

Measuring Customer Satisfaction on Housing Projects: An Empirical Investigation

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ABSTRACT

This paper is written to determine the relationship between price, project location and housing characteristic on customer satisfaction. In order to do so, a study has been done for a total of 120 respondents which is the house's buyer. Then, a set of 120 questionnaires were distributed to the identified customers in the area of Dungun, Terengganu, Malaysia. Although the housing industry has recognized customer as a decisive business factor, how well the industry meets customer expectations still in doubt. Furthermore, most of the developers did not know the house buyers' expectations. Although they intense to provide and offer a good product and service quality, they fall short simply because they do not have an accurate and particular understanding of what customers expected from them. Hence, understanding customer expectations is important to the developer's performance. The result of this study eventually revealed that there were relationship between price, housing characteristic and project location and house buyer's satisfaction. Thus, the result of this study can be used by developers in improving their weaknesses and increase the strength of the company in order to increase the number of sales. It also can give new phenomena on exploring new strategies to improve organization's performance.

KEYWORDS: Housing, Price, Housing Characteristics, Location, Satisfaction.

INTRODUCTION

This objective of this study is to analyze the customer satisfaction towards housing property in Dungun, Terengganu. In Malaysia, the housing industry seems to move along with the requirement made by the potential house buyers. Although the housing industry has recognized customer satisfaction as a decisive business factor, how well the industry is meeting customer expectations? One of the prime causes of poor performance housing developers, is the developers did not know the house buyers' expectations. Most organizations are intense to provide and offer product and service quality, but fall short simply because they do not have an accurate and particular understanding of what customers expected from them. Hence, understanding customer expectations is important to the private developer's performance.

Recently, the developers who involved in constructing housing schemes is focusing only on medium to high cost houses. Thus, Malaysian intention to create adequate and decent shelter for all citizens particularly the low income group [1] may not be achievable. Furthermore, in order to improve standard of living and quality of life [2], we should not only looking for an individual that can afford to buy medium to high cost housing unit. The government has already set their target regarding the construction industry environment in Malaysia. In order to achieve that target, client's satisfaction must be obtained because they are the ultimate users and their feedback is important to formulate a better conclusion [3]. Unavoidable, house owner's feedbacks are vital to ensure the growth of housing construction in our country because most of the projects are on housing schemes.

Nowadays quality became the most important elements in the construction industry. Quality sets on how good is an organization in term of developing particular housing schemes. In [4] argued that the quality of construction is very essential nowadays as the owners' concern on the goods delivered to them increased. Thus, CIDB has highlighted several research priority areas including quality development and also industrialization. Moreover, the relationship between quality and satisfaction may give impact on the development of future housing projects.

LITERATURE REVIEW

Housing satisfaction is distinct by [5] as the "perceived gap between a respondent's need and aspiration and the reality of the current residential context". According to [6] refers to housing satisfaction as the degree of

contentment experienced by an individual or a family member with regard to the current housing situation. Housing satisfaction is a complex attitude, which according to [7]. It encompasses satisfaction with the dwelling unit and satisfaction with the neighborhood and the area [8].

Tenants are now increasingly aware and concerned about the level of service they receive. In [9] claimed that the top criteria for improving retention are service improvements and service relationship. It shows that property managers must be able to create lasting tenant relationships, achieve the highest level of tenant satisfaction and retention, and able to combine industry knowledge with their business acumen [10]. Moreover, office building has become more sophisticated and applying high technology thus requires a knowledgeable manager to manage effectively and efficiently. This has made the property management profession a rapidly growing profession, attracting many new entrants into the market [11]. Therefore, in order to remain competitive, property managers must listen and respond to tenants' needs, concerns and expectations, as well as opinions, and use this information to quantify their performance and compare them with best practice [12]. In [11] argued that due to the increase in expectations of tenants and the growth in the economy, there is a growing awareness of the need among building owners, professionals and the authorities to raise the standard of property management practice. Their studies in Singapore showed the profession is lagging behind their counterparts such as manufacturing and constructions in implementing quality as part of their management tools.

