Educational Research (ISSN: 2141-5161) Vol. 3(6) pp. 509-513, June 2012
Available online@ http://www.interesjournals.org/ER

Review

House buyers' satisfaction on housing projects in Malaysia: A conceptual framework

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Abstract

This paper attempts to develop an extended conceptual framework of house buyers' satisfaction in Malaysia. This study employs the Expectancy Disconfirmation Paradigm Theory (EDP), the Purchase Buying Behavior Model and the Gap Analysis Model. Essentially, the extended conceptual framework is proposed and a proper direction for further study is also provided. Product and service quality, price, location, delivery system and house buyers' characteristic are modeled as constructs that influence house buyers' satisfaction.

Keywords: Service quality, product quality, customer satisfaction, expectations, perceptions, gap analysis, purchase buying behavior, delivery system.

INTRODUCTION

The housing industry has progressed from its early inception from a basic shelter to providing a portrayal of personal success and aspiration, which includes the aspect of safety, love, peace and freedom (Marcussen, 1990). It also involves the service and infrastructure or facilities (Johal, 1997; Kemeny, 1992). In addition, housing involves activities that generate economical benefit, improve the quality of life, and plan and solve environmental issues (Nor'Aini, 2007). The Ministry of Housing and Local Government in Malaysia (MHLG) emphasizes that housing should provide residents with safety, security, comfort, health, privacy and other services (Manuel Jose and Pedro Simoes, 2003).

In addition to the above, the House Buyer Association (HBA) in Malaysia (2002) considered buying a house as an important event in a person's life. It is considered as the single biggest capital investment undertaken by a person in his or her lifetime. Therefore, such experience would bring a sense of achievement and joy to those who pursue it. However, not all house buyers had a good experience while some of them suffered in silent. This is an evidence from the research on the customer dissatisfaction on the housing projects around the world, including Malaysia (Chee and Peng, 1996; Jaafar, Hasan, Mohamad, and Ramayah, 2005); the U.S. (Carolyn and Gary, 1998; Varady and Preiser, 1998); Singapore (Chee and Peng, 1996); Australia (Forsythe, 2007), Zimbabwe (Rakodi and Withers, 1995); Nigeria (Ogu, 2002; Ukoha and Beamish, 1997); Tanzania (Nguluma, 2003) and China (Yang and Zhu, 2006). The dissatisfaction was due to confusion suffered compounded with the feeling of being neglected by the relevant law and enforcement authorities. Other reasons for dissatisfaction could be due to the project abandonment by the irresponsible developers, poor quality or substandard houses and extension of the specified completion time. This evidence can be seen in the media, showing the house buyers expressing their frustration and dissatisfaction by taking legal action against developers.

As revealed in many of the previous research, the issue of dissatisfaction among the house buyers is commonly due to housing abandonment and poor product and service quality. Product quality (houses) and service quality are two important factors that contribute to the success of any housing project which ultimately

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giving impact on the house buyers' satisfaction and also contributing to the private developers' profit and market shares (Chiang and Tang, 2003; Hai, 2007; Holm, 2000; James and Julie, 2006; Ong, 1997; Razzi and Parmelee, 1995; San, 2006). The MHLG had identified as many as 115 abandoned housing projects throughout Malaysia from 2003 to 2008 (Ismail, 2001; Khalid, 2005). These problems were highlighted in the work of Ismail (2001) and Khalid (2005). Hence, due to these dissatisfactions, in 2007, the Malaysian government has introduced a new concept called Build Then Sell (BTS) which will co-exist with the current delivery practice of Sell Then Build (STB).

Most studies on housing satisfaction are related to construction process. However, there are some studies done in identifying the discrepancy between house buyers' expectations and the private developers' perceptions, and the discrepancy between house buyers' expectation and their perceptions on housing industry. In fact, there was one study involving private developers and house owners which examined the kinds of intelligent systems available and their appropriate usage in condominiums (Pheng and Nguan, 2004). In their study, Pheng and Nguan (2004) identified the satisfaction level of using smart features provided in the intelligent condominiums. In contrast, this study will look into the holistic views of product and service quality provided by private developers before, during and after the purchasing process of the houses. Thus, this paper attempts to develop an extended conceptual framework of house buyers' satisfaction in Malaysia by studying/investigating two new constructs which are the delivery system as independence variable and the house buyers' characteristic as a moderating variable.

Customer Satisfaction

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 towards a product or service after being purchased or received. Consumers constantly engage in the process of evaluating product purchased once these products are integrated with their daily consumption or activities. It is a generally accepted notion that the CS is the most efficient and the least expensive source of market communication (Dubrovski, 2001) because the satisfied consumers will disseminate their favourable experiences to others. Conversely, if they are dissatisfied, they will spread unfavourable appraisal of the products or services they received. This danger is clearly illustrated in the following figure, derived from various researchers (Desatnick, 1989; Dubrovski, 2001).

In relation to the above, numerous studies have been conducted. For example, Chee and Peng (1996) examined the marketing of houses in Malaysia focusing on the relationship between customer orientations and the important component of the marketing concept by analyzing the house buyers' satisfaction. In the work of Torbica (1997), an analysis on the Total Quality Management (TQM) and customer satisfaction in home building was provided. Torbica's (1999) assessed a model for quality performance control in residential construction, while Torbica and Stroh (2001) studied customer satisfaction in home building. Rukwaro and Olima (2003) analyzed the planning aspects of a residential neighbourhood that were under estimated by the private developers, both at the formulation and implementation stages. Pheng and Nguan (2004) determined the customers' satisfaction level towards smart features provided in their intelligent condominiums. San (2006) examined the implementation of corporate social responsibility (CSR) by the developers in product perspective, while Aziz and Yi (2006) determined the resources required to compete in the speculative housing development sector in Malaysia. Hai (2007) focused on the roles of developer, while a conceptual framework for studying customer satisfaction in Australian residential construction is being developed using marketing theory and construction concepts (Forsythe, 2007). Forsythe (2008) developed a theoretical model on how service quality could impact the perceptions of customers in housing construction. In short, the above literature shows that most studies found concrete evidences on customer satisfaction, especially with regard to services, neighborhood, smart features, CSR and TQM.

In Malaysia, the housing industry seems to fulfill the requirement outlined by the potential house buyers. Although the housing industry has recognized customer satisfaction as a decisive business factor, it is still uncertain how well the industry is meeting customer expectations. Zeithaml et al. (1990) suggested that one of the prime causes of poor performance by service firms such as the housing developers was lack of information on the house buyers' expectations. Most organizations are keen in providing and offering product and service quality but fall short simply because they do not have accurate and precise understanding of what the customers expected from them (Zeithaml et al., 1990). Hence, understanding customer expectations is important to the private developers' performance.

In order to develop an extended conceptual framework, the Expectancy Disconfirmation Paradigm (EDP) Theory, the Purchase Buying Behaviour Model and the Gap Analysis Model are used as they provide more rational insights for this paper. The next three paragraphs will explain the theory and models used.

Expectancy Disconfirmation Paradigm (EDP) Theory

It is noted that arising from the tremendous amount of research in customer satisfaction, several theories related to it have emerged and being introduced in the

literature (Kivela et al. 1999). Notably, the EDP theory has been widely accepted, and it determines the conceptual model developed in this study. The rationale of adopting the EDP theory is because the current research is based on the customer satisfaction as a function of the expectations and the direction, as well as a magnitude of disconfirmation. Studies on customer satisfaction suggested that the primary antecedents of satisfaction are product and service performance and the customers' expectations of the performance (Anderson and Gerbing, 1988; Barsky, 1992; Johnson and Fornell, 1991; Swan and Combs, 1976). According to EDP theory, a customer forms an expectation concerning the future performance of the products or services being purchased. If the products or services meet the requirement or better than expected, the customer will be satisfied. If the performance is below expectations, it will result in dissatisfaction.

GAP Analysis Model

Another theoretical explanation is the GAP Analysis Model by Parasuraman et al., (1985). The main reason why gap analysis is important to firms is the fact that gaps between customers' expectations and experiences lead to customers' dissatisfaction. Consequently, measuring gaps is the first step in enhancing customer satisfaction. As a result, understanding customer perceptions is important to firm's performance. As such, gap analysis is used as a tool to narrow the gap between perceptions and reality, thus enhancing customer satisfaction. Parasuraman et al. (1985) proposed that service quality as a function of the differences between expectation and performance along the quality dimensions. They developed a service quality model based on the gap analysis.

In this study, the GAP Model by Parasuraman et al (1985) is being adopted, but will only focus on GAP 1 and GAP 5. Since a house offers a lot of unique characteristics that are different from consumer goods, this study will include the product quality and the service quality variables. The rationale of adopting the gap analysis is beacause of its flexibility and applicability in the analysis of any aspect of industry (Brown and Plenert, 2006). The measurement of product and service quality in this study is consistent with the work of Forsythe (2008) who developed a theoretical model concerning the impact of service quality on customers' perception in housing construction. In addