is strategy (citing Peters, 1984).

Towards the 21st century, CRE began to be recognized as the means by which an enterprise connects both with its resource inputs (e.g., employees and suppliers) and its customers, and moved away from decentralised non-core functions including real estate management, where virtually all tasks were performed at the business unit level, and have become centralised (where all real estate decisions for the firm are made in a centralised department within the business organisation), or a wholly-owned subsidiary (where control of some or all of the company's real estate is transferred to a subsidiary of the business organisation to emphasise the efficacy and the significant contribution that corporate property can make to achieve an orderly functioning business environment), in especial the degree to which CRE strategy promotes its primary business priorities (Omar, 2014;Liow & Nappi-Choulet, 2007;Roulac, 2001; Nourse & Roulac, 1993; Zeckhauser & Silverman, 1983). The dialogue towards strategic planning is traceable to the arguments of the 1980s when researchers began to call senior management to pay attention to the largely unrecognized importance of corporate property function (Baltussen et al., 2014; Gibler, 2009). Isa et al. (2016) argues that a new and more incorporating management specialisation has developed, focusing on facilities, that people increasingly recognised the importance of managing not only buildings but also such buildings in connection with people, integrating with the principles of administration and development process (Kampschroer & Heerwagen, 2005). Traditionally, CRE was recognised as basically cost centered, when it largely emphasized cost reduction and operations (decentralised) up until the mid-1990s, later the functions began to move towards entrepreneurship seeking profits through real estate involvements (centralised),

while also providing a staff role in support of the company's space needs (Roulac, 2001).

2.5.2. The Title and Role of CRE Manager

Gibler (2009) had argued that for real property to fully contribute to the corporation, senior management must consider real estate issues when developing strategic plans (citing Manning & Roulac, 1999). That is to say, without involvement in corporate strategic planning, the corporate real estate manager must assume a reactive role, which is costly and time consuming (citing Avis, 1990; Veale, 1989). Haynes (2012) add that the CRE manager has to identify the needs and preferences of office workers (Rothe et al., 2011; Joy & Haynes, 2011; Haynes, 2011). The strategic functions reflect a variety of alternative competitive strategies (i.e. creating and retaining customers, attracting and retaining outstanding people, contributing to effective business processes to optimize productivity promoting enterprise values and culture, stimulating innovation and learning, and enabling core competency) and increasing the division of a particular knowledge and skill in order to contribute towards a flourishing and a prosperous orderly business environment (Roulac, 2001).

Joroff et al. (1993) described the role in five stages (i.e. taskmaster; controller; dealmaker; entrepreneur; strategist) leading towards an optimal competitive advantage realised when CREM operates at the strategic level, and is therefore, fully aligned with the overall corporate strategy (Baltussen et al., 2014). "According to Lindholm & Nenonen (2006) these seven competitive strategies can be related to the corporate strategies of Porter (1996), which can be divided in exchange and added use value strategies". "Use value refers to the specific quality of a product, service or task which the user experiences in relation to needs" (citing Lepak et al., 2007), and the exchange value (citing Kok et al., 2011), defined as the financial translation of this value and the monetary amount or price the user is willing to exchange and the risk that the user is willing to take" (Baltussen et al., 2014). "Likewise, trade only take place if it benefits both the producer and the consumer in an exchange and only those individuals involved in the exchange have complete knowledge of the benefits they seek and what they

are willing to give in exchange" (Hayek,1948;1937). "The exchange value strategies (reducing costs, increasing the value of the asset and increasing flexibility) have a direct financial impact on corporate performance and are, therefore, directly exposed to financial accounting policies like IFRS lease accounting" (ibid). Tahtah & Spek, (2012) had emphasised that these strategies are based on financial key performance indicators (KPIs) which are affected by the proposed IFRS lease accounting guidelines. That is to say, the IFRS lease model could be a catalyst for revision of the CRE strategy and may result in the professionalization towards the strategist stage on the Joroff-model (Baltussen et al., 2014).

The description of the title and the role of the CRE manager has been seen in the light of research sample survey conducted by, Nichols (2005); McDonagh (1999) & Teoh (1992), who discovered the professional titles of the CRE manager and facilities manager reflected a clear property focus role, asset manager was the most popular with 43%, 39%, 44% and respectively (McDonagh, 2008). In the Teoh survey the second most popular title, with 31% of the sample, was company secretary, but this title only appeared in 4% of organisations in the McDonagh survey and 6.9% in the Nichols survey. Again in both cases corporate services manager or something similar was far more common and may perform a similar role. Popular in all three surveys were titles with a finance orientation such as CFO, accountant, finance manager or financial controller. These accounted for 14.6% of respondents in the Teoh survey, 12% in the McDonagh survey and 11.5% in the Nichols survey.

2.5.3. The reporting responsibilities of the CRE functions

"Research studies in the US discovered 86% of companies found by Veale (1989) to have a separate CRE unit, on the other hand for companies in New Zealand CRE is often the responsibility of a single individual, often the CEO or only one step removed from the CEO, and common were CEO and CFO". "Teoh used position terminology unfamiliar (i.e. President and Senior/Executive Vice President) in a New Zealand context" (McDonagh, 2008). Gibler (2009) "argues that one fourth of the real estate executives surveyed in the late 1980s said they were not regularly exposed to overall corporate strategy and planning" (citing Veale, 1989). Similarly, "almost half of those surveyed by IDRC during that time reported communicating with their CEOs no more often than every six months" (citing Pittman & Parker, 1989). A sample survey conducted by Lalloo (2013) found CRE managers reporting mostly to the CEO even though the latter seldom gets involved in CRE decisions. In addition, the CFO appears to be the one in charge of CRE decisions in most of the firms.

However, Baltussen et al. (2014) expect the relationship between the CFO and CRE manager to change because every time a lease is closed, the statement of financial position will be impacted. In addition, the proposed IFRS model may well become a catalyst to effect change towards the ideas of Anderson (1995) that the essential purpose for a customer firm and a supplier firm engaging in a collaborative relationship, is to work together in ways that each organisation benefits from the exchange of value between the organisations. According to Anderson (1995), value creation and value sharing can be regarded as the raison d'eˆtre of collaborative producer and consumer relationships (Coenen et al., 2013). Furthermore, Baltussen et al. (2014) argues that a good understanding of the CRE portfolio is a critical ingredient for successful implementation of the CRE strategy, it ensures that CREM can communicate its contribution to the company in a language that the top decision makers understand. Hence this language will become far more important when the CRE executive begin to play a more strategic role at the acceptance phase (V) of "Brounen et al. (2013) CREM communication model in Figure 2.7.1 (Baltussen et al., 2014).

2.6. Studies of the attitudes of senior management

Many research studies have been conducted around the attitudes of senior management towards CRE. Among the most important observations is the findings by Simpson & McDonagh (2010) who discovered that information chaos exists behind the facade of financial reporting; thus revealing senior management has a surface level attitude and lack a real focus towards CRE management. This reaffirms senior management attitudes are entrenched with negations towards suitable CRE practices, and continue to convey information that lack the necessity for CREAM to have in order to coordinate their plans within the division of labour or a particular knowledge and skill.

This is in line with the study by Gibler (2009) who observed that one impediment to real estate being included in corporate strategic planning is corporate executives' lack of knowledge and understanding of real property. For example, "New Zealand executives tend to believe real estate decision-making is not an integral part of their corporate strategic planning" (citing Teoh, 1993).

Despite the many warnings issued to directors, senior management continue to neglect real estate. A sample surveys on the attitude of the key decision makers of CRE companies were conducted by scholars (e.g. Kenley et al.,2000 ; Gale & Case, 1989; Teoh, 1992; Veale, 1989 ; Hurtt, 1988; Zeckhauser & Silverman, 1983), and based on the findings of Zeckhauser & Silverman (1983), a challenge was issued to directors and senior management to change their attitudes and start managing their real estate for profit and not look at it merely as a necessary overhead cost, also to know the fair market value of this significant asset and utilise real estate information to aid their understanding.

Moreover, studies in the US and UK, Citing Gibler (2009), an Arthur Andersen & Co. (1993) survey indicates that senior managers in the U.S. perceive real estate activities not as strategic, but as meeting the ongoing needs of business units. That is to say, they believe that real estate has little effect on how effectively a company competes in the game of catallaxy, as Hayek calls it the marketplace. Similarly, "only 16% of chief executive officers in the U.K. view property as an important strategic resource". "While they think property is a moderately

important resource for the company's success, these CEOs believe it is less important than people, technology, information or finance" (Gibson, 1995).

The value of real estate carries a significant substantial value not to be neglected by management. "Zeckhauser & Silverman (1983) showed that CRE at market value, ranged between 25% and 41% of an organisation's net worth". "Veale (1989) found that for US organisations property occupancy costs ranged from 10% to 20% of operating expenses (or 41% to 50% of net operating income)". "UK studies by Avis, Currie & Scott (1991) & Gibson, & Watts (1989) found that CRE ranged from 30% to 40% of total assets". "Johnson & Keasler (1993) found that historical cost data sourced from corporate statement of financial position showed that CRE represented 19% of total assets". "A study by Nelson, Potter, & Wilde (1999) found that based on an inflation adjusted historical cost CRE represented 40% of total assets". Furthermore, "Studies towards the end of the 1980's supported these founding studies and revealed that management had an ambivalent attitude towards CRE (Gale & Case, 1989; Pittman & Parker, 1989; Veale, 1989)".

In the early 1990s Iskandar (1996) found that operational properties owned by large companies and public corporations in Malaysia are underused and undermanaged, the current change in the view from "we are not in the real estate business" to an approach that convert CRE into cash through strategies such as sale and leaseback, spin-off, disposal and acquisition is a big step forward in realising the hidden and neglected CRE values (Hwa, 2003).

Following the existing looming lease accounting policy, the IFRS Foundation (2013) illustrated that by 2013, world leasing yearbook reported a signed amount of almost $800 billion new leases worldwide in 2011 (Baltussen et al., 2014). In especial, Baltussen et al. (2014) argued that the IFRS lease accounting project still causes a combined amount of approximately €6 billion of off-balance CRE operational lease obligations to be added to the AEX listed corporate statement of financial position. "This implies that €5 billion of this €6 billion of CRE value that will be recognized on the balance sheet has a significant potential to turn into gloom and doom for CREM divisions." That is to say, for a majority of CRE companies, vital information signals such as data on property performance, use indicators or benchmarks, asset value and obligation, prices, profit and loss

accounting, information which is necessary to have as key institutional guidepost for learning within the CRE business environment is opaque and incidental available.

Similarly, in the local setting, Lalloo (2013) discovered that a majority of the firms sampled in South Africa have no formal organised real estate unit. "A few have only recently organised formal real estate units as a department of the company, reporting mostly to the CEO even though the latter seldom gets involved in corporate real estate decisions". "The CFO appears to be the one in charge of corporate real estate decisions in most of the firms". Thus, management attitudes are entrenched with the view that CRE is a necessary cost in the production of profitable goods and services, eschewing the wide popular assertion "we are not in the real estate business".

2.7. CRE value added proposition

Traditionally, CRE was recognised basically as a cost centre, when it largely emphasised cost reduction and operations (decentralised) up until the mid-1990s, later on, the functions began to move towards entrepreneurship seeking profits through real estate involvements (centralised), while also providing a staff role in support of the company's space needs (Roulac, 2001). Joroff et al. (1993) had described the role of the CRE manager in five stages (i.e. taskmaster; controller; dealmaker; entrepreneur; strategist) leading towards an optimal competitive advantage realised when CREM operates at the strategic level, therefore, fully aligned with the overall organisational value chain (Baltussen et al., 2014). According to Lindholm & Nenonen (2006) this seven competitive strategies can be related to the corporate strategies of Porter (1996), which can be divided into exchange and added use value strategies (Baltussen et al., 2014).

Baltussen et al. (2014) argues that in the pre-lease accounting era, CRE data were opaque and incidentally available, but the introduction of the accounting guidance will ensure that the numbers are communicated more often and more prominently in the corporate financial statements. Figure 2.7.1 illustrates the steps that CRE communication will have to run through. According to Brounen et al. (2013):

information is considered opaque when the numbers in the yearly financial statements are scarce and are only available in additional notes, and information is transparent when numbers are recognized on the statement of financial position in combination with a clear discussion of CRE strategy and vision. In addition, companies that are in the denial phase (I) tend to communicate solely the bare necessities, as it is hard to display CRE matters that one ignores. Brounen et al. (2013) claim that IFRS lease accounting might catapult CREM communication automatically into the acceptance phase (V).

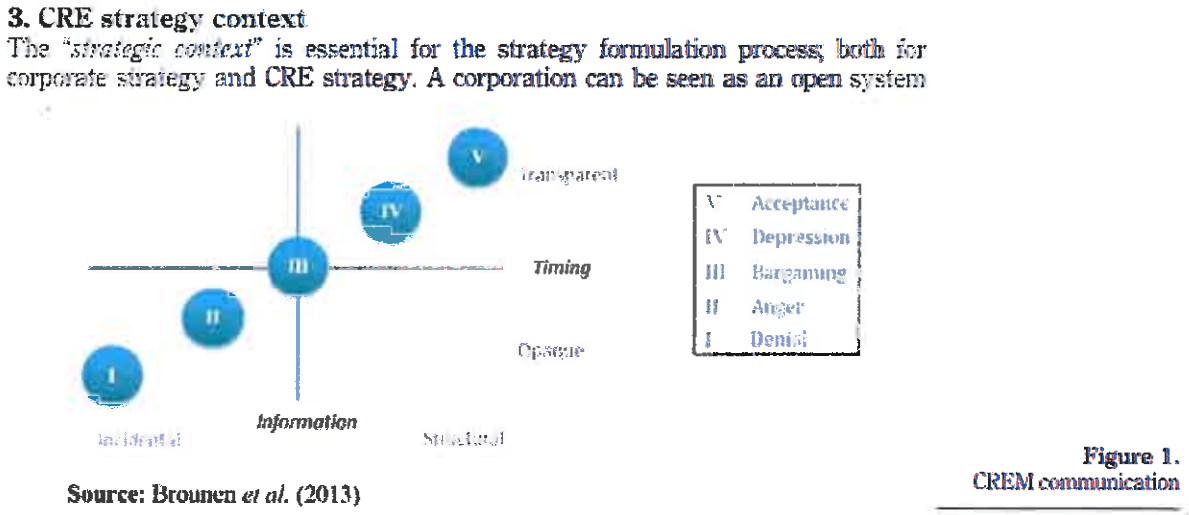


Figure 2.7 1 CREM Communication

Thus, to revert to the social science question: how do individual men and women come to learn the information that is necessary to have in order to coordinate their plans within a division of labour or a particular knowledge and skill? Hence, it is at the acceptance (V) level that the division of a particular knowledge and skill within the CRE organisation take place to benefit the organisation in an exchange with those individual men and women involved in the exchange to have a complete knowledge of the benefits they seek and what they are willing to give in exchange. In addition, the value of any given product and services will thus begin to represent information signals through transparent accounting of CRE data, including its operational leases which are vital to the independent plans of both the producer (CREM) and consumer (user demand). That is to say, CRE may begin to convey key institutional signals for the coordination of an orderly and flourishing business environment (Baltussen et al., 2014; Gibler, 2009). This view

is extended by Brounen et al. (2013); Canon & Fenbert (2011); The Royal Bank of Scotland (2010) reaffirming accounting policy as an important variable in CREM decision-making (Baltussen et al., 2014).

2.8. Conclusion

At the centre of many studies is the discovery that a majority of companies do not have a formal organised real estate unit, and that most CRE responsibilities are handled by the CEO and CFO who may not possess the necessary particular knowledge and skill to undertaken CREM. In addition, key institutional signals such as the accounting of profit and loss, including real estate absorption cost, property asset value and obligation, which convey vital CRE information to the independent plans of producer (CREM) and consumer (user demand) is highly distorted (Baltussen et al., 2014; Simpson & McDonagh,2010). Thus senior management lack a particular knowledge and skill to contribute towards the creation of a vast number of goods and services. Therefore, if senior management continue to negate CRE, and treat CRE resources as sunk or fixed cost, they could miss out on the strategic coordination which is necessary for the flow of information that is vital within the division of labour and knowledge in CREM. Hence, this study aims to answer the empirical question: what are the attitudes of senior management of the South African entertainment and media companies towards CRE? What is the readiness of CRE administration towards the adaptation and overall adjustments of CREM duties, which are necessary to adopt the proposed leasing accounting policy? This study is conducted in order to fill a gap within the entertainment and media industry, and to add on existing research conducted in other sectors of the South African industry and elsewhere.

Chapter 3- Research Methodology

3.1. Introduction

This research is concerned with the management of CRE within the South African entertainment and media industry. It is aimed at the division of a particular knowledge and skill of the senior management of the entertainment and media industry towards CREM and its CRE functions necessary to adopt the proposed accounting leasing policy are managed. The research extends on already existing knowledge contributed through research study conducted within other sectors of the South African economy and elsewhere. Hence, an attempt is made to fill a gap within the South African entertainment and media industry.

Applicable existing methodologies were considered for the appropriateness of this study. A predefined social survey questionnaire was adapted and circulated to the respective respondents within the entertainment and media industry representing the entire South African population, which consisted of 171 companies, according to bizcommunity categorisation list. An online questionnaire was distributed to a sample of 120 respondents per each company and only 32 was returned with responses. All applicable ethical principles, limitation and delimitation were observed. The gathered data was analysed by means of descriptive quantitative methods.

3.2. Research questions

The report seeks to answer the following questions:

1. What are the attitudes of senior management of the South African entertainment and media companies towards CRE?
2. What is the readiness of CRE administration towards the adaptation and overall adjustment of CREM functions, which are necessary to adopt the proposed leasing accounting policy?

3.3. Research design and methodology

The research mode was descriptive in nature, as it was appropriate for answering questions on who, what, where, when and how in addressing the question of, what are the attitudes of senior management of the South African entertainment and media companies towards CRE? What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustments of CREM functions, which are necessary to adopt the proposed leasing accounting policy? The design was suitable because the findings were inferred to the entire South African population which total 171 companies. The entire South African entertainment and media industry, was stratified around 11 industry segment i.e. television, newspaper publishing, magazine publishing, business-to-business, radio, cinema, music, internet, video games, book publishing and out-of-home advertising. In addition, this type of research can also elicit information about attitudes that are otherwise difficult to measure using observational techniques (McIntyre, 1999, p.75 citing Glasow, 2005). The research took place in the social world, (citing from Caldwell (2005, pp.294-295) as the research concerns knowledge broadly as includes such thing as habits and skills, attitudes, tools, and institutions and the systems in which people operate, which in turn generally described what exist, in what amount, and in what context, implying a quantitative descriptive survey (Isaac & Michael, 1997, p. 136. citing Glasow, 2005). The research falls into social science; a positivistic philosophy served as the basis for the research paradigm. Therefore, the results were analysed quantitatively. As a result, data was gathered by means of descriptive survey via an online questionnaire (Pinsonneault & Kraemer, 1993). Meaning a cross sectional design served as the research method.

3.4. Sampling method applied

A sample is the segment or subset of the population that is selected for investigation. The method of selection can be based on probability or non-probability approach (Bryman et al, 2016, p.170). A probability sample is a sample that has been selected using random selection so that each unit in the population has a known chance of being selected (Bryman et al, 2016, p.170). A non-probability sample is a sample that has not been selected using a random selection method. This implies that some units in the population are more likely to be selected than others (Bryman et al, 2016, p.171). A predefined social survey questionnaire was adapted and circulated to the respective respondents within the entertainment and media industry representing the entire South African entertainment and media industry, which consisted of 171 companies, according to bizcommunity categorisation list. It was distributed to 120 respondents per each company and only 32 was returned with responses. In this study a simple random sample was applied to each unit of the population strata to share an equal probability of inclusion (Bryman et al, 2016, p.172). These Stratum contains 11 industry segment i.e. television, newspaper publishing, magazine publishing, business-to-business, radio, cinema, music, internet, video games, book publishing and out-of-home advertising, which shared a proportional representation of the entire South African entertainment and media industry (Bryman et al, 2016, p.173). Respondents ranged from CEO, CFO, facilities manager, CRE manager and other senior management.

3.5. Methodologies applied in previous similar studies

In 1999 McDonagh presented a paper at the International Real Estate Society Conference in Kuala Lumpur in which a preliminary analysis of the performance and stage of development of corporate real estate asset management in New Zealand was outlined (McDonagh, 2008). That paper represented the second substantial piece of research on this topic in New Zealand at the time, the only prior study being that of Wei Kuim Teoh (Teoh 1992). The 1999 paper reported the results of interviews with the management of forty-seven organisations in New

Zealand with substantial real estate assets. Subsequently, a much larger mail survey of 457 New Zealand organisations was carried out (McDonagh 2001). Then in 2005 the author and postgraduate Gary Nichols at Lincoln University, carried out a further survey of corporate real estate asset management practices in New Zealand (Nichols 2005). This involved 334 organisations and focused on the link between overall corporate strategy and real estate strategy.

Wei Kuim Teoh carried out the first survey of CREAM in New Zealand during March/November 1991. This formed part of her Master of Commerce thesis which was deposited in the Lincoln University Library in 1992. A summary of the results of this research was published in the Journal of Real Estate Research in 1993. The mail survey was addressed to the chief executive, managing director, executive chairman, secretary or general manager of all the companies listed on the New Zealand stock exchange at that time. This totalled 136 companies, but some were excluded because they were either specialist real estate investment companies or they were in receivership, liquidation, under statutory management or suspended. The questionnaire was divided into six main sections covering; background, organisation, structure and motives of the corporate real estate unit, inventory of real estate assets, real estate decision making and issues on corporate real estate asset management.

McDonagh (1999) social survey research focused on attitudes and perceptions including CRE functions and general responsibilities.

Nichols (2005) social survey comprised 43 descriptive questions split into five section:

• General information • property management• business planning• property planning• the connection between the business plan and the property plan

Lalloo (2013) conducted a descriptive survey research to examine the attitudes of senior management of the top 200 JSE listed companies. The sample for this research paper was the JSE Top 200 firms, and was identified on the basis of market capitalisation as 31st December 2012. At the time of selection, the list included 200 companies from different industry sectors identified using the global industry classification standards (GICS). The questionnaire was divided into six main sections covering; organisation, structure, real estate decision making,

leasing versus owning, corporate real estate management, and in-house management versus outsourcing.

A quantitative descriptive survey on these previous research sought to establish a baseline against which future comparisons can be made, to analyse trends across time, and generally, to describe what exist, in what amount, and in what context (Isaac & Michael, 1997, p.36). The survey targeted senior management of the organisations surveyed with less investment of time and resources than if multiple respondents were surveyed within each organisation (Bryman et al, 2016, p.178). In both respect, closed-ended questions were employed requiring respondents to choose among a set of responses (McIntyre. 199, p.75). In both cases, the sample was large enough to yield the desired level of precision (Salant & Dillman, 1994, p.5). For the purpose of this study social survey became suitable since there is enough literature to understand the context of the phenomena studied (Pinsonneault & Kraemer, 1993). This was done via an online questionnaire. Data was analysed using descriptive statistics (Isaac & Michael, 1997, p.137).

3.6. Research design

The main objective of this study was to determine a particular knowledge and skill of the senior management of the South African entertainment and media Industry towards the administration of CRE. Guba & Lincoln (1994) synthesise scientific paradigms into four categories (i.e. positivism; realism, critical theory and constructivism) each with three elements (i.e. ontology; epistemology; and methodology) (Healy & Perry, 2000). Ontology is the reality that the researchers investigate, epistemology is the relationship between the reality and the researcher and the methodology is the technique used by the researcher to investigate the reality (Healy & Perry, 2000).

The research design provided a framework for the collection and analysis of data (Bryman et al, 2016, p.100), and it was quick and simple to collect data without disturbing management taking them away from their work, or wasting organisation's time (Bell, 1996, p.68 citing Glasow, 2005). It was employed by a non-probability sampling, which is fairly common practice in business survey

research for one respondent, often the senior manager, to be asked to complete a questionnaire (Bryman et al, 2016, p.178). This enabled a larger number of organisations to be surveyed with less investment of time and resources than if multiple respondents were surveyed within each organisation (Bryman et al, 2016, p.178). The survey medium was a predefined questionnaire adapted from Mcdonagh survey conducted in New Zealand attempting to answer similar questions posed in this research, which included questions such as, perception towards CRE, importance of CRE, in-house versus outsourcing real estate, relationship with stakeholders, database performance systems, real estate tools for decision making (McDonagh, 2008).

The targeted respondents were senior management who were contacted via online questionnaire (Salant & Dillman, 1994, p.3 citing Glasow, 2005). The assumption was that senior management are competent in reading and understanding the contents of the survey questionnaire, as individual men and women responsible for purchasing, leasing, management and disposal of real estate assets used in the organisation (McIntyre, 1999, p.78 citing Glasow, 2005). The format of the questionnaire was a closed end and Likert scale responses (McIntyre, 1999, p.75 citing Glasow, 2005). Participation was voluntary without undue pressure or coercion of the participants (salant & dillman, 1994. p.9 citing Glasow, 2005). Descriptive analysis was used to discuss and analyse the data (Isaac & Michael, 1997, p.137 citing Glasow, 2005).

3.7. Survey research

A survey is a means of gathering information about the characteristics, actions, or opinions of a larger group of people, referred to as a population (66) (Pinsonneault & Kraemer, 1993), with the following characteristics:

The purpose is to produce quantitative descriptions of some aspects of the studied population. The analysis may be primarily concerned either with relationships between variables, or with projecting findings descriptively to a predefined population. The survey is a quantitative method, requiring standardized information from and/ or about the subjects being studied, which

might be individuals, groups, organisations, or communities; they also might be projects, applications or systems.

The main way of collecting information is by asking people structured predefined questions. Their answers, which might refer to themselves or some other unit of analysis constitute the data to be analysed.

The information is generally collected about a fraction of the study population – a sample – but it is collected in such a way as to generalise the findings to the population – such as service or manufacturing organisations, line or staff work groups, MIS departments, or various users of information systems such as managers, professional workers. Usually the sample is large enough to allow extensive statistical analyses.

Glasow (2005) had argued that surveys are inclusive in the types and number of variables that can be studied, and require minimal investment to develop and administer, and are relatively easy for making generalisations (McIntyre, 1999, p.74).

3.8. Data collection design and methodology

An online questionnaire was used as a data collection methodology, to ask the relevant questions and use words that are consistent with the educational level of the unit of analysis, so that the respondent will be able to give transparent and trustworthy answers (McIntyre, 1999, p.78 citing Glasow, 2005; Fowler, 1995, p.2; Salant & Dillman, 1994, p.92, citing Glasow, 2005). This data collection methodology consisted of a set of questions with the length not onerous to the respondent (McIntyre, 1999 citing Glasow, 2005), and comprised multiple choice answers ('yes' or 'no' answers) and those that require a straight answer. This methodology was selected because survey questionnaire can elicit information about attitudes that are otherwise difficult to measure using observational techniques, and are quick and simple to collect data without disturbing management taking them away from their work, or wasting organisation's time (McIntyre, 1999, p.75, citing Glasow, 2005; Bell, 1996, p.68 citing Glasow, 2005).

3.9. Data validity and reliability

Caldwell (2005, pp.294-295) had argued that knowledge broadly includes such things as habits and skills, our emotional attitudes, our tools, and our institutions, a selection process operates on the various types of knowledge: all are adaptations to past experience which have grown up by selective elimination of less suitable conduct (citing Hayek,1960a, p. 26). Social science researchers use a series of related questions to gauge beliefs, attitudes, and behaviour, and then examine the responses to identify patterns and inconsistencies in the answers (Salant & Dillman, 1994, p.88, citing Glasow, 2005). The measurement instrument that are used to gauge attitudes must be reliable, replicable and valid (Bryman, A., et al, 2016, p.107).

The criteria for evaluating quantitative research i.e. (reliability, replicability and validity) will be applied to this research:

Reliability refers to the consistency of a measure of a concept (Bryman et al, 2016, p.36). This criterion measure must be judged in terms of the following three qualities:

- Stability – are we confident that a measure is stable over time and that it does not vary or fluctuate if we administer a measure and then re-administer it?
- Internal validity – are the indicators that make up the scale or index consistent – in other words, do respondents score on any one indicator relate to their scores on other indicators?
- Inter-observer consistency – when more than one observer is involved are the different observers in recording observations consistent with what they record?

Validity refers to whether or not an indicator (or a set of indicators) that is devised to gauge the concept really measures the concept (Bryman, A., et al, 2016, pp.38-39). This criterion measure must be judged in terms of the following three qualities:

- Face validity – might be established by asking other people, possibly those with experienced or expertise in the field, whether or not the measure seems to capture the concept that is the focus of attention.
- Concurrent validity – in gauging the concurrent validity of a measure, the researcher employs a criterion on which cases (for example, people) are known to differ and that is relevant to the concept in question.
- Predictive validity – whereby the researcher uses a future criterion measure, rather than a contemporary one, as in the case of concurrent validity
- Construct validity – refers to the degree to which a test or measure assess the underlying theoretical construct it is supposed to measure (i.e. the test is measuring is what is purported to measure) (College Board 2014).
- Convergent validity – some methodologies argue that validity of a measure ought to be gauged by comparing it to other measures of the same concept.

Replication refers to reproduce each other's research projects as an important determinant of the validity of their research findings (Bryman, A., et al, 2016, p.40).

"Pinsonneault & Kraemer (1993) noted that surveys are generally unsuitable where an understanding of a historical context of phenomena is required". "Bell (1996) observed that biases may occur, either in the lack of response from intended participants or in the nature and accuracy of the responses that are received". "Other sources of error include intentional misreporting of behaviour by respondents to confound the survey results or to hide inappropriate behaviour". "Finally, respondents may have difficulty assessing their own behaviour or have poor recall of circumstances surrounding their behaviour" (Glasow, 2005).

However, Bryman et al, (2016) had argued that most quantitative business research employs a cross-sectional research design rather than experiment research design, as it is usually not possible to manipulate the variable we are interested in. "At the individual level of analysis, age, ethnicity, gender and social background are givens that cannot be manipulated as in a true experimental design". "To a lesser extent, this also applies at an organisational level of analysis to variables such as size, structure, technology and culture". The fact that we can regard certain variable as given, provides us with a clue as to how we can make

causal inferences in cross-sectional research". "Many of the variable we are interested, can be assumed to be earlier in time to other variables". "For example, we can assume that, if we find a relationship between gender and entrepreneurial behaviour, then the gender is more likely to be the independent variable, because it is likely to be temporal prior to entrepreneurial behaviour" (Bryman et al, 2016, p.107).

The questionnaire was comprised of twenty-six questions as adapted from McDonagh (2008), and equally split to measure different constructs (perception, importance of CRE, in-house versus outsourcing real estate, relationship with stakeholders, database performance systems, real estate tools for decision making). Before collecting the data, a pilot study was conducted and its validity and reliability tested. To check reliability, Cronbach's Alpha (α) of all the constructs was computed and benchmarked against globally acceptable values.

3.9.1. External validity

External validity includes questions like, "Do we have the right data?" and "Do we have enough data?" Although triangulated data is better, the research conveniently gathered up the sample across different Stratum. The sample comprised of 120 respondents, a sample that's large enough to represent the entire entertainment and media industry in South Africa. To make sure the sample is representational of only the entertainment and media companies, the researcher stratified the population according to 11 industry segments i.e. television, newspaper publishing, magazine publishing, business-to-business, radio, cinema, music, internet, video games, book publishing and out-of-home advertising.

3.9.2. Internal validity

Internal consistency measures such as Cronbach's alpha, which measure consistency of the individual's response was used to test internal reliability. All independent variables were checked for acceptable values in Cronbach's alpha coefficients, and all outliers discarded. Van Aardt et al. (2010a) used the same to test internal reliability of their research data (Bryman, A., et al, 2016, p.37). A consent cover letter and an ethics letter accompanied the questionnaires to assure respondents that their information remain confidential and will not be used for anything else. This helped to solicit honest responses from the respondents. Finally, to enhance validity, the researcher had run pilot programs and to make sure all ambiguity in questions are cleared, and the responses are a true reflection of the respondents' views.

3.9.3. Reliability

Reliable measures will always yield the same results, regardless of the data collector or interviewer. To ensure reliability of the survey, the questionnaires was adapted from past literature on the similar subject matter. Generally, reliability in social research is concerned with the consistency with which the measurement instrument measures what it intends to measure. The measurement instrument identifies respondent, situational factors, the measurer and the instrument as sources that compromise instrument reliability (Bryman, A., et al, 2016, p.107). Attempts were made to ensure that questionnaires were administered during times agreed on with respondents; sensitive issues avoided as much as possible and where required respondents were assured of the confidentiality of their input; any condition that placed a strain on the data collection were avoided; the use of structured, standardized questions, clear and straight forward questions that are free of ambiguities ensured a high level of instrument reliability (Salant & Diliman, 1994, p.88, citing Glasow, 2005).

3.10. Data analysis and interpretation

Glasow (2005) had argued that it is worthwhile to consider the resource requirements of surveys, data analysis, and effective presentation of the results as important elements of a credible and successful survey. Isaac & Michael (1997) espoused the use of automated data collection tools to facilitate data tabulation and manipulation (p.137). Lucas (1991) urged the use of nonparametric statistics where small sample sizes are involved (p.278).

The following data collection methods and analysis were used in this research study:

The Kruskal-Wallis H test is a rank-based nonparametric test that can be used to determine if there are statistically significant differences between two or more groups of an independent variable on a continuous or ordinal dependent variable. It is sometimes called one-way ANOVA. The Kruskal-Wallis H test cannot tell you which specific groups of the independent variables are statistically significantly different from each other; it only tells whether at least two groups were different. A post hoc test is used to determine which of the groups differ from each other. When you choose to analyse your data using a Kruskal-Wallis H test, part of the process involves checking to make sure that the data you want to analyse can actually be analysed using a Kruskal-Wallis test.

- The dependent variable should be ordinal or continuous variable.
- The independent variable should consist of two or more categories.
- The observations should be independent.
- Does not assume a normal distribution.

3.11. Research assumptions

The following assumptions are made:

- The feedback that will be received as part of data collection, will be transparent and trustworthy
- Senior management are well equipped to answer the CRE questionnaire.

3.12. Research constraints

The limitation to this research are the following:

- **The research will not focus on the organisation's financial reporting statements – statement of financial position, statement of comprehensive income, statement of changes in equity, among others**

De-limitations to this research are the following:

- **The questionnaire will be confined to senior management of the entertainment and media industry at the headquarters in South Africa**

3.13. Ethical considerations

The questionnaire was designed to elicit information for the purpose of the study only. This research adhered to the framework and policies of the School of Construction Economics and Management at the University of the Witwatersrand Research Ethics Committee. Any data for research publication purposes was treated with anonymity unless permission was granted for it to be used otherwise. In addition, the data obtained was not used for either commercial purposes or made available to third parties without express written consent from the participants. All the participants in the study expressed their consent to use the data for research as stated. The participants also confirmed that they were not below the age of 16 and also acknowledged their rights to discontinue participation in the research at any time without providing a reason.

Hence, the following ethical considerations were applied to this research study:

- Informed consent
- Right to privacy
- Honesty with professional colleagues
- Voluntary participation
- Anonymity and confidentiality
- Dignity
- The right to publication

Chapter 4- Results and Analysis

4.0. Introduction

This chapter present the results from the sampled survey in addition to the discussion and analysis of the survey results which answers the following research questions: what are the attitudes of senior management of the South African entertainment and media companies towards CRE? What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustment of CREM, which is necessary to adopt the proposed leasing accounting policy? Lastly, the chapter concludes with a summary and implications of the findings.

4.1. Attitudes towards CRE

Table 4.1 1 The perception towards CRE

The perception towards CRE	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
The company's core business activity is not real estate	26(81.253%)	5(15.625%)		1(3.125%)	
Uncertainty and unpredictability of future real estate markets, economic conditions and organisational space needs greatly reduce my capacity to effect optimal real estate solutions	1(3.125%)	11(34.375%)	12(37.5%)	5(15.625%)	3(9.375%)
Diversifying real estate portfolios (by lease/own ratios, lease term maturation, capital; financing vehicle, etc.) can significantly reduce financial risk	6(6.25%)	16(50%)	8(25%)	2(6.25%)	
I have regular exposure and a firm understanding of, corporate strategic plans and objectives from which to base	5(15.625%)	19(59.375%)	4(12.5%)	2(6.25%)	2(6.25%)

real estate property decisions					
Future flexibility (in terms if commitments, location, building design and use, etc.) is a top priority in evaluating real estate alternatives	8(25%)	16(50%)	4(12.5%)	4(12.5%)	
I do not have sufficient information or methodology available to clearly evaluate the physical performance or effectiveness in the usage of my buildings	2(6.25%)	9(28.125%)	8(25%)	10(31.25%)	3(9.375%)
Real estate decision making, on average plays a critical part in the overall performance of my organisation	5(15.625%)	9(28.125%)	5(15.625%)	8(25%)	5(15.625%)
Real estate decision making is an integral part of corporate strategic planning	6(18.75%)	12(37.5%)	5(15.625%)	7(21.875%)	2(6.25%)
Responsibility for real estate assets are delegated too far down in my organisation	3(9.375%)	4(12.5%)	9(28.125%)	12(37.5%)	4(12.5%)
The president or CEO usually gets involved in corporate real estate decisions	9(28.125%)	14(43.75%)	4(12.5%)	4(12.5%)	1(3.125%)

Table 4.1.1 indicates that most companies have their core business in addition to other businesses that they also perform. A total of 26 (81.253%) of the respondents agree strongly that the core business of their organisation is not real estate, 5(15.625%) also agree. However, a small portion, 1(3.125%) disagree that the core business of their organisation is not real estate. According to the study, 1(3.125%) of the respondents strongly agree that uncertainty and unpredictability of future real estate markets, economic conditions and organisational space needs greatly reduce the capacity to effect optimal real estate solutions, 11(34.375%) agree, 12(37.5%) remained neutral, 5(15.625%) of the respondents disagree while 3(9.375%) strongly disagree. The study revealed that 6(18.75%) of the respondents strongly agree that diversifying real estate portfolios could significantly reduce financial risk, 16(50%) of them agree, 8(25%) remained neutral while 2(6.25%) of the respondents disagree. It is however evident from

the study that; diversification of real estate portfolios leads to significant reduction in financial risks. A total of 5(15.625%) of the respondents agree strongly that they have regular exposure and a firm understanding of corporate strategic plans and objectives from which to base real estate property decisions, 19(59.375%) of them agree, 4(12.5%) are neutral, 2(6.25%) disagree while 2(6.25%) strongly disagree. According to the available data, 8(25%) of the respondents in the study agree strongly that future flexibility is a top priority in evaluating real estate alternatives and 16(50%) agree. However, not all respondents are in agreement as 4(12.5%) were neutral and 4(12.5%) disagree that future flexibility is a top priority. From the data, 2(6.25%) of the respondents strongly agree that they do not have sufficient information or methodology to clearly evaluate the physical performance or effectiveness in the usage of their buildings. 9(28.125%) of them agree, 8(25%) were neutral, 10(31.25%) disagree while 3(9.375%) strongly disagree. From the data available, it is evident that a majority of the respondents stated that they have sufficient information or methodology available for them to evaluate the physical performance in the usage of their buildings. The available data states that 5(15.625%) of the respondents strongly agree that real estate decision making on average plays a critical part in the overall performance of the organisation, 9(28.125%) of the respondents agree, 5(15.625%) are neutral, 8(25%) disagree while 5(15.625%) strongly disagree. A total of 6(18.75%) of the respondents strongly agree that real estate decision making is an integral part of corporate strategic planning, and 12(37.5%) agree. However, not all the respondents are in agreement as 5(15.625%) are neutral, 7(21.875%) of them disagree and 2(6.25%) strongly disagree. From the study, 3(9.375%) of the respondents strongly agree that the responsibility for real estate assets are delegated too far down in the organisation, 4(12.5%) agree, 9(28.125%) are neutral, 12(37.5%) disagree and 4(12.5%) strongly disagree. Any decision that is taken by the management of any firm has a direct effect on its employees. The study revealed that 9(28.125%) of the respondents stated that the president or CEO of the organisation is involved in corporate real estate decisions, 14(43.75%) agree, 4(12.5%) remained neutral, 4(12.5%) disagree and 1(3.125%) strongly disagree that the president gets involved.

Table 4.1.2 indicates that 9(28.13%) of the participants said the costs of occupying real estate are included as part of overall organisational overhead and not apportioned to organisational units, 11(34.38%) of the respondents indicated that the costs of occupying real estate are included with other overheads and apportioned to organisational units while 1(3.13%) said the costs of occupying real estate are apportioned to organisational units.

Table 4.1 2 Allocation of CRE costs

Allocation of CRE costs	Frequency	Percentage (%)
Are included as part of overall organisational overhead and not apportioned to organisational units	9	28.13
Total real estate costs are included with other overheads and apportioned to organisational units	11	34.38
Real estate operating expenses (e.g. local authority rates) are apportioned to organisational units	1	3.13
Real estate operating expenses and depreciation are apportioned to organisational units	4	12.5
Real estate operating expenses and capital charge are apportioned to organisational units	2	6.25
Real estate operating expenses and market rentals (or equivalent) are apportioned to organisational units	3	9.38
Other	2	6.25
Total	32	100

Table 4.1.3 describes the current role of the real estate management in the organisations. From the survey, 8(25.81%) indicated that accounting for the costs of using real estate and allocating both the real estate and its costs to operating units were the roles of the real estate management in their organisation, 8(25.81%) also indicated that organising the provision of land/building/other real estate so that operating units of the organisation have what they need was the role, 1(3.23%) stated that examining trends in conjunction with operating units, developing the real estate implications of these trends for the core operations of the organisation and proposing optimal solution is the role of the real estate management in the organisation.

Table 4.1 3 The role of real estate management in the organisation

The role of real estate management in the organisation	Frequency	Percentage (%)
Accounting for the costs of using real estate and allocating both the real estate and its costs to operating units.	8	25.81
Investigating ways to use less real estate or increase efficiency (e.g. by standardizing office layouts, combining facilities, sub-leasing/selling excess land/buildings, refurbishing old buildings to suit new uses).	6	19.35
Organizing provision of land/buildings/ other real estate so that operating units of the organisation have what they need.	8	25.81
Examining trends in conjunction with operating units, developing the real estate implications of these trends for the "core" operations of the organisation and proposing optimal solutions.	1	3.23
A separate business unit earning a return on the capital tied up in real estate assets by providing the space requirements of operating units in return for market related rents and operating expenses.	3	9.68
None of the above	5	16.13
Total	31	100

Table 4.1 4 The importance of CRE

The importance of CRE	Not important	Less important	Neutral	Important	Very important
Lease versus own/or sale and leaseback financial analysis	2(6.25%)	1(3.125%)	4(12.5%)	15(46.9%)	10(31.25%)
Benchmarking against industry standards		2(6.7%)	2(6.75%)	13(40.625%)	15(46.9%)
Reviewing core operations to ensure efficient use of real estate assets		2(6.7%)	4(12.5%)	12(37.5%)	14(43.75%)
Using real estate to gain strategic advantage for your core business	4(12.5%)	3(9.375%)	5(15.625%)	13(40.625%)	7(21.875%)
Contribution of cash flow to the organisation from real estate assets	5(15.625%)	10(31.25%)	4(12.5%)	9(28.125%)	4(12.5%)
Maximizing of tax advantages	1(3.125%)	4(12.5%)	7(21.875%	15(46.9%	5(15.625%)
Holding assets for capital gain/inflation hedge	3(9.375%)	10(31.25%)	6(18.75%)	11(34.375%)	2(6.25%)
Refinancing of real estate to raise capital for operations	7(21.875%)	10(31.25%)	3(9.375%)	9(28.125%)	3(9.375%)
Accounting information being available on individual properties	3(9.375%)	5(15.625%)	5(15.625%)	13(40.625%)	6(18.75%)

Table 4.1.4 shows that 2(6.25%) of the respondents indicated that lease versus own or sale and leaseback financial analysis is not important to the person holding the position in the organisation, 1(3.125%) indicated that it was less important, 4(12.5%) stated they remain neutral, 15(46.9%) indicated that it was important while 10(31.25%) indicated that it was very important. The study revealed that 2(6.7%) indicated that benchmarking against industry standards was less important to the person holding the position in the organisation, 2(6.7%) stated they remain neutral, 13(40.625%) indicated that it was important while 15(46.9%) indicated that it was very important. The study revealed that 2(6.7%) indicated that reviewing core operations to ensure efficient use of real estate assets was less important to the person holding the position in the organisation, 2(6.7%) stated they remain neutral, 12(37.5%) indicated that it was important while 14(43.75%) indicated that it was very important. From the data available, 4(12.5%)

of the respondents indicated that using real estate to gain strategic advantage for your core business is not important to the person holding the position in the organisation, 3(9.375%) indicated that it was less important, 5(15.625%) stated they remain neutral, 13(40.625%) indicated that it was important while 7(21.875%) indicated that it was very important. From the data available, 5(15.625%) of the respondents indicated that contribution to the cash flow of the organisation from real estate assets is not important to the person holding the position in the organisation, 10(31.25%) indicated that it was less important, 4(12.5%) stated they remain neutral, 9(28.125%) indicated that it was important while 4(12.5%) indicated that it was very important. The study revealed that 1(3.125%) indicated maximizing of tax advantages was not important to the person holding the position in the organisation, 4(12.5%) indicated that it was less important, 7(21.875%) stated they remain neutral, 15(46.9%) indicated that it was important while 5(15.625%) indicated that it was very important. From the data available, 3(9.375%) of the respondents indicated that holding assets for capital gain/inflation hedge is not important to the person holding the position in the organisation, 10(31.25%) indicated that it was less important, 6(18.75%) stated they remain neutral, 11(34.375%) indicated that it was important while 2(6.25%) indicated that it was very important. The study revealed that 7(21.875%) indicated that refinancing of real estate to raise capital for operations was not important to the person holding the position in the organisation, 10(31.25%) indicated that it was less important, 3(9.375%) stated they remain neutral, 9(28.125%) indicated that it was important while 3(9.375%) indicated that it was very important. The study revealed that 3(9.375%) indicated that accounting information being available on individual properties was not important to the person holding the position in the organisation, 5(15.625%) indicated that it was less important, 5(15.625%) stated they remain neutral, 13(40.625%) indicated that it was important while 6(18.75%) indicated that it was very important.

4.2. CREM administration which is necessary to adopt the proposed leasing model

Table 4.2.1 shows a total of 32 respondents took part in the survey of which 3(9.4%) are chief executive officers, 8(25%) chief financial officers, 1(3.1%) facilities manager and corporate real estate manager and 19(59.4%) hold other positions i.e. Group finance manager, HOD infield decoder support, Africa broadcast operations manager, terrestrial engineer, HOD contracts management, HOD satellite operations, finance manager, managing director, HOD operations, managing director, retail executive, finance manager operations, managing director, general manager for properties and facilities, senior finance manager, management accountant, Group head shared services, finance director and Head of Africa market development.

Table 4.2 1 Title of the real estate person

Title of the real estate person	Count	Percentage (%)
Chief executive officer	3	9.4
Chief financial officer	8	25
Facilities manager	1	3.1
Corporate real estate manager	1	3.1
Other	19	59.4
Total	32	100

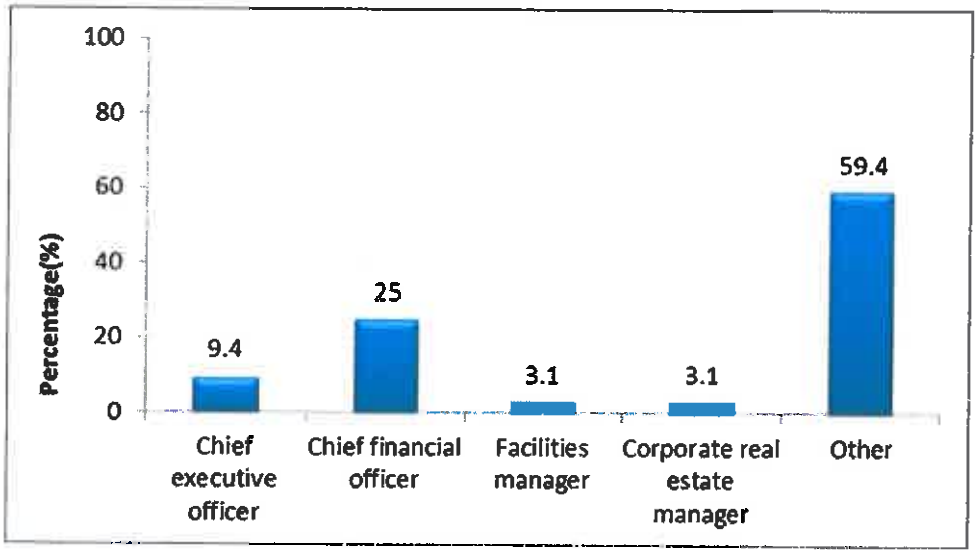


Figure 4.2 1 Title of the real estate person

Figure 4.2.1 shows the distribution of the titles of the respondents who took part in the survey. It shows that a majority of the respondents 59.4% have other titles followed by chief financial officer with 25%, and 3.1% facilities manager and corporate real estate manager.

Table 4.2 2 CRE reporting structure

CRE reporting structure	Frequency	Percentage (%)
Chief executive officer	10	31.25
Chief financial officer	6	18.75
Director of operations	1	3.12
Other	15	46.88
Total	32	100.00

Table 4.2.2 shows a total of 15(46.88%) report to other positions within the company, 10(31.25%) report to the chief executive officer, and while 1(3.12%) report to the director of operations.

Table 4.2 3 The entertainment and media segments

The entertainment and media segments	Count	Percentage (%)
Internet	3	9.38
Radio	1	3.12
Television	12	37.5
Business-to-business	1	3.12
Filmed entertainment	2	6.25
Music	1	3.12
Video games	1	3.12
Other	11	34.38
Total	32	100

Table 4.2.3 shows that the core business of a majority of the companies from whom the respondents work is television with a total of 12(37.5%) followed by other media business which is 11(34.38%). The core business of the least being 1(3.12%) which include radio, business-to-business, music and video games.

Table 4.2 4 The Existence of a real estate unit

The Existence of a real estate unit	Frequency	Percentage (%)
Yes	20	62.5
No	12	37.5
Total	32	100

Table 4.2.4 shows the total number of respondents who took part in the survey, 20(62.5%) has a formal organised real estate unit and have assigned person with that responsibility, while 12(37.5) do not have.

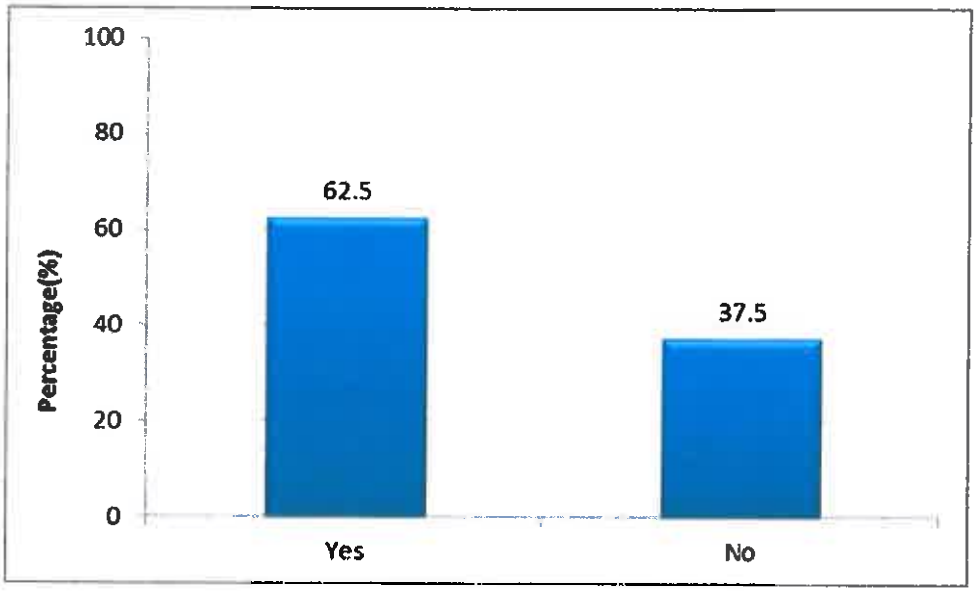


Figure 4.2 2 The existence of a real estate unit

Figure 4.2.2 shows that 62.5% of a majority of a companies has a formal organised real estate unit and have assigned person with this area as their main responsibility.

Table 4.2 5 Number of leasehold property

Number of leasehold property	Frequency	Percentage (%)
Zero	2	6.25
Between 1 and 20	18	56.25
Between 21 and 40	6	18.75
Between 81 and 100	3	9.38
Above 100	3	9.38
Total	32	100

Table 4.2.5 shows that some of the companies lease properties for their operations. 18(56.25%) of the total respondents lease between 1 and 20 properties, 2(6.25%) do not lease any property, 6(18.75%) lease between 21 and 40 properties while 3(9.38%) lease between 81 and 100 as well as above 100 properties.

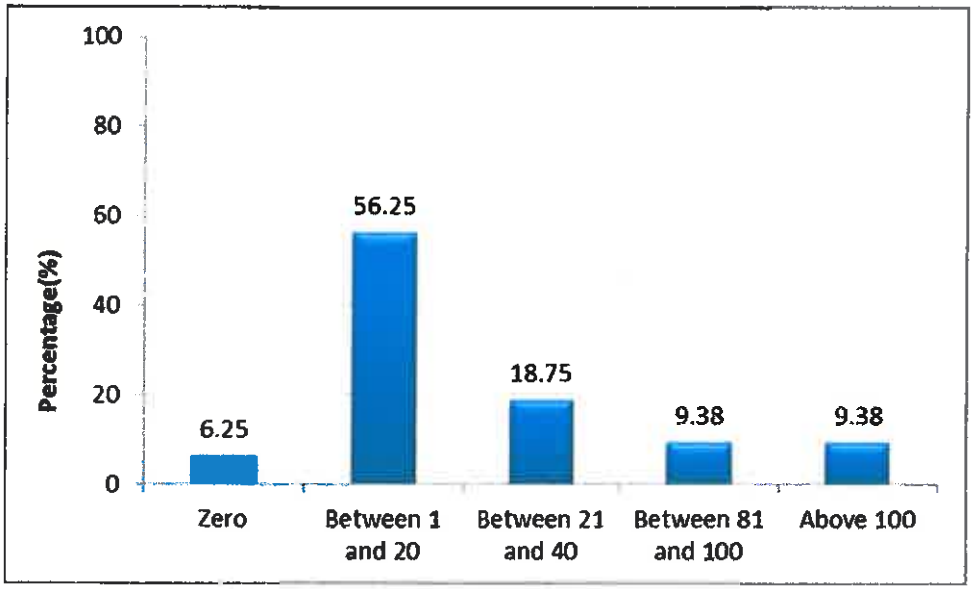


Figure 4.2 3 Number of leasehold property

Figure 4.2.3 shows that a majority of the companies lease between 1 and 20 properties while a smaller portion of the companies do not lease any property.

Table 4.2.6 presents the number of properties organisations own freehold. From the data available, 11(34.38%) of the organisations do not own any properties freehold, 16(50%) own between 1 and 20 properties freehold, 2(6.25%) of the organisations own more than 100 properties freehold while 1(3,125%) own between 21 and 40, between 41 and 60 and between 81 and 100 properties freehold.

Table 4.2 6 Number of own freehold property

Number of own freehold property	Frequency	Percentage (%)
Zero	11	34.38
1-20	16	50
21-40	1	3.125
41-60	1	3.125
81-100	1	3.125
100+	2	6.25
Total	32	100

Table 4.2.7 shows that real estate values are generally recorded by companies using a variety of ways. From this study, a majority of the organisations record their real estate value using historical cost. A total of 11(35.48%) of the organisations record their real estate value using historical costs, 9(29.03%) use the current market value to record their real estate value, 3(9.68%) of the organisations use depreciated replacement value while 8(25.81%) use other means to record real estate value.

Table 4.2 7 Methods of recording real estate

Methods of recording real estate	Frequency	Percentage (%)
Historical cost	11	35.48
Current market value	9	29.03
Depreciated replacement value	3	9.68
Other	8	25.81
Total	31	100

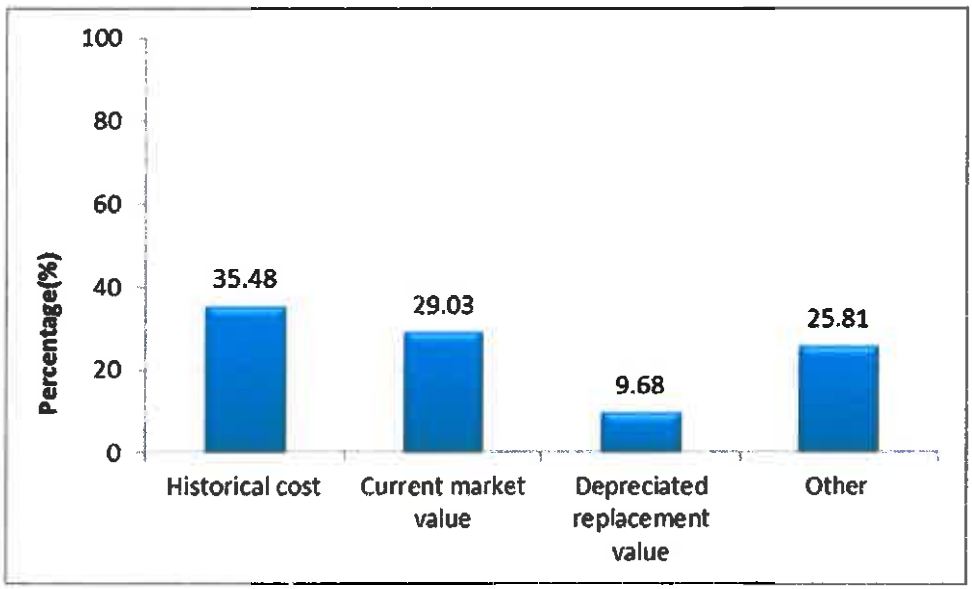


Figure 4.2 4 Methods of recording real estate

Figure 4.2.4 shows that 35.48% of a majority of organisations use historical cost to record their real estate value while depreciated replacement value is a method used by a smaller portion of the organisations in the study.

Table 4.2.8 indicates that 13(40.63%) of the respondents indicated that their organisation has a strategy on outsourcing real estate related tasks to external service, while 19(59.38%) stated that their organisation does not have a strategy on outsourcing real estate related tasks to external service.

Table 4.2 8 The strategy on outsourcing CRE services

The strategy on outsourcing CRE services	Frequency	Percentage (%)
Yes	13	40.63
No	19	59.38
Total	32	100

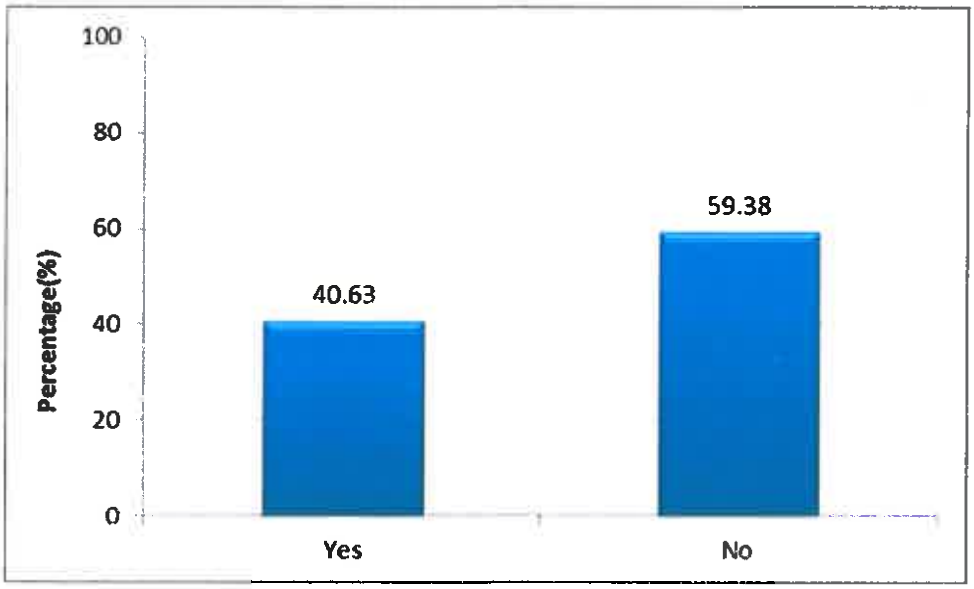


Figure 4.2 5 The strategy on outsourcing CRE services

Figure 4.2.5 indicates that 59.38% of a majority of the organisations do not have a strategy on outsourcing real estate related tasks to external service.

Table 4.2 9 Is the strategy on outsourcing in writing?

Is the strategy on outsourcing in writing?	Frequency	Percentage (%)
Yes	5	45.45
No	6	54.55
Total	11	100

Table 4.2.9 indicates that 54.55 % of a majority of the organisations do not have the strategy in writing.

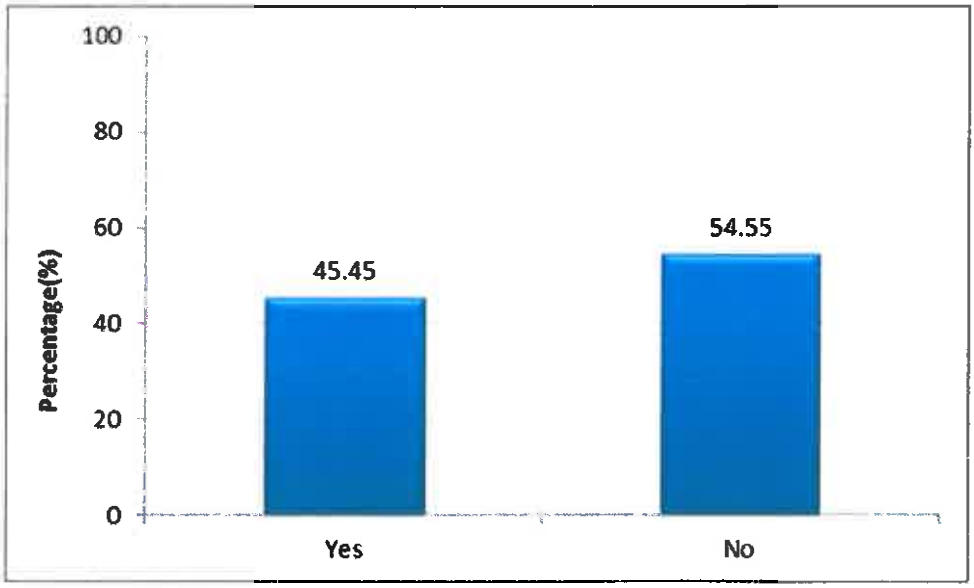


Figure 4.2 6 Is the Strategy on outsourcing in writing?

Figure 4.2.6 shows that 6 (54.55%) stated that the strategy is not in writing.

Table 4.2.10 indicates that 7(58.33%) of the respondents indicated that their organisation use external real estate service providers the same way it was done 5 years ago, 4(33.33%) stated that they use external real estate service providers more now than they did in the last 5 years and 1(8.33%) stated that they use it less than they did 5 years ago.

Table 4.2 10 Outsourcing real estate activities

Outsourcing real estate activities	Frequency	Percentage (%)
More	4	33.33
Same	7	58.33
Less	1	8.33
Total	12	100

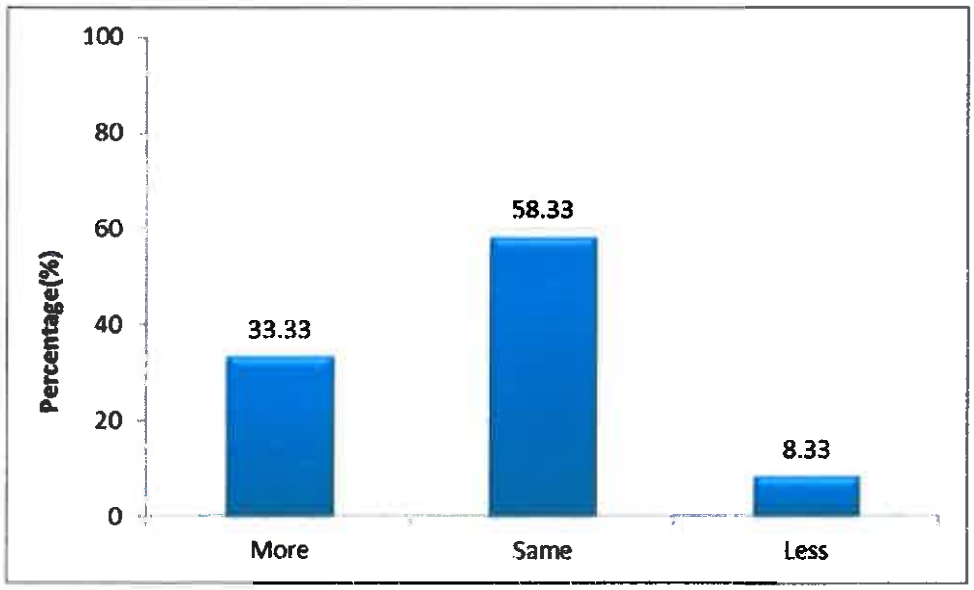


Figure 4.2 7 Outsourcing real estate activities

Figure 4.2.7 indicates that 58.33% of a majority of the organisations use external real estate service providers the same way they did 5 years ago.

Table 4.2 11 In-house versus outsourcing real estate activities

In-house versus outsourcing real estate activities	Never	Sometimes	Frequently	Always	N/A
Real estate strategic planning	13(43.33%)	8(26.7%)	3(10%)	1(3.33%)	5(16.7%)
Feasibility studies	2(6.7%)	12(40%)	5(16.7%)	5(16.7%)	6(20%)
Real estate valuations	3(10%)	9(30%)	8(26.7%)	6(20%)	4(13.33%)
Selection of sites	8(26.7%)	13(43.3%)	2(6.7%)	4(13.3%)	3(10%)
Space layout planning	4(13.3%)	13(43.3%)	6(20%)	4(13.3%)	3(10%)
Building design	5(16.7%)	9(30%)	5(16.7%)	10(33.3%)	1(3.33%)
Construction/Fit out management	6(20%)	6(20%)	6(20%)	9(30%)	3(10%)
Property/lease administration	18(60%)	7(23.3%)	2(6.7%)	2(6.7%)	1(3.33%)
Building Act/health and safety compliance	10(33.3%)	8(26.7%)	5(16.7%)	6(20%)	1(3.33%)
Town planning issues	7(23.3%)	5(16.7%)	6(20%)	8(26.7%)	4(13.3%)
Surplus property/lease disposal	8(27.6%)	8(27.6%)	3(10.3%)	4(13.8%)	6(20.7%)

Table 4.2.11 shows that 13(43.33%) of the respondents indicated that real estate strategic planning was never outsourced by the organisation, 8(26.7%) stated that it was sometimes outsourced, 3(10%) said frequently, 1(3.33%) stated it was always outsourced while 5(16.7%) indicated it was not applicable to them. The study revealed that 2(6.7%) indicated that feasibility studies or market analysis was never outsourced by the organisation they work for, 12(40%) indicated it is sometimes outsourced, 5(16.7%) indicated it was frequently outsourced, 5(16.7%) said it is always outsourced while 6(20%) stated that it is not applicable to them. For real estate valuations, 3(10%) of the respondents indicated that it is never outsourced, 9(30%) stated that it is sometimes outsourced, 8(26.7%) indicated that it is frequently outsourced, 6(20%) indicated it is always outsourced, while 4(13.33%) also indicated that it is not applicable to them. From the data, 8(26.7%) of the respondents indicated that selection of sites was never outsourced by their organisation, 13(43.3%) indicated that their organisation sometimes outsource it, 2(6.7%) stated that it is frequently outsourced, 4(13.3%) indicated that it is always outsourced, while 3(10%) said it is not applicable to them. The study revealed that 4(13.3%) indicated that space layout planning was never outsourced by the organisation they work for, 13(43.3%) indicated it is sometimes outsourced, 6(20%) indicated it was frequently outsourced, 4(13.3%) said it is always outsourced, while 3(10%) stated that it is not applicable to them. From the

data available, 5(16.7%) of the respondents indicated that building design function was never outsourced by the organisation, 9(30%) stated that it was sometimes outsourced, 5(16.7%) said frequently, 10(33.3%) stated it was always outsourced while 1(3.33%) indicated it was not applicable to them.

The study revealed that 6(20%) indicated that Construction/Fit out management was never outsourced by the organisation they work for, 6(20%) indicated it is sometimes outsourced, 6(20%) indicated it was frequently outsourced, 9(30%) said it is always outsourced while 3(10%) stated that it is not applicable to them. For property lease administration, 18 (60%) of the respondents indicated that it is never outsourced, 7(23.3%) stated that it is sometimes outsourced, 2(6.7%) indicated that it is frequently outsourced, 2(6.7%) indicated it is always outsourced, while 1(3.33%) also indicated that it is not applicable to them. From the data available, 10(33.3%) of the respondents indicated that building act/health and safety compliance function was never outsourced by the organisation, 8(26.7%) stated that it was sometimes outsourced, 5(16.7%) said frequently, 6(20%) stated it was always outsourced while 1(3.33%) indicated it was not applicable to them. The study revealed that 7(23.3%) indicated that town planning issues was never outsourced by the organisation they work for, 5(16.7%) indicated it is sometimes outsourced, 6(20%) indicated it was frequently outsourced, 8(26.7%) said it is always outsourced while 4(13.3%) stated that it is not applicable to them. According to the data available, 8(27.6%) of the respondents indicated that surplus property/lease disposal was never outsourced, 8(27.6%) indicated it is sometimes outsourced, 3(10.3%) indicated it was frequently outsourced, 4(13.8%) said it is always outsourced, while 6(20.7%) stated that it is not applicable to them.

Table 4.2.12 shows that 18(62.07%) indicated that they are one step away from the CEO, 5(17.24%) stated that they are two steps away from the CEO, 4(13.79%) are 3 steps away from the CEO while 2(6.9%) are 4 steps away from the CEO in terms of reporting.

Table 4.2 12 Relationship with the CEO

Relationship with the CEO	Frequency	Percentage (%)
1	18	62.07
2	5	17.24
3	4	13.79
4	2	6.9
Total	29	100

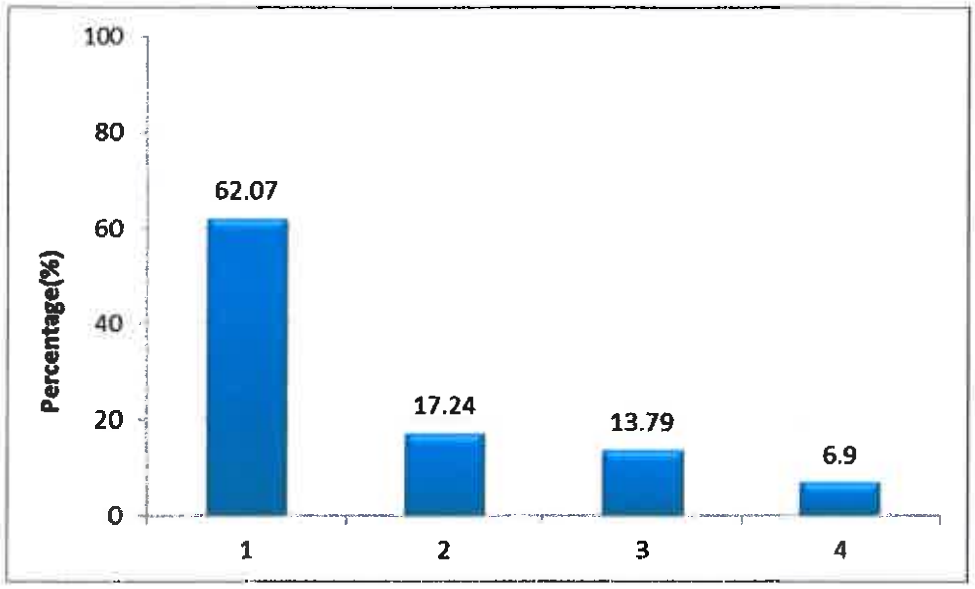


Figure 4.2 8 Relationship with the CEO

Figure 4.2.8 shows that 62.07% of a majority of the respondents in the study are one step away from the CEO with very few being 4 steps away from the CEO in terms of reporting.

Table 4.2 13 Relationship with other Internal and External stakeholder

Relationship with other Internal and External stakeholder	Daily	Weekly	Monthly	Quarterly	Annually
Chief executive officer	9(31.03%)	10(34.5%)	3(10.3%)	5(17.2%)	2(6.9%)
Chief financial officer	16(55.2%)	8(27.6%)	2(6.9%)	3(10.3%)	
Core business unit heads	11(36.7%)	13(43.3%)	6(20%)		
Real estate agent agents		2(6.7%)	5(16.7%)	8(26.7%)	15(50%)
Engineer	7(23.3%)	2(6.7%)	6(20%)	5(17.2%)	10(33.3%)
Service provider	8(26.7%)	6(20%)	7(23.3%)	2(6.7%)	7(23.3%)
Staff in other units	13(43.3%)	10(33.3%)	5(17.2%)	2(6.7%)	

Table 4.2.13 shows that 9(31.03%) of the respondents indicated that they liaise daily with the chief executive officer, 10(34.5%) stated that it is weekly, 3(10.3%) said monthly, 5(17.2%) stated it was quarterly while 2(6.9%) indicated they liaise annually with the chief executive officer. The study revealed that 16(55.2%) indicated that they liaise daily with the chief financial officer, 8(27.6%) stated that it is weekly, 2(6.9%) said monthly, 3(10.3%) stated it was quarterly. From the data available, 11(36.7%) of the respondents indicated that they liaise daily with the core business unit heads, 13(43.3%) stated that it is weekly, 6(20%) said monthly. The study revealed that 2(6.7%) indicated that that they liaise weekly with the real estate agent/valuator, 5(16.7%) stated that it is monthly, 8(26.7%) stated it was quarterly while 15(50%) indicated that they liaise with the real estate valuator annually. From the data available, 7(23.3%) of the respondents indicated that they liaise daily with the engineer/technical people, 2(6.7%) stated that it is weekly, 6(20%) said monthly, 5(17.2%) stated it was quarterly while 10(33.3%) indicated they liaise annually with the engineer. From the table above, 8(26.7%) of the respondents indicated that they liaise daily with the service provider, 6(20%) stated that it is weekly, 7(23.3%) said monthly, 2(6.7%) stated it was quarterly while 7(23.3%) indicated they liaise annually with the chief executive officer. The study revealed that 13(43.3%) indicated that that they liaise daily with the staff in other units, 10(33.3%) stated that it is weekly, 5(17.2%)

stated it was monthly while 2(6.7%) indicated that they liaise with staff from other units quarterly.

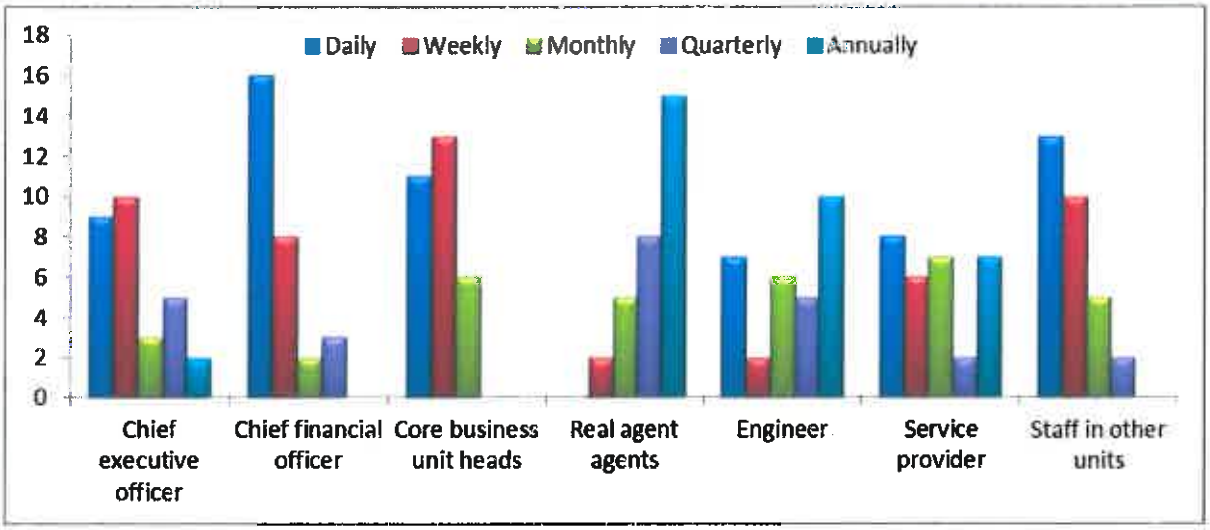


Figure 4.2 9 Relationship with other internal & external stakeholder

Table 4.2.9 shows that 8(25.81%) indicated that their organisations have a written overall strategic plan for their real estate, while 23(74.19%) of the total sample of respondents in the study stated that their organisations do not have a written overall strategic plan for real estate.

Table 4.2 14 CRE strategic plan

CRE strategic plan	Frequency	Percentage (%)
Yes	8	25.81
No	23	74.19
Total	31	100

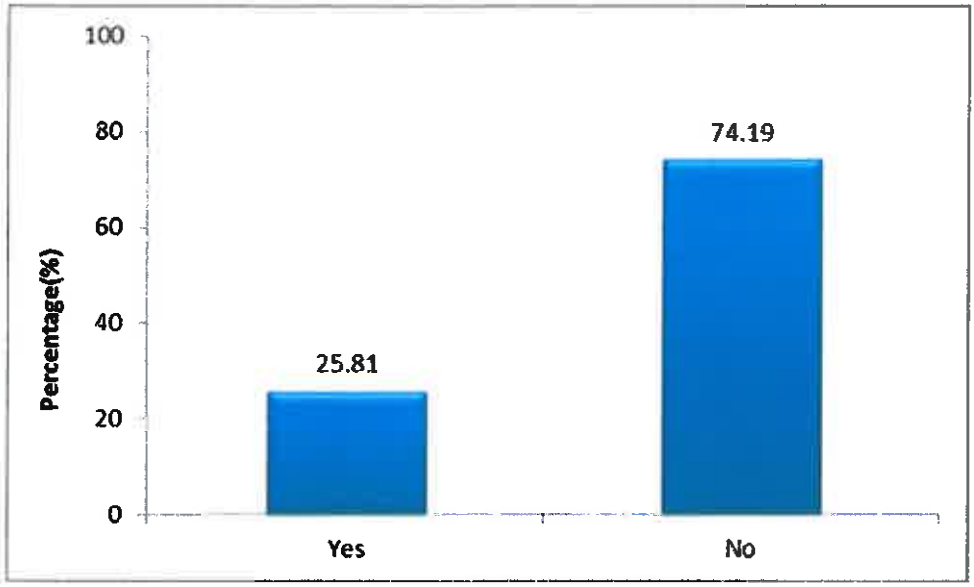


Figure 4.2 10 CRE strategic plan

Table 4.2.15 indicates that most of the respondents in the study do not have a written overall strategic plan for real estate in their organisations. From the respondents whose response have a written overall strategic plan for real estate, 3(37.5%) indicated that it was prepared 12 months ago, 2(25%) stated that it was prepared 6 months ago, 1(12.5%) stated that it was prepared up to 3 months ago, 3 months ago and 36 months ago.

Table 4.2 15 Adoption of the overall strategic plan

Adoption of the overall strategic plan	Frequency	Percentage (%)
Up to 3 months ago	1	12.5
3 months	1	12.5
6 months	2	25
12 months	3	37.5
36 months ago or longer	1	12.5
Total	8	100

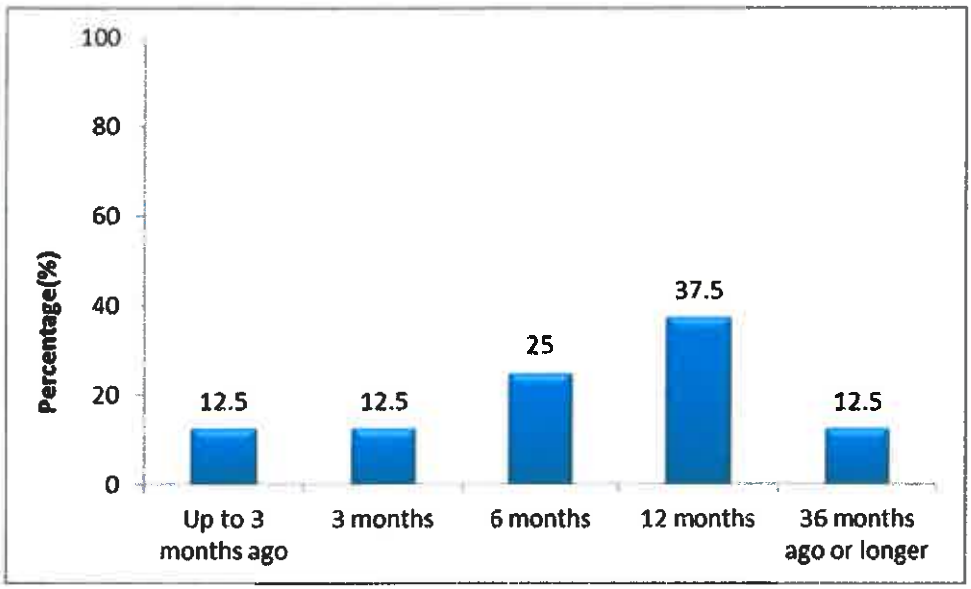


Figure 4.2 11 Adoption of the overall strategic plan

Table 4.2.16 indicates that the written overall strategic plan for the real estate organisations are often reviewed or updated. According to this study, 2(25%) of the respondents indicated that their organisations review the plan 3 months prior to the study, 1(12.5%) indicated that it was reviewed 6 months while 5(62.5%) stated that the plan was reviewed 12 months.

Table 4.2 16 The review of the strategic plan

The review of the strategic plan	Frequency	Percentage (%)
Up to 3 months ago	2	25
6 months	1	12.5
12 months	5	62.5
Total	8	100

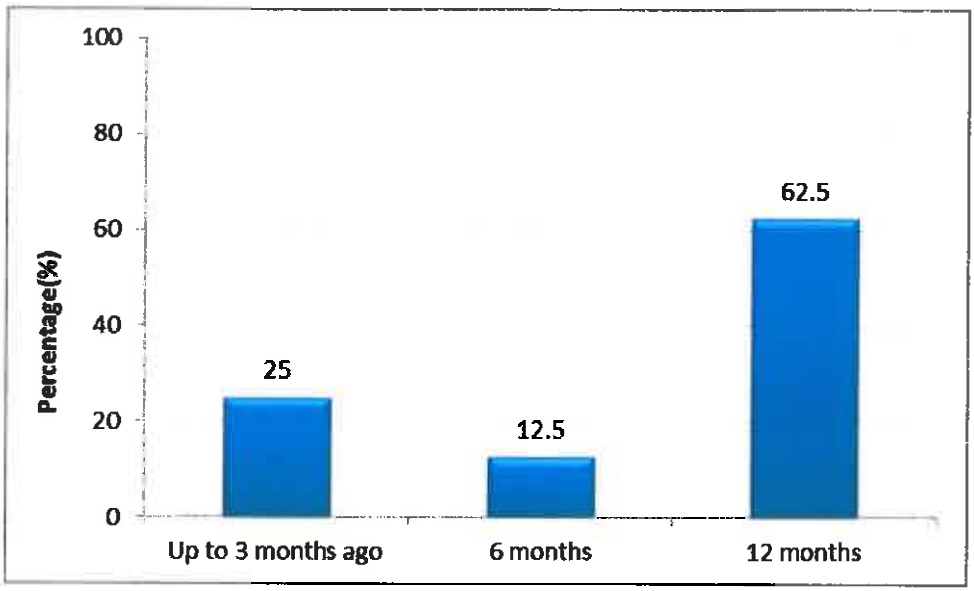


Figure 4.2 12 The review of the strategic plan

Figure 4.2.12 shows that 62.5% of a majority of respondents review the plans yearly.

Table 4.2 17 The integration of the overall strategic plan

The integration of the overall strategic plan	Frequency	Percentage (%)
Low integration	1	12.5
Moderate integration	2	25
High integration	5	62.5
Total	8	100

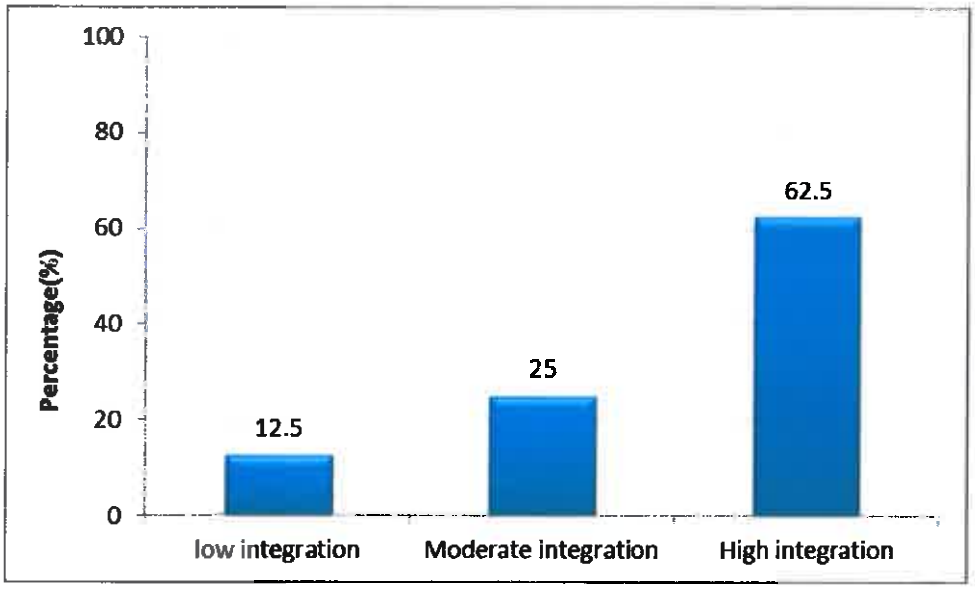


Figure 4.2 13 The integration of the overall strategic plan

Table 4.2.18 shows that 21(67.74%) of the organisations have a computerized database which contains details on each property while 10(32.26%) do not have a computerized database system.

Table 4.2 18 Existence of a database management system

Existence of a database management system	Frequency	Percentage (%)
Yes	21	67.74
No	10	32.26
Total	31	100

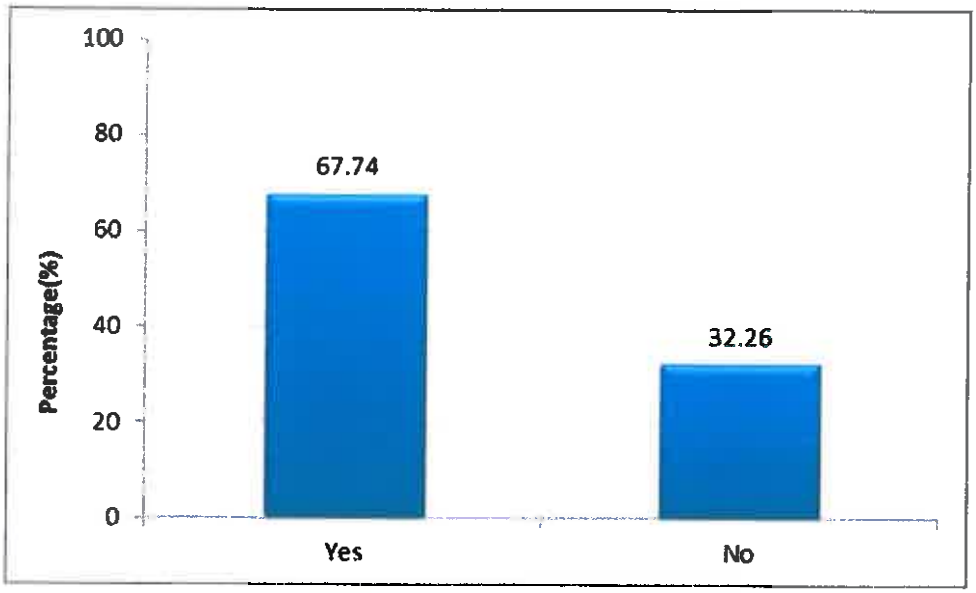


Figure 4.2 14 Existence of a database management system

Figure 4.2.14 indicates that 67.74% of a majority of the organisations have a computerized database system which contains details of their properties.

Table 4.2.19 shows that the total number of respondents whose organisations has a computerized database system, 9(42.86%) stated that the database was extremely important to their organisations, 4(19.05%) indicated that it was important and another 4 also indicated it was very important to their organisation, 2(9.25%) stated that database system was not extremely important to their organisations.

Table 4.2 19 The importance of the database system

The importance of the database system	Frequency	Percentage (%)
Extremely not important	2	9.25
Not important	2	9.25
Important	4	19.05
Very Important	4	19.05
Extremely important	9	42.86
Total	21	100

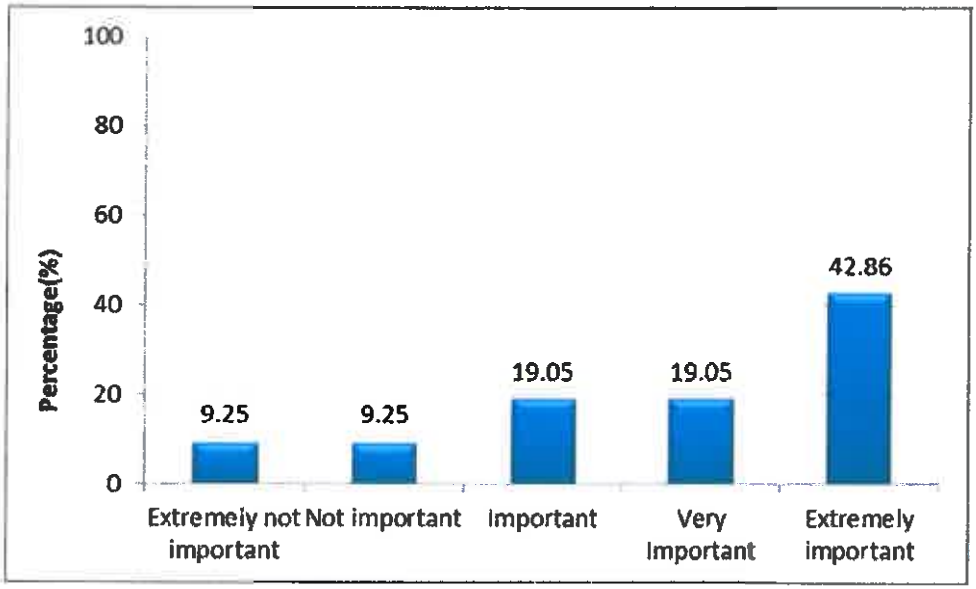


Figure 4.2 15 The importance of the database system

Figure 4.2.15 indicates that 42.86% of a majority of the organisations regard database system to be extremely important to their organisation.

Table 4.2.20 shows that, 10(47.62%) of the number of organisations with database system indicated that their database system performed moderately, 7(33.33) indicated that it has high performance, 2(9.52%) stated that their database system has a low performance while 1(4.76%) stated that the organisations have poor performance with the database system.

Table 4.2 20 The performance of the database system

The performance of the database system	Frequency	Percentage (%)
Poor performance	1	4.76
Low performance	2	9.52
Moderate performance	10	47.62
High performance	7	33.33
N/A	1	4.76
Total	21	100

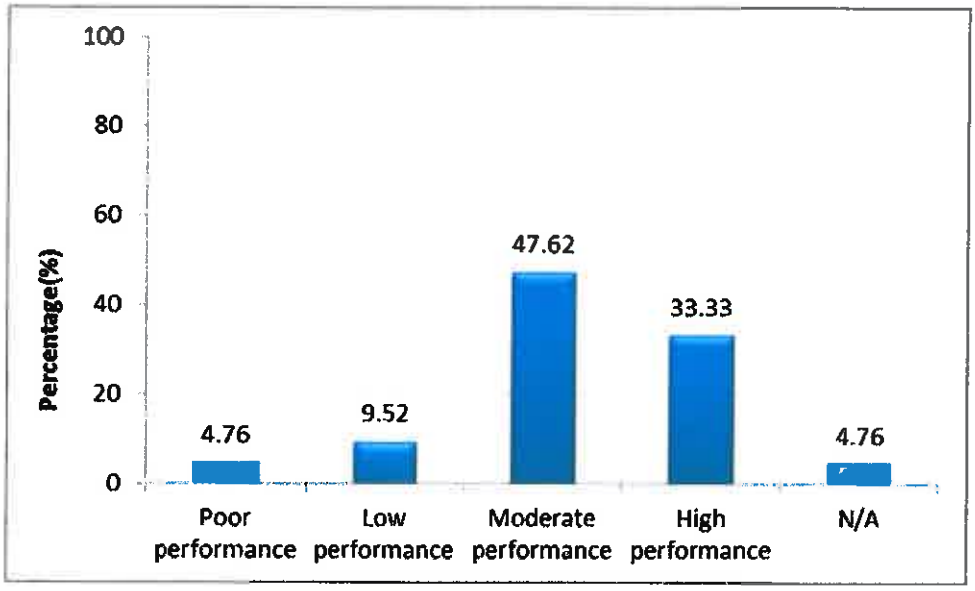


Figure 4.2 16 The performance of the database system

Figure 4.2.16 shows that 47.62% of most the organisations indicated that their computerized database system has a moderate performance as seen in the bar graph.

Table 4.2 21 Real estate inventory management

Real estate inventory management	Very poor	Poor	Moderate	Good	Excellent	N/A
Current use of property	1	2	3	9	2	4
Physical attributes	1	1	2	13	2	2
Legal matters	2	2	3	10	2	2
Operational lease details	1	1	2	11	3	3
Purchase cost	1	1	1	9	5	4
Current market value	2	3	4	4	3	5
Operating cost	2	2	2	9	4	2
Maintenance programme	2	1	4	8	4	2
People working with specific building	2	1	2	7	4	5
Usefulness in assisting in strategic decision making	2	2	4	7	3	3
Usefulness in identifying non-performing properties	2	3	2	8	2	4

Table 4.2.21 shows that 1(4.8%) of the respondents indicated that a computerized property database system will have a very poor performance on the current use of

the property, 2(9.5%) stated that it would have poor performance, 3(14.3%) said moderate performance, 9(42.9%) stated it would have good performance, 2(9.5%) indicated it would have excellent performance, while 4(19.04%) stated that it was not applicable to them. The study revealed that 1(4.8%) indicated a computerized property database system will have a very poor performance on the physical attributes, 1(4.8%) stated that it would have poor performance, 2(9.5%) said moderate performance, 13(61.9%) stated it would have good performance, 2(9.5%) indicated it would have excellent performance while 2(9.5%) stated that it was not applicable to them. For real legal matters including zoning, tenure 2(9.5%) of the respondents indicated that a computerized property database system will have a very poor performance on it, 2(9.5%) stated that it would have poor performance, 3(14.3%) said moderate performance, 10(47.6%) stated it would have good performance, 2(9.5%) indicated it would have excellent performance while 2(9.5%) stated that it was not applicable to them. From the data available, 1(4.8%) of the respondents indicated that a computerized property database system will have a very poor performance on the operational lease details, 1(4.8%) stated that it would have poor performance, 2(9.5%) said moderate performance, 11(52.4%) stated it would have good performance, 3(14.3%) indicated it would have excellent performance while 3(14.3%) stated that it was not applicable to them. The study revealed that 1(4.8%) indicated a computerized property database system will have a very poor performance on the purchase cost, 1(4.8%) stated that it would have poor performance, 1(4.8%) said moderate performance, 9(42.9%) stated it would have good performance, 5(23.8%) indicated it would have excellent performance, while 4(19.05%) stated that it was not applicable to them. From the data available, 2(9.5%) of the respondents indicated that a computerized property database system will have a very poor performance on the current market value, 3(14.3%) stated that it would have poor performance, 4(19.05%) said moderate performance, 4(19.04%) stated it would have good performance, 3(14.3%) indicated it would have excellent performance, while 5(23.8%) stated that it was not applicable to them. The study revealed that 2(9.5%) indicated a computerized property database system will have a very poor performance on the operating or maintenance cost, 2(9.5%) stated that it would have poor performance, 2(9.5%) said moderate performance, 9(42.9%) stated it would have good performance, 4(19.05%) indicated it would

have excellent performance while 2(9.5%) stated that it was not applicable to them. The study revealed that 2(9.5%) indicated a computerized property database system will have a very poor performance on the maintenance programme, 1(4.8%) stated that it would have poor performance, 4(19.05%) said moderate performance, 8(38.1%) stated it would have good performance, 4(19.05%) indicated it would have excellent performance while 2(9.5%) stated that it was not applicable to them. From the data available, 2(9.5%) of the respondents indicated that a computerized property database system will have a very poor performance on the number of people working within specific building, 1(4.8%) stated that it would have poor performance, 2(9.5%) said moderate performance, 7(33.3%) stated it would have good performance, 4(19.05%) indicated it would have excellent performance while 5(23.8%) stated that it was not applicable to them. The study revealed that 2(9.5%) indicated a computerized property database system will have a very poor performance on the usefulness in assisting in strategic decision making, 2(9.5%) stated that it would have poor performance, 4(19.05%) said moderate performance, 7(33.3%) stated it would have good performance, 3(14.3%) indicated it would have excellent performance, while 3(14.3%) stated that it was not applicable to them. From the data available, 2(9.5%) of the respondents indicated that a computerized property database system will have a very poor performance on the usefulness in identifying non-performing properties, 3(14.3%) stated that it would have poor performance, 2(9.5%) said moderate performance, 8(38.1%) stated it would have good performance, 2(9.5%) indicated it would have excellent performance, while 4(19.05%) stated that it was not applicable to them.

Table 4.2 22 Real estate decision making tools

Use	Never used	rarely used	Used	Often used	Always used	N/A
Accurate rate of return/payback period	2	2	8	3	6	7
Discounted cash flow techniques	3	3	5	5	6	6
consideration of risk diversification	2	6	6	4	4	5
Relationship to market value/rental	1	4	7	2	8	6
Sale and leaseback analysis	2	5	6	3	3	9
Consideration of non-financial factors	1	2	10	6	5	4
Independent property management consultants	1	7	8	3	4	5

Table 4.2.22 shows that 2(7.1%) of the respondents indicated accurate rate of return/payback period was never used by the organisation in making real estate decision, 2(7.1%) stated that it was rarely used, 8(28.6%) said it was used, 3(10.7%) stated it was often used, 6(21.4%) indicated it was always used, while 7(25%) stated that it was not applicable to them. The study revealed that 3(10.7%) indicated discounted cash flow techniques was never used by the organisation in making real estate decision, 3(10.7%) stated that it was rarely used, 5(17.9%) said it was used, 5(17.9%) stated it was often used, 6(21.4%) indicated it was always used, while 6(21.4%) stated that it was not applicable to them. From the data available in this study, 2(7.4%) of the respondents stated that consideration of risk diversification was never used by the organisation in making real estate decision, 6(22.2%) stated that it was rarely used, 6(22.2%) said it was used, 4(14.8%) stated it was often used, 4(14.8%) indicated it was always used, while 5(18.5%) stated that it was not applicable to them. The study revealed that 1(3.6%) indicated discounted cash flow techniques was never used by the organisation in making real estate decision, 4(14.3%) stated that it was rarely used, 7(25%) said it was used, 2(7.1%) stated it was often used, 8(28.6%) indicated it was always used, while 6(21.4%) stated that it was not applicable to them. From the data, 2(7.1%) of the respondents stated that sale and leaseback analysis was never used by the organisation in making real estate decision, 5(17.9%) stated that it was rarely used, 6(21.4%) said it was used, 3(10.7%) stated it was often used, 3(10.7%) indicated it was always used while 9(32.1%) stated

that it was not applicable to them. The study revealed that 1(3.6%) indicated that consideration of non-financial factors was never used by the organisation in making real estate decision, 2(7.1%) stated that it was rarely used, 10(35.7%) said it was used, 6(21.4%) stated it was often used, 5(17.9%) indicated it was always used, while 4(14.3%) stated that it was not applicable to them. The study revealed that 1(3.6%) indicated that independent property management consultants was never used by the organisation in making real estate decision, 7(25%) stated that it was rarely used, 8(28.6%) said it was used, 3(10.7%) stated it was often used, 4(14.3%) indicated it was always used while 5(17.9%) stated that it was not applicable to them.

4.3. Test of Hypothesis

Kruskal-Wallis H test was conducted to determine if:

- The company's core business activity is not real estate.
- Uncertainty and unpredictability of future real estate markets economic conditions and organisational space needs greatly reduce my capacity to effect optimal real estate solutions.
- I have regular exposure and a firm understanding of corporate strategic plans and objectives from which to base real estate property decisions.
- Future flexibility (in terms if commitments location, building design and use, etc.) is a top priority in evaluating real estate alternatives.
- I do not have sufficient information or methodology available to clearly evaluate the physical performance or effectiveness in the usage of my buildings.
- Real estate decision making, on average plays a critical part in the overall performance of my organisation.
- Real estate decision making is an integral part of corporate strategic planning.
- Responsibility for real estate assets are delegated too far down in my organisation.
- The president or CEO usually gets involved in corporate real estate decisions according to the title in the organisation.

Table 4.3 1 Kruskal-Wallis H test

Kruskal-Wallis test	Degrees of freedom	Chi-Square value	P-value
Company's core business activity is not real estate	4	6.2889	0.1786
Uncertainty and unpredictability of future real estate markets, economic conditions and organisational space needs greatly reduce my capacity to effect optimal real estate solutions	4	4.1712	0.3833
I have regular exposure and a firm understanding of, corporate strategic plans and objectives from which to base real estate property decisions	4	3.102	0.5409
Future flexibility (in terms if commitments, location, building design and use, etc) is a top priority in evaluating real estate alternatives	4	3.8969	0.4201
I do not have sufficient information or methodology available to clearly evaluate the physical performance or effectiveness in the usage of my buildings	4	6.5097	0.1642
Real estate decision making, on average plays a critical part in the overall performance of my organisation	4	5.5788	0.2329
Real estate decision making is an integral part of corporate strategic planning	4	2.0421	0.728
Responsibility for real estate assets are delegated too far down in my organisation	4	1.2286	0.8734
The president or CEO usually gets involved in corporate real estate decisions according to the title in the organisation	4	3.4348	0.4879

Table 4.3.1 shows the results of the Kruskal Wallis H test, and we can conclude that there is no statistical significant variations, ($p \leq 0.05$) among the different title holders in the organisation regarding their perception towards corporate real estate management practice.

4.4. Measures of Reliability

Table 4.4.1 summarizes the results of cronbach alpha. Reliability analysis was conducted using the cronbach's alpha coefficient for internal consistency. The reliability coefficient for the questions/factors used in the survey are all above 0.7.

Table 4.4 1 Cronbach's alpha

Table 4.1.1: The perception towards CRE	0.75
Table 4.1.4: The importance of CRE	0.85
Table 4.2.11: In-house versus outsourcing real estate activities	0.86
Table 4.2.13: Relationship with other Internal and External stakeholder	0.71
Table 4.2.21: Real estate inventory management	0.96
Table 4.2.22: Real estate decision making tools	0.91

4.5. Discussion

4.5.1. Introduction

In discussing the survey results, it is pertinent to review if the research has answered the research questions and also that it has achieved the main objective of this study. The research questions are: what are the attitudes of senior management of the South African entertainment and media companies towards CRE? What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustment of CREM, which is necessary to adopt the proposed leasing accounting policy? The main objective of this study was to determine a particular knowledge and skill of senior management of the South African entertainment and media industry towards the administration of CREM. "Hayek defines knowledge broadly as includes such thing as habits and skills, our emotional attitudes, our tools, and our institutions, he notes how a selection process operates on the various types of knowledge: all are adaptations to past experience which have grown up by selective elimination of less suitable conduct (Hayek, 1960a, 26). He observes further that the advance of civilization does not depend on humans being omniscient. Quite the contrary, it depends on accidents happening, accidents in the way that knowledge and attitudes, skills and habits, get combined (Hayek, 1960a, 29). These accidents are a sources of random variation; they permit new ways of doing things to get tried out" (Caldwell (2005, pp.294-295).

What are the attitudes of senior management of the South African entertainment and media companies towards CRE? This was answered by questions on attitudes towards CRE.

4.5.2. Attitudes towards CRE

4.5.2.1. The perception towards CRE

Table 4.1.1 indicates that a majority of companies has their core business in addition to other businesses that they also perform. A total of 26 (81.253%) of the respondents agree strongly that the core business of their organisation is not real estate, 5(15.625%) of them agree. However, a small portion, 1(3.125%) disagree that the core business of their organisation is not real estate. On examining Table 4.1.1 senior management perceptions towards CRE using a likert scale, gauging questions such as: "the company's core business activity is not real estate"; "real estate decision making, on average plays a critical part in the overall performance of my organisation"; "I do not have sufficient information or methodology available to clearly evaluate the physical performance or effectiveness in the usage of my buildings"; "the president or CEO usually gets involved in corporate real estate decisions"; "responsibility for real estate assets are delegated too far down in my organisation", the outcome of these questions points to an operational viewpoint that is being adopted by management towards the administration of CRE. Therefore, the main reason provided by a majority of the firms is that real estate is not a core function of their business. In addition, CRE knowledge is centralised towards the CEO who may not have a complete knowledge and skill in CREM, thus, despite common research, such as in Nichols (2005); McDonagh (1999) &Teoh (1992) showing that the professional titles of the CRE manager, facilities manager and asset manager reflected a clear property focus role (McDonagh, 2008). These results are in line with CRE companies in New Zealand, where CRE responsibilities are centralised around a single individual, often the CEO (McDonagh, 2008). Therefore, the division of a particular knowledge and skill which is necessary to adapt CREM to past administrative functions around the proposed operational lease accounting policy by both the producer (CREM) and the consumer (CRE demand), knowledge which includes, attitudes, habits, skills and tools and institutions, which is necessary to learn vital CRE information that is necessary to have to adopt policy changes such as the leasing accounting model, may not be readily available, since real estate decisions are centralised to one individual, often the CEO, and to any individual men and

women who may not have a complete knowledge of CREM which is widely dispersed among unknown individuals (see, Caldwell, 2005, pp.294-295). To revert to the Hayekian social science question: "how can the combination of fragments of knowledge existing in different minds, bring about results which, if they were to be brought deliberately, would require knowledge on the part of the directing mind which no single person can possess?" "How do senior management come to learn the information that is necessary to have in order to coordinate CRE plans within the division of knowledge and a particular skill?" The answer to these questions is that both the allocation of real estate costs to organisational units and the continual adoption of historical recording of real estate asset value distorts information signals, which includes the price of real estate and real estate profits and loss. Since vital information signals (i.e. prices and profit and loss) are distorted, CREM continues to fail real estate, mainly because management may not have complete knowledge of CRE benefits they seek and what they are willing to exchange for those benefits. Moreover, it is impossible for anyone without a clear property focus to manage CRE within the knowledge space of a fragmented and widely dispersed knowledge of unknown individuals. Therefore, a majority of the South African entertainment and media companies may not have complete knowledge to adapt CREM towards the IFRS policy changes, since management continue with the view that CRE is a necessary operational cost to the organisation.

4.5.2.2. Allocation of CRE costs

The classical theorist, Ludwig von Mises (Mises, 1935,1920) argues that the values of assets and obligations, including prices of goods and services and profit and loss accounting are information signals which are vital to convey key financial data to the independent plans of both producer (CREM) and the consumer (CRE demand) (Feser, 2006, p. 117). This idea is extended by Brounen et al. (2013); Canon & Fenbert (2011); The Royal Bank of Scotland (2010) reaffirming accounting policy as an important variable in CRE decision-making (Baltussen et al., 2014). Hence, to adapt CREM towards policy changes such as the proposed leasing model, it is necessary that the value of assets and obligations, prices of goods and services and profit and loss accounting convey financial information which is transparent and trustworthy in order to combine the independent plans of both the producer (CREM) and consumer (CRE demand) to make a harmonious and overall spontaneous adjustments towards the adaptation of the changes proposed by regulated IFRS. The proposed IFRS policy is a subject of a joint dialogue between regulated International Accounting Standard Board (IASB) and the Financial Service Board (FASB), aimed at selecting the most suitable IFRS policy on leases (Hayek, 1960a, 26), which is necessary to improve communication of key institutional guide such as property lease asset values and obligations and its operational cost in order to permit the adoption of policy changes such as the proposed leasing model (Hayek, 1960a, 29), to get tried out (Baltussen et al., 2014; Caldwell, 2005, pp.294-295). Table 4.1.2 questions such as whether total real estate costs are: "included with other overheads and apportioned to organisational units"; "included as part of overall organisational overhead and not apportioned to organisational units", Indicates that the surveyed respondents focused on the allocation of real estate costs to organisational units. These findings are consistent with previous research such as Zeckhauser & Silverman (1983) pointing to roughly 50% treating property related costs separately and allocating them to the individual units (McDonagh, 2008). Therefore, it is clear that the South African entertainment and media companies do not view CRE as a strategic resource within the organisation, thus, CRE is an operational cost which is merely a necessity to conduct business. Furthermore, management communicate financial knowledge which is distorted around key institutional

guides, such as real estate prices and the accounting of profit and loss, since real estate management continue to adopt crude traditional methods of accounting which distorts real estate financials (Simpson & McDonagh, 2010). Therefore, vital information signals (i.e. real estate asset value and obligations) which are necessary to have for senior management to combine knowledge which is necessary for the adaptation of past CREM administration towards the changes proposed in the leasing model may not be readily available to permit CREM to try out the changes proposed in the leasing model (Baltussen et al., 2014).

4.5.2.3. The role of real estate management in the organisation

Once again, Brounen et al. (2013); Canon & Fenbert (2011); The Royal Bank of Scotland (2010) argues that the accounting policy is an important variable in CRE decision-making (Baltussen et al., 2014). Thus, to adapt CREM to policy changes such as the IFRS accounting policy, requires that property asset values and liabilities, including property costs convey vital financial information to the independent plans of both CREM and the corporate organisation, which is necessary to make a harmonious and overall spontaneous adjustments towards the changes proposed by regulated IFRS (Baltussen et al., 2014; Caldwell, 2005, pp.294-295). Table 4.1.3 questions such as: "accounting for the costs of using real estate and allocating both the real estate and its costs to operating units"; "a separate business unit earning a return on the capital tied up in real estate assets by providing the space requirements of operating units in return for market related rents and operating expenses"; "examining trends in conjunction with operating units, developing the real estate implications of these trends for the "core" operations of the organisation and proposing optimal solutions", clearly indicates that a majority of South African entertainment and media companies continue to take an operational viewpoint towards CREM, they do not view real estate cost transparency and managing real estate for profit as necessary to giving complete knowledge around the usage of real estate, which is necessary to drive the organisation's strategy and vision. Thus, financial reporting of CRE data continue to report financial information that is distorted, which doesn't convey complete knowledge for real estate strategic management. In previous research

studies, Simpson & McDonagh (2010) discovered that information chaos exists behind the facade of balance sheet reporting, revealing that senior management has a surface level attitude and lack a real focus towards CRE strategic management. Therefore, this reaffirms senior management are entrenched with negative attitudes towards a selection of suitable accounting methods (Ijasan, 2013; Simpson & McDonagh, 2010; Zeckhauser & Silverman,1983), and they continue to convey financial information that lack the necessity for CREM to have in order to coordinate their plans within the division of labour or a particular knowledge and skill, which is necessary to combine CREM knowledge to adapt to past CRE administration which has grown up by selective elimination of less suitable accounting practices (Caldwell, 2005, pp.294-295).

4.5.2.4. The importance of CRE

The techniques of protecting the organisation's financing and investing activities are very important, especially in times of financial crisis (Petison, 2007). Moreover, Ali (2007) describes CREAM as the management of all aspects of real estate; marketing and physical management, acquisition and development, disposition, property management, financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage. Furthermore, CREAM include broad aspects, for instance, facility management, workplace design, outfit management, assets portfolio management and so on (Liang & Chen, 2011). Hence, it is important for the financial reports to produce CRE data which is transparent and trustworthy (Baltussen et al., 2014), and to provide complete CRE knowledge in order to permit senior management to try out new ways of accounting such as the proposed changes to the leasing model (Caldwell, 2005, pp.294-295). Table 4.1.4 questions such as: "contribution of cash flow to the organisation from real estate assets"; "refinancing of real estate to raise capital for operations"; "holding assets for capital gain/inflation hedge", clearly point to management taking an operational viewpoint towards the administration of CRE. The fact that management continue to apply historical methods of accounting, implies that vital information such as real estate market value is not available, thus, the holding of real estate assets for capital gain or inflation hedge is less important. Therefore, CRE is still on the backburner of strategic management practice, corporate real

estate management continue to follow traditional approaches focused on cost reduction and crude cost allocation methods, real estate managers still perceive their main role as acquirers of inexpensive space, thus excommunication real estate strategy and vision (Ijasan, 2013).

What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustments of CREM, which is necessary to adopt the proposed leasing accounting policy? This question was answered by questions on CREM administration which is necessary to adopt the proposed leasing model.

4.6. CREM administration which is necessary to adopt the proposed leasing model

4.6.1. Title of the real estate person

Table 4.2.1 shows a total of 32 respondents took part in the survey of which 3(9.4%) are chief executive officers, 8(25%) chief financial officers, 1(3.1%) facilities manager and CRE manager and 19(59.4%) hold other positions. In previous research studies, Nichols (2005); McDonagh (1999) & Teoh (1992) discovered that the professional titles of the CRE manager and facilities manager reflected a clear property focus role, and asset manager was the most popular with 43%, 44% and 39% respectively; popular in all three surveys are titles with a finance orientation such as CFO, accountant, finance manager or financial controller, and these accounted for 14.6% of respondents in the Teoh survey, 12% in the McDonagh survey and 11.5% in the Nichols survey (McDonagh, 2008). From this survey, it is indicative that a majority of respondents do not possess a particular knowledge and skill in CREM, which is necessary to combine CRE knowledge in order to permit the proposed leasing policy to be tried out. It is evident that this duty is an operation that is generally open to any individual men and women without the necessary distinct division of knowledge within CREM. That is to say, a majority of organisations may have to invest large resources in order to adapt to the past administration of CRE towards the adoption of the proposed leasing model; primarily since a majority of respondents do not possess the necessary CRE management knowledge and skill required by companies with

large portfolios of operating leases who may not have ready access to the lease contract information they will need for reporting under the proposed leasing model (Chambers et al., 2015; Baltussen et al., 2014). Therefore, a majority of companies will not be ready to adapt to the past administration of CRE towards the adoption of the proposed changes in leasing accounting. That is to say, they may not have a complete knowledge and skill of the widely dispersed CRE administration (Chambers et al., 2015; Baltussen et al., 2014), which has grown up by selective elimination of less suitable accounting policies (Caldwell, 2005, pp.294-295).

4.6.2. CRE reporting structure

Table 4.2.2 shows the different reporting structures within the sampled organisations. A total of 15(46.88%) report to other positions within the company, 10(31.25%) report to the chief executive officer, and while 1(3.12%) report to the director of operations. The prosperity of the division of a particular knowledge and skill or the division of labour in the administration of CRE can flourish orderly when the head of CRE assumes a strategic role (Roulac, 2001). Joroff et al. (1993) describes the role in five stages (i.e. taskmaster; controller; dealmaker; entrepreneur; strategist) leading towards an optimal competitive advantage when CREM operates at the strategic level, and is therefore, fully aligned with the overall corporate strategy and vision (Baltussen et al., 2014). According to Brounen et al. (2013): information is considered opaque when the numbers in the yearly financial statements are scarce and are only available in additional notes, and information is transparent when numbers are recognized on the statement of financial position in combination with a clear discussion of CRE strategy and vision. Figure 2.7.1 CREM communication shows that companies that are in the denial phase (I) tend to communicate solely the bare necessities, as it is hard to display CRE matters that one ignores. Therefore, since a majority of respondents do not have a distinct individual who possess the necessary particular knowledge or skill in CREM; many organisation may prove difficult to undertaken CREM at a strategic level; also, it may prove difficult to pass on real estate decisions down to organisational units, especially when the real estate head doesn't operate at an executive level, in especial the degree to which CRE must promotes its primary

business priorities (Omar,2014;Liow & Nappi-Choulet,2007;Roulac,2001). Hence, a majority of organisations are in the denial phase (I); tend to communicate solely the bare necessities, since they continue to allocate real estate costs to organisational units; they carry on recording real estate asset value by applying crude traditional methods such as the historical cost measures (Baltussen et al., 2014; Simpson & McDonagh, 2010). Therefore, since it is hard to display CRE matters that one ignores; the financial data on operational leases will not be readily available to try out the changes proposed in the new leasing model.

4.6.3. The entertainment and media segments

Table 4.2.3 shows the core business of a majority of companies from whom the respondents work in is television with a total of 12(37.5%) followed by other media business which is 11(34.38%). The core business of the least being 1(3.12%) which include radio, business-to-business, music and video games. Furthermore, a total of 26 (81.253%) of the respondents agree strongly that the core business of their organisation is not real estate. This figure clearly shows that a majority of the sampled organisations do not possess the necessary CREM knowledge or the division of labour which is necessary to adapt to the past administration of CRE towards the proposed leasing model; they continue to echo the widely common assertion: "we are not in the real estate business". Furthermore, they may not have a complete knowledge of CRE usage; financial reporting is in the denial phase (I); tend to communicate solely the bare necessities, since they continue to allocate real estate costs to organisational units; they carry on recording real estate asset value by applying crude traditional methods such as the historical cost measures (Baltussen et al., 2014; Simpson & McDonagh, 2010). Therefore, it will be difficult to combine CRE knowledge which is necessary to try out the new changes proposed in the IFRS leasing policy, since, a majority of companies may not have ready access to CRE financial data (Baltussen et al., 2014).

4.6.4. The Existence of a real estate unit

Table 4.2.4 shows the total number of respondents who took part in the survey, 20(62.5%) have a formal organised real estate unit or person with that responsibility, while 12(37.5) do not have. A majority of organisations has CRE unit, which is necessary to have for the purpose of conducting an orderly functioning CRE administration that can add value towards a prosperous organisation; described as the ability of the real estate decision making, processes and inputs or the division of a particular knowledge and skill, which is necessary to adapt to the past administration of CRE towards the proposed IFRS leasing policy (Anker et al., 2012). However, the survey shows that a majority of organisations do not have a distinct person who possess a particular knowledge and skill or the division of labour which is necessary for an orderly functioning CRE administration. Therefore, a majority of organisations will not be ready to adapt CRE to past administrative experiences which are necessary to try out the changes proposed in the IFRS leasing policy. The responsibilities of managing real estate are passed down to individual men and women who may not have complete knowledge of CREM which is necessary for the adoption of the IFRS policy. The existing CREM lack the necessary strategy and vision to adapt to past administrative experience which has grown up by selective elimination of less suitable lease accounting policy (Caldwell, 2005, pp.294-295).

4.6.5. Number of leasehold property

Table 4.2.5 shows that 18(56.25%) of the total respondents lease between 1 and 20 properties, 2(6.25%) do not lease any property, 6(18.75%) lease between 21 and 40 properties while 3(9.38%) lease between 81 and 100 as well as above 100 properties. This indicates the relevance of the proposed leasing model to these corporations. Comparatively, Lalloo (2013) discovers that the majority of companies own their premises, with only 14, 1% opting to lease, in addition, 2, 6% have a hybrid of owning some and leasing other premises. Moreover, Maluleke (2014) also discovered that the majority of companies in South Africa either own their real estate or lease them. In previous research, "De Jong et al. (2005) argues that companies saw an incentive to treat leases off-balance sheet, resulting in financial accidents, mostly among corporations in the US". "In addition, the IFRS

lease accounting project still causes a combined amount of approximately €6 billion of off-balance CRE operational lease obligations to be added to the AEX listed corporate balance sheet" (Baltussen et al., 2014). Therefore, since a majority of organisations lack the necessary strategy and vision, thus, adopting an operational view point towards CREM, it will prove difficult to coordinate large amount of property lease contract information in order to adapt CREM to past experience which has grown up by selective elimination of less suitable lease accounting policy (Caldwell, 2005, pp.294-295).

4.6.6. Number of freehold property

Table 4.2.6 shows that 11(34.38%) of the organisations do not own any properties freehold, 16(50%) own between 1 and 20 properties freehold, 2(6.25%) of the organisations own more than 100 properties freehold while 1(3,125%) own between 21 and 40, between 41 and 60 and between 81 and 100 properties freehold. These figures show clearly that a majority of companies are engaged in both leasing and ownership, which affirms the relevance of the proposed leasing model to corporations. Clearly, senior management attitudes need to change from "we are not in the real estate business", to real estate management is an integral part of the business operation. However, the existing division of knowledge or the division of labour negates the potential wealth creation from the vast production of goods and services, thus, management continue to lay wastage on CRE (Zeckhauser & Silverman, 1983). Therefore, a majority of organisations will not be ready to adapt to the past CRE administrative experience towards the adoption of the proposed leasing model, since, it will require large resources in the gathering CREM data on these large portfolio of leases, since financial reporting on CRE is opaque and incidental available; CREM is the denial phase of communication (Baltussen et al., 2014; Simpson & McDonagh, 2010).

4.6.7. Methods of recording real estate

The adoption of the proposed change in lease accounting policy implies that the lease contract information will be recognized both on the asset side as a right of use (ROU) asset and the present value (PV) of payments during the lease term will be recognized as a liability (Chambers et al., 2015; Baltussen et al., 2014). Table 4.2.7 shows that real estate values are generally recorded by companies using a variety of measures. It shows that a majority of the organisations record their real estate value using historical cost methods. A total of 11 (35.48%) of the organisations record their real estate value using historical costs measures, 9 (29.03%) use the current market value to record their real estate value, 3 (9.68%) of the organisations use depreciated replacement value while 8(25.81%) use other means to record real estate value. It is clearly evident that a majority of companies may not have ready access to real estate asset value and obligations in order to adapt CRE accounting to past administrative methods of recording real estate value to current market valuations which have grown up by selective elimination of less suitable accounting policies in order to try out the present value method proposed in the leasing model (Caldwell, 2005, pp.294-295). Therefore, it is indicative that a majority of organisations will not be ready to adopt the proposed leasing model, since management continue to allocate real estate costs to organisational units and they also continue to record real estate value by using crude traditional methods of accounting such as the historical cost method (Baltussen et al., 2014; Simpson & McDonagh, 2010).

4.6.8. The strategy on outsourcing CRE services

Table 4.2.8 shows that 13 (40.63%) of the respondents indicated that their organisation has a strategy on outsourcing real estate related tasks to external service providers, while 19 (59.38%) stated that their organisation does not have a strategy on outsourcing real estate related tasks to external service providers. On examining Table 4.4.4 the rating that best describes the frequency with which services are performed in-house versus outsourced real estate activities: questions such as "selection of sites", "real estate valuations", "space layout planning", "building design", "construction/fit out management", "town planning issues", "surplus property/lease disposal", surely indicate that a majority of

organisations use the services of external service providers. Comparatively, in McDonagh.J study, a majority of organisations possessed a larger number of staff numbers, thus, space layout and building design took priority over other activities. Furthermore, Lalloo (2013) argues that South Africa seems to outsource more specialised tasks, these are task that can be seen as not as important as the core business functions. Therefore, since a majority of organisations do not have a strategy and vision to coordinate CRE knowledge around outsourcing, it will prove difficult to gather lease contract information or other related property services which are necessary to adapt CREM towards the proposed model, since large property information may be in the custody of the external service provider.

4.6.9. Is the strategy on outsourcing in writing?

Table 4.2.9 indicates that 54.55 % of a majority of organisations do not have the strategy in writing. It is always best to have the strategy in writing in order for it to become enforceable. Hence, the lack of an enforceable strategy results in a not flourishing and orderly conduct. Hence, senior management continue to lay wastage CRE and this perpetuate the thread towards negative attitudes towards CRE; causing real estate to become too harmful to core business assets (Zeckhauser & Silverman, 1983). Therefore, if the strategy is not enforceable, it will prove difficult to gather CRE financial data from external service providers when it is required to meet the proposed changes to IFRS leasing policy (Baltussen et al., 2014).

4.6.10. Outsourcing real estate activities

Figure 4.2.10 indicates that 58.33% of a majority of the organisations use external real estate service providers the same way they did 5 years ago. Once again, the following functions "feasibility studies", "real estate valuations", "selection of sites", "space layout planning", "building design", "town planning issues", are mostly outsourced. In previous research, both Lalloo (2013) and McDonagh (2008) discovered that these services were the most outsourced tasks. These are tasks that can be seen as not as important as the core business functions. Therefore, without an enforceable real estate strategy, coordination with external service providers around the gathering of real estate information which is necessary to adopt the proposed model will fail (Baltussen et al., 2014).

4.6.11. In-house versus outsourcing real estate activities

Figure 4.2.11 shows that the following functions "feasibility studies", "real estate valuations", "selection of sites", "space layout planning", "building design", "town planning issues", are mostly outsourced. In previous research, both Lalloo (2013) and McDonagh (2008) these were functions mostly outsourced. Thus, despite the negative attitudes among a majority of CRE companies worldwide, some companies are beginning to realise the strategic competitive advantage in CRE, and this has become evident in the scale of outsourcing (e. g Ikediashi & Ogunlana, 2015; Maluleke, 2014; Lalloo, 2013; Matsham et al., 2012; Gibler & Lindholm, 2012; Too, Harvey & Too, 2010; Hwa, 2003; Kooyman, 2000; Kimbler & Rutherford, 1986). Therefore, without an enforceable real estate strategy, coordination with external service providers around the gathering of real estate information which is necessary to adopt the proposed model will fail (Baltussen et al., 2014).

4.6.12. Relationship with the CEO

Table 4.2.12 shows that 18(62.07%) of the respondents indicated that they are one step away from the CEO, 5(17.24%) stated that they are two steps away from the CEO, 4(13.79%) are 3 steps away from the CEO while 2(6.9%) are 4 steps away from the CEO in terms of the reporting structure. Research studies in the US discovered 86% of companies found by Veale (1989) to have a separate CRE unit, on the other hand for companies in New Zealand CRE is often the responsibility of a single individual, often the CEO (McDonagh, 2008). This is in line with previous research study in New Zealand, where real estate responsibilities are centralised around the CEO. Hence, the adoption of the proposed leasing model by a majority of organisation may prove difficult, since real estate decision making are handled by CEOs who may not possess real estate knowledge, which is necessary to adapt CREM to policy changes such as the accounting leasing policy. CRE knowledge is centralised towards the CEO who may not have complete knowledge and skill in CREM, thus, despite common research, such as in & Nichols (2005); McDonagh (1999) & Teoh (1992) showing that the professional titles of the CRE manager, facilities manager and asset manager which reflected a clear property focus role (McDonagh, 2008).

4.6.13. Relationship with other Internal and External stakeholder

More importantly, Table 4.2.13 shows that 16(55.2%) indicated that that they liaise daily with the chief financial officer, 8(27.6%) stated that it is weekly, 2(6.9%) said monthly, 3(10.3%) stated it was quarterly. Brounen et al. (2013) argues that information is transparent when the numbers are recognized on the statement of financial position in combination with a clear discussion of CRE strategy and vision, and that IFRS lease accounting might catapult CREM communication automatically into a transparent and trustworthy financial reporting (Baltussen et al.,2014). However, management communicate financial knowledge which is distorted around key institutional guides, such as real estate prices and the accounting of profit and loss, since real estate management continue to adopt crude traditional methods of accounting which distorts real estate financials (Simpson & McDonagh, 2010). Therefore, vital information

signals (i.e. real estate asset value and obligations) which are necessary to have for senior management to combine knowledge which is necessary for the adaptation of past CREM administration towards the changes proposed in the leasing model may not be readily available to permit CREM to try out the changes proposed in the leasing model (Baltussen et al., 2014).

4.6.14. CRE strategic plan

Table 4.2.14 shows that 8(25.81%) indicated that their organisations have a written overall strategic plan for their real estate, while 23(74.19%) of the total sample of respondents in the study stated that their organisations do not have a written overall strategic plan for real estate. Heywood (2011) argues that a long-standing issue for CRE practitioners and theorists is the lack of coordination between CRE strategies with organisational strategy. Thus, vital real estate information which is necessary to guide senior management towards their independent plans in order to satisfy the efficient employment of CRE assets is lost. In a similar thread, Ijasan (2013) argues that CRE is still on the backburner of strategic management practice. Once again, the lack of an enforceable strategy among the sampled organisation in this study, implies that a majority of South African organisation may not experience improvement in cost transparency, strategic positioning, and increased access to new technologies, skills, expertise and ideas. Therefore, without a CRE strategy, the adoption of the proposed leasing policy may result in large investment of resources and time in order to combine real estate plans around the changes in IFRS leasing policy (Baltussen et al., 2014).

4.6.15. Adoption of the overall strategic plan

Table 4.2.15 indicates that most of the respondents in the study do not have a written overall strategic plan for real estate in their organisations. From the respondents whose response have a written overall strategic plan for real estate, 3(37.5%) indicated that it was prepared 12 months ago, 2(25%) stated that it was prepared 6 months ago, 1(12.5%) stated that it was prepared up to 3 months ago, 3 months and 36 months ago. Once again, a majority of respondents have no written strategy, it will be difficult to pass on CRE decisions to organisational units. Thus, it will be hard for management to enforce it to deliver both organisational and CRE objectives. Therefore, without a CRE strategy, the adoption of the proposed leasing policy may result in large investment of resources and time in order to combine real estate plans around the changes in IFRS leasing policy (Baltussen et al., 2014).

4.6.16. The review of the strategic plan

The central point of this research study lie in the perception of a majority of companies lacking in CRE strategies and vision. That is to say, they may experience lack of coordination necessary to adopt the proposed leasing model, primarily since most companies with large portfolios of operating leases do not have ready access to the lease contract information they will need for reporting under the proposed leasing model, nor do they have that information in an electronic form that will maximise its usefulness (Chambers et al., 2015; Baltussen et al., 2014). Table 4.2.16: indicates that the written overall strategic plan for the real estate organisations are often reviewed or updated. Once again, table 4.2.16: 2(25%) of the respondents indicated that their organisations reviewed the plan 3 months prior to this study, 1(12.5%) indicated that it was reviewed 6 months ago while 5(62.5%) stated that the plan was reviewed 12 months ago. It is clear that the review happens yearly for most of the respondents. Thus, it may prove difficult to adopt the proposed model, since decision around CRE and leasing activities may happen anytime during the financial year, and since a majority of organisation have no written formal real estate strategy, information such as lease options related to renewals, purchase, bargain purchase, termination, and rights of first

refusal may not currently be stored in electronic form for most, if not all, of a company's operating lease portfolio.

4.6.17. The integration of the overall strategic plan

"Hayek observed that the advance of civilization does not depend on humans being omniscient. Quite the contrary, it depends on accidents happening, accidents in the way that knowledge and attitudes, skills and habits, get combined (Hayek, 1960a, 29). These accidents are a sources of random variation; they permit new ways of doing things to get tried out" (Caldwell (2005, pp.294-295). Figure 4.2.17 shows that 5 (62.5%) of a majority of respondents stated that the plan is highly integrated. Once, again without an enforceable strategy, it will prove difficult to combine knowledge and attitudes, skills and habits which are necessary to adapt the administration of CRE to past experiences which have grown up by selective elimination of less suitable accounting policies (Caldwell (2005, pp.294-295) to try out the changes to IFRS leasing policy (Chambers et al., 2015; Baltussen et al., 2014).

4.6.18. Existence of a database management system

Table 4.2.18 shows that 21(67.74%) of the organisations have a computerized database which contains details on each property while 10(32.26%) do not have a computerized database system. However, a majority of organisations will not be ready to adopt the proposed leasing model, since management continue to allocate real estate costs to organisational units and they also continue to record real estate value by using crude traditional methods of accounting such as the historical cost method (Baltussen et al., 2014; Simpson & McDonagh, 2010). It is clearly evident that a majority of companies may not have ready access to real estate asset value and obligations in order to adapt CRE accounting to past administrative methods of recording real estate value to current market valuations which have grown up by selective elimination of less suitable accounting policies in order to try out the present value method proposed in the leasing model (Caldwell, 2005, pp.294-295).

4.6.19. The importance of the database system

Table 4.2.19 shows that the total number of respondents whose organisations have a computerized database system, 9(42.86%) stated that the database was extremely important to their organisations, 4(19.05%) indicated that it was important and another 4 also indicated it was very important to their organisation, 2(9.25%) stated that database system was not extremely important to their organisations. Once again, since management continue to allocate real estate costs to organisational units and they also continue to record real estate value by using crude traditional methods of accounting such as the historical cost method (Baltussen et al., 2014; Simpson & McDonagh, 2010), CREM financial data, which is necessary to adopt the proposed leasing policy, such as lease contract, which will be required to recognized both on the asset side as a Right of Use (ROU) asset and the Present Value (PV) of payments during the lease term will be recognized as a liability may be distorted and incidentally available (Chambers et al., 2015; Baltussen et al., 2014).

4.6.20. The performance of the database system

Table 4.2.20 shows that, 10(47.62%) of the number of organisations with database system indicated that their database system performed moderately, 7(33.33) indicated that it has high performance, 2(9.52%) stated that their database system has a low performance while 1(4.76%) stated that the organisation have poor performance with the database system. Most CRE data required to adopt the policy will come from an electronic inventory management system. CREM financial data, which is necessary to adopt the proposed leasing policy, such as lease contract, which will be required to recognise both on the asset side as a Right of Use (ROU) asset and the Present Value (PV) of payments during the lease term as a liability may be distorted and incidentally available (Chambers et al., 2015; Baltussen et al., 2014).

4.6.21. Real estate inventory management

On the rating that best describes the frequency with which inventory is managed: activities such as "current use of property", "physical attributes", "legal matters", operational lease details", "purchase cost", "current market value", "operational cost", "maintenance programme", "people working within specific buildings", "usefulness in assisting in strategic decision making", "Usefulness in identifying non-performing properties" , clearly shows that the inventory management doesn't perform at an excellent level. Hence, real estate information such as lease options related to renewals, purchase, bargain purchase, termination, and rights of first refusal may not currently be stored in electronic form for most, if not all, of a company's operating lease portfolio (Chambers et al., 2015).

4.6.22. Real estate decision making tools

Table 4.2.22 shows that a majority of organisations are familiar with real estate investment decision making tools. However, the accounting methods of recording real estate are too traditional ; management continue to apply crude measures which may give untrustworthy financial numbers, thus, distort key financial signals such as real estate asset value and obligations which are necessary to adapt CRE accounting to past administrative methods of recording real estate value to current market valuations which have grown up by selective elimination of less suitable accounting policies in order to try out the present value method proposed in the leasing model (Caldwell, 2005, pp.294-295). Therefore, it is indicative that a majority of organisations will not be ready to adopt the proposed leasing model, since management continue to allocate real estate costs to organisational units and they also continue to record real estate value by using crude traditional methods of accounting such as the historical cost method (Baltussen et al., 2014; Simpson & McDonagh, 2010).

4.7. Summary of the findings

- CREM is a function that is passed onto individual men and women without a particular real estate knowledge and skill.
- A majority of organisations has a CRE unit, however, real estate continues to be wasted, since it's not a core function, and thus, taking on an operational viewpoint
- The CEO gets involved in real estate decisions without a particular knowledge and skill necessary to undertake CRE decisions.
- Management continue to apply crude method of recording real estate as well as accounting real estate operational costs by allocating them to organisational units, thus pointing towards an operational view point.
- The popular view that the core business is not real estate is signified, thus once again pointing towards an operational view point.
- CRE is not viewed as an asset that can contribute towards the organisation's cash flow and profitability. Thus, neglecting the

sophisticated techniques to realise the wealth potentially available by managing real estate for profitability.

- A majority of companies do not have an overall real estate strategy and vision, which point towards a lack of readiness in terms of the coordination of the division of knowledge in CRE functions necessary to adopt the looming leasing policy
- The performance of the database system is not excellent, thus, it lacks the transparency and trustworthiness on CRE financial data such as property asset value and obligation which is necessary for the adoption of the proposed leasing policy.
- Vital CRE information signals such as real estate asset value and liabilities is distorted, since management continue to apply traditional crude methods of recording real estate such as historical measures.

4.8. Implications of findings

- Off-balance sheet accounting of operational lease means property assets and obligations are not recognized on the balance sheet, and therefore shareholders, including decision makers are missing vital information signals to scrutinize the overall performance of the organisation.

- The allocation of operational real estate costs to organisation units means that the benefits and costs of using the assets are not realized directly with the usage of CRE, and therefore, real estate may continue to harm core business assets.

- The organisations may not have ready access to CREM financial data which is necessary to adopt the proposed accounting policy.

- Audit service costs will rise due to high audit risks on operational leases and other related real estate service costs, since there is a lack of strategy and vision towards the administration of CRE.

Chapter 5- Conclusion

5.1. Discussion

The main objective of this study was to determine a particular knowledge and skill of the senior management of the South African entertainment and media Industry towards Corporate real estate. To meet this objective, the following research questions were addressed.

1. What are the attitudes of senior management of the South African entertainment and media companies towards CRE?
2. What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustment of CREM, which is necessary to adopt the proposed leasing accounting policy?

What are the attitudes of senior management of the South African entertainment and media companies towards CRE?

The management of CRE involves broader aspects of real estate management ranging from routine day-to-day property management to higher-level activities of long-term CRE strategic planning and asset management (Ali, 2007). Ali (2007) describes CREAM as the management of all aspects of real estate; marketing and physical management, acquisition and development, disposition, property management, financial analysis, surplus property, and miscellaneous activities such as leasing and brokerage. CREAM may include broad aspects, for instance, facility management, workplace design, outfit management, assets portfolio management and so on (Liang & Chen, 2011). Bell (2016) argues that if the management of corporate real estate is aligned to the corporate strategy and vision of the company, real estate can be seen as a resource to achieve corporate and business goals (Khanna et al., 2013; Appel-Meulenbroek et al., 2010; Lindholm & Leväinen, 2006). The results from the sampled survey revealed that CREM functions are a responsibility that is passed onto individual men and women without a particular real estate knowledge and skill; the duties are delegated to

any individual without a distinct knowledge in real estate management. Moreover, it is impossible for anyone without a clear property focus to manage CRE within the knowledge space of fragmented and widely dispersed knowledge of unknown individuals. Nichols (2005); McDonagh (1999) &Teoh (1992) have argued that the professional titles of the CRE manager, facilities manager and asset manager reflected a clear property focus role (McDonagh, 2008). Furthermore, a majority of the organisations record their real estate value using historical cost methods. A total of 11 (35.48%) of the organisations record their real estate value using historical costs, 9 (29.03%) use the current market value to record their real estate value, 3 (9.68%) of the organisations use depreciated replacement value while 8(25.81%) use other means to record real estate value. It is clearly evident that a majority of companies may not have ready access to real estate asset value and obligations in order to adapt CRE accounting to past administrative methods of recording real estate value to current market valuations which have grown up by selective elimination of less suitable accounting policies in order to try out the present value method proposed in the leasing model (Caldwell, 2005, pp.294-295). Thus, to revert to the Hayekian social science question: "how do senior management come to learn the information that is necessary to have in order to coordinate CRE plans within the division of a particular knowledge and skill?" The answer to this question is that both the allocation of real estate costs to organisational units and the continual adoption of historical cost method of recording of real estate asset value distorts information signals, which includes the price of real estate and real estate profits and loss. Since vital information signals (i.e. property asset value and obligation) are distorted, CREM continues to fail real estate, mainly because management may not have complete knowledge of CRE benefits they seek and what they are willing to exchange for those benefits. Therefore, a majority of the South African entertainment and media companies may not have complete knowledge to adapt CREM towards the IFRS policy changes, since management continue with the view that CRE is a necessary operational cost to the organisation. Similarly, Simpson & McDonagh (2010) discovered that information chaos exists behind the facade of balance sheet reporting, revealing that senior management has a surface level attitude and lack a real focus towards CRE strategic management. Therefore, this reaffirms senior management attitudes are entrenched with negative attitudes towards a selection

of suitable accounting methods (Ijasan, 2013; Simpson & McDonagh, 2010; Zeckhauser & Silverman,1983), and they continue to convey financial information that lack the necessity for CREM to have in order to coordinate their plans within the division of labour or a particular knowledge and skill which is necessary to combine CREM knowledge to adapt to past CRE administration which has grown up by selective elimination of less suitable accounting practices (Caldwell, 2005, pp.294-295). Hence, senior management attitudes are entrenched with the view that CRE is not their primary business, and continue to lay wastage real estate to the detriment of harming core business assets (McDonagh, 2008).

What is the readiness of CRE administration towards the adaptation and overall spontaneous adjustment of CREM, which is necessary to adopt the proposed leasing accounting policy?

From the survey, table 4.2.4 shows the total number of respondents who took part in the survey, 20(62.5%) have a formal organised real estate unit or person with that responsibility, while 12(37.5) do not have. A majority of organisations has CRE unit which is necessary to have for the purpose of conducting an orderly functioning CRE administration that can add value towards a prosperous organisation, described as the ability of the real estate decision making, processes and inputs or the division of a particular knowledge and skill, which is necessary to adopt the proposed leasing policy CREM (Anker et al., 2012). However, the management of real estate continue to be wasted, since the individual assuming the duties of real estate is any individual without the distinct knowledge and skill which is necessary for the division of labour suitable to CREM to adapt towards the evolution of real estate administration such as, those changes emerging from the proposed leasing model. In previous research studies, Nichols (2005); McDonagh (1999) & Teoh (1992) discovered that the professional titles of the CRE manager and facilities manager reflected a clear property focus role, and asset manager was the most popular with 43%, 44% and 39% respectively; popular in all three surveys are titles with a finance orientation such as CFO, accountant, finance manager or financial controller, and these accounted for 14.6% of respondents in the Teoh survey, 12% in the McDonagh survey and 11.5% in the Nichols survey (McDonagh, 2008). The prosperity of the division of a particular

knowledge and skill or the division of labour in the administration of CRE can flourish orderly when the head of CRE assumes a strategic role (Roulac, 2001). Joroff et al. (1993) describes the role in five stages (i.e. taskmaster; controller; dealmaker; entrepreneur; strategist) leading towards an optimal competitive advantage when CREM operates at the strategic level, and is therefore, fully aligned with the overall corporate strategy and vision (Baltussen et al., 2014). The results from the survey show that a majority of organisations are in the denial phase (I); tend to communicate solely the bare necessities, since they continue to allocate real estate costs to organisational units; they carry on recording real estate asset value by applying crude traditional methods such as the historical cost measures (Baltussen et al., 2014; Simpson & McDonagh, 2010). Therefore, since it is hard to display CRE matters that one ignores; the present value of lease payments and asset value on operational leases will not be readily available to try out the changes proposed in the new leasing model. Furthermore, the outsourcing of special tasks such as: "selection of sites", "real estate valuations", "space layout planning", "building design", "construction/fit out management", "town planning issues", "surplus property/lease disposal", indicate that it will prove difficult to gather lease contract information or other related property services without the existence of a strategy and vision to coordinate CRE knowledge around outsourcing which is necessary to adapt CREM towards the proposed model, since large property information may be in the custody of the external service provider (Baltussen et al., 2014). Brounen et al. (2013) argues that information is transparent when numbers are recognized on the statement of financial position in combination with a clear discussion of CRE strategy and vision, and that IFRS lease accounting might catapult CREM communication automatically into faithful and transparent CRE financial reporting (Baltussen et al.,2014). However, it has been shown that management continue to follow crude measures of valuing real estate assets, thus, the facts show that 35.48% of a majority of organisations use historical cost to record their real estate value. This particular method of valuation doesn't give a true economic valuation of real estate value and obligation. Hence, financial statement information fail to report real estate matters which are necessary for both the producer (CREM) and the consumer (CRE demand) to have a complete information of the benefits they seek and what they are willing to give in exchange, in order to adapt real estate

administration to adopt changes such as the proposed leasing model. Thus, a majority of organisations will not be ready to adapt CRE administration towards the adoption of the looming leasing model, since CREM lack the necessary cost transparency, real estate valuations and obligations, which are necessary to convey vital financial information to adopt the proposed lease accounting changes. Moreover, it has been shown that 23(74.19%) of a majority of companies do not have an overall written real estate strategy and vision, which point towards a lack of readiness in terms of the coordination of the division of knowledge in CRE functions which is necessary to adopt the looming leasing policy. Heywood (2011) had argued that a long-standing issue for CRE practitioners and theorists is the lack of coordination between CRE strategies with organisational strategy. Thus, vital real estate information which is necessary to guide senior management towards their independent plans in order to satisfy the efficient employment of CRE assets is distorted by the usage of traditional accounting methods which lack the necessary cost transparency. This is the central point in Ijasan (2013) who argues that CRE is still on the backburner of strategic management practice. Brounen et al. (2013); Canon & Fenbert (2011); The Royal Bank of Scotland (2010) argues that accounting policy is an important variable in CRE decision-making (Baltussen et al., 2014). Thus, to maintain an orderly functioning CREM requires that real estate accounting of assets, obligations and revenue and cost become transparent and trustworthy, in order to report cost allocation, prices and profit and loss accounting which convey vital information to the independent plans of producer (CREM) and consumer (CRE demand), to make a harmonious and spontaneous overall adjustments towards the changes proposed by the looming leasing model. Table 4.2.20 shows that, 10(47.62%) of the number of organisations with database system indicated that their database system performed moderately, 7(33.33) indicated that it has high performance, 2(9.52%) stated that their database system has a low performance while 1(4.76%) stated that the organisation have poor performance with the database system. Once again, most CRE data required to adopt the policy will come from an electronic inventory management system. Therefore, the current performance of the database is indicative that a majority of organisations may not have ready access to CREM data, which is necessary to adopt the proposed leasing policy. CREM financial data, which is necessary to adopt the proposed leasing

policy, such as lease contract, which will be required to recognized both on the asset side as a Right of Use (ROU) asset and the Present Value (PV) of payments during the lease term as a liability may be distorted and incidentally available (Chambers et al., 2015; Baltussen et al., 2014).

5.2. Recommendations

- CRE companies need to take into account specific criteria used by respondent firms in the selection of who manages their corporate real estate.
- Audit service providers need to be assigned to perform lease audit on the existing leases to help in bringing off-balance sheet leases in order to adopt the proposed leasing model.
- The person responsible for CRE management needs to report to an executive CRE head other than the CEO in order to influence real estate decisions down to organisational units.
- The CRE manager and the CFO functions needs to be coordinated around the signing of existing and new leases to effect strategic cooperation, such that when new lease contract are signed the finance person immediately have this information for financial capturing.
- Organisations needs to implement an enterprise centralised component (ECC) system for lease database management.
- CRE management need to develop a strategy and vision for reporting on real estate matters.
- Management needs to adopt measures such as the current market value of accounting for real estate in order to convey vital information on real estate valuations and obligations.

5.3. Areas of future research

- Detailed investigations and analyses of off-balance sheet leases in the South African market needs to be undertaken.
- Conduct investigations between organisations that lease extensive property and those that own extensive property and compare the performance.
- The development of a comprehensive category listing of entertainment and media organisations per each segment within the South African context.
- Establish the size and amount of CRE ownership and leasing activity among companies in South African.
- The attitudes of senior management of CRE companies towards the accounting of real estate within the South African context.

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7. Appendix

7.1. Letter to Interviewees

7.2. Research Questionnaire