A review on *The Surveyor*, a professional journal by the Institution of Surveyor Malaysia since 1980 to date reveals that no article has mentioned about service quality in the property management profession in Malaysia. A study on the status of property management practice in Malaysia showed that only 30% of the property managers use quality as their management tool [13]. It also showed that property managers have focused only on those performance variables that can be easily and readily available, for example the investment based performance measurement and the occupancy cost performance. That is basically the reason why the property management industry is very slow in adopting such measure. The property managers have been forced to measure the end results as opposed to the incremental processes that actually combine to make up the end result. These measurements tend to explain 'what' but provide little insight into the 'why'. As a result, the manager can only hypothesize or make a guess regarding the actual cause [14].

In the property industry, outstanding tenants' service means meeting and anticipating the tenant needs. This is because tenants are the lifeblood of a property management company. Negative tenant relations can have a serious effect on property returns, as letting space is the prime income generator for the owner and the management company. A recurring problem is that tenants' needs and dissatisfactions are discovered too late, as when a tenant announces he will not be renewing the lease. There is no evidence that an instrument of service quality in the property management service has ever been established. Measurement is a prerequisite for anything which is to be improved and property management is no exception. Thus, this research is aimed at developing a service quality instrument for the property management services.

Managers need more useful performance data to help answer the 'why'. Thus, to answer the why, the property manager needs to focus on tenant-based performance measurement in order to set themselves apart from their competitor. It is imperative for the owner to attract and retain satisfied tenants for their property investments. In order to retain tenants, the property manager needs to pay more attention to the tenants and that starts with a solid analysis of the company's performance [12]. Without this clear vision and correctly defined business practices and processes, an organization is doomed to dreary performance and loss of business.

The consumer satisfaction (CS) or dissatisfaction (D) is a core concept in marketing. It is determined based on the overall feelings or attitude of a person about a product or service after it purchased or experienced. Consumers are engaged in a constant process of evaluating things they bought these products are integrated with their daily consumption activities. It is a generally accepted notion that the CS is the most efficient and least expensive source of market communication [15] because the satisfied consumers will disseminate their favorable experiences to others. Conversely, if they are dissatisfied, they will spread unfavorable appraisal of the product or service they encountered. This danger is clearly illustrated in the following figures, derived from various researchers [16].

House-price watching has become a national pastime. Till 2014, about 68% of households owned their own homes. For most of them, housing equity will make up nearly all of their non-pension assets at retirement [17]. The preoccupation with housing markets has been particularly strong lately because recent house price growth has been rampant, especially in certain cities. In doing so, the previous research have corrects four common mistakes about the costliness of the housing market. First, the price of a house is not the same as the annual cost of owning, so it does not necessarily follow from rising prices of houses that ownership is becoming more expensive. Second, high price growth showed that, there is no evidence that housing is overvalued. In some local housing markets, house price growth can exceed the national average rate of appreciation for very long periods of time. Third, differences in expected appreciation rates and taxes can lead to considerable variability in the price-torrent ratio across markets. Finally, the sensitivity of house prices to changes in fundamentals is higher at times when long-term interest rates are already low. In the cities where expected price growth is high,

it shows that accelerating house price growth and outsized price increases in certain markets are not essentially signs of a bubble.

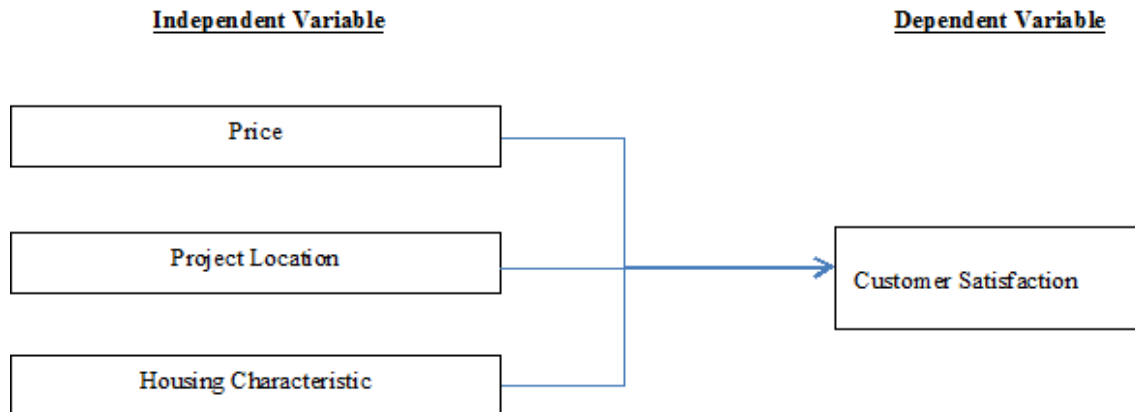


Figure 1: Theoretical framework

The following theoretical framework has been adopted from previous research and literature. The theoretical framework illustrates the overall relationship between the independent variables and dependent variables of the study. The independent variables are perceived price, location and housing characteristic and the dependent variable is customer satisfaction. This paper seeks to address the following objectives:

1. To investigate the influence of price on customer satisfaction.
2. To examine the influence of project location on customer satisfaction.
3. To measure the influence of housing characteristic on customer satisfaction.

METHODOLOGY

The aim of this study is to determine the influence of price, project location and housing characteristic on customer satisfaction. Therefore, to achieve the objective of the research, a quantitative correlation research design was used to examine the relationship between the three types of variables.

The main instrument of this paper is a set of questionnaire. The items in the questionnaire are formulated to meet this research objective, although they were based from previous studies. This paper has been divided into four parts. It started with demographic questions of respondents, second part determined the dependent variable, third part and fourth part determined the independent variables. Questionnaire in the second part, third part and fourth part were instructed in Likert-scale format by using strongly disagree to strongly agree.

The samples of 120 responses were used in this study obtained as part of the survey. The survey had been conducted in the field of housing sector in Dungun, Terengganu, Malaysia. The entire of the questionnaires are distributed and collected directly from all housing buyers. The analysis of the questionnaires was done by using the Statistical Package in the Social Science Software (version 22.0) program for Windows for descriptive statistical analysis.

FINDINGS AND DISCUSSION

The purpose of this study is to examine the relationship between price, project location and housing characteristic on customer satisfaction. Results suggest that price, project location and housing characteristic are important to determine customer satisfaction. This finding highlights the demographic of respondents as shown in Table 1. The table is the results that come out from the respondents who answer the questionnaires given by a researcher. It includes sex, gender, education level, marital status, monthly income and occupation sector in the Table.

Table 1: Frequency and percentage of respondent profile

Demographic Factors	Frequency	Percentage (%)
Gender		
Male	64	53.3
Female	56	46.7
Total	120	100
Age		
20 - 29 years	44	36.7
20 - 39 years	36	30.0
40 - 49 years	31	25.8
50 - 59 years	6	5.0
60 years and above	3	2.5
Total	120	100
Education Level		
PMR (Lower Secondary School)	13	10.8
SPM (Upper Secondary School)	39	32.5
Diploma/STPM	35	29.2
Degree and above	33	27.5
Total	120	100
Marital Status		
Single	48	40.0
Married	64	53.3
Others	8	6.7
Total	120	100
Race		
Malay	86	71.7
Chinese	16	13.3
Indian	12	10.0
Others	6	5.0
Total	120	100
Monthly Income		
Less than RM1000	14	11.7
RM1000-RM2000	29	24.2
RM2001-RM3000	40	33.3
RM3001-RM4000	15	12.5
RM4001-RM5000	7	5.8
RM5001-RM6000	11	9.2
RM6001 and above	4	3.3
Total	120	100
Occupation Sector		
Government	20	16.7
Private	44	36.7
Self Employed	39	32.5
Students	8	6.7
Others	9	7.5
Total	120	100

Table 1 shows the frequency and percentage of the respondent's gender. From 120 respondents who answer the questionnaires, 64 of them are male which is representing 53.3% of the total respondents. For female, it shows that 56 respondents are female and the percentage of female respondents is 46.7%. In terms of the age of respondents, age between 20-29 years get the highest percentage 36.7% which is 44 out of 120 respondents. About 36 respondents are between 30-39 years and it represents 30.0% of the total respondents. The respondents in between 40-49 years are 25.8% and it is equal to 31 respondents at this age. For the age between 50-59, it portrays 5.0% which is 6 respondents. The smallest number of respondents is in the age between 60 years and above, which 3 respondents and its percentage is 2.5%. This shows that the respondents are mainly represented by younger generations.

The next demographic analysis is referring to the race. The highest percentage of race is represented by Malays which is 290 respondents (96.7%) and followed by Chinese which is 16 respondents (13.3%). The Indian have 12 respondents (10.0%) and others 6 respondents (5.0%). The education level shows that the respondents have the four types of education level. For the highest education level, SPM (Upper secondary school) certificate representing 32.5% out of total. It indicates that more number of the respondents has the SPM compared to the degree and above which are the second lowest for the education level 33 respondents, 27.5%. The second highest is diploma/STPM holder that is 35 respondents and represent 29.2%. The lowest number of the respondent in term of the education level is PMR (Lower secondary School) which are 13 respondents and the percentage is 10.8 %. In terms of marital status results show that the highest representation are those with married status with 64 respondents (53.3%), followed by single 48 respondents (40.0%) and others status which is 8 respondents (6.7%).

Referring to monthly income, the highest percentage is RM2001-RM3000 (13.7%), followed by RM1000-RM2000, RM3001-RM4000, less than RM1000, RM5001-RM6000, RM4001-RM5000, RM6001 and above with the percentage of 24.2%, 12.5%, 11.7%, 9.2%, 5.8% and 3.3%. From the categorization of occupation, the highest percentage of respondents come from the private sector which is 44 respondents (36.7%), followed by self-employed sector which is 39 respondents (32.5%), government sector 20 respondents (16.7%), others 8 respondents (7.5%) and which is 8 respondents (4.3%).

Correlation Analysis Result

The correlation analysis result shows the strength of the relationship between variables. The relationship between price, project location and housing characteristic of customer satisfaction variable was analyzed using Spearman's correlation coefficient. Based on the result, there were a moderate relationship between price and customer satisfaction ($r = 0.252$, $p < 0.05$), housing characteristic and customer satisfaction ($r = 0.314$, $p < 0.05$) and between project location and customer satisfaction ($r = 0.264$, $p < 0.05$).

Table 2: Correlation analysis result

		Customer Satisfaction	Project Location	Housing Characteristic	Price
Customer Satisfaction	Pearson Correlation	1	0.264**	0.314**	0.252**
	Sig. (2-tailed)		0.000	0.000	0.000
	N	120	120	120	120
Project Location	Pearson Correlation	0.264**	1	0.686**	0.571**
	Sig. (2-tailed)	0.000		0.000	0.000
	N	120	120	120	120
Housing Characteristic	Pearson Correlation	0.314**	0.686**	1	0.906**
	Sig. (2-tailed)	0.000	0.000		0.000
	N	120	120	120	120
Price	Pearson Correlation	0.252**	0.571**	0.906**	1
	Sig. (2-tailed)	0.000	0.000	0.000	
	N	120	120	120	120

**Correlation is significant at the 0.01 level (2-tailed)

CONCLUSION AND RECOMMENDATIONS

The study has investigated the relationship between price, project location and housing characteristic on customer satisfaction. The results show that customer satisfaction has brought a big influence to the success of an organization. Importantly, this would potentially allow private housing developers to understand the factors that would increase customer satisfaction especially in the market place. Thus, this particular study would provide a better perspective in defining and exploring future potential research. Hopefully, this study can help the buyer to achieve their need to buy the house especially for those who have low income. Furthermore, the study will provide a guideline to housing developers to improve their efforts to balance between demand and supply by determining the relationship between price, location and housing characteristic's on customer satisfaction.

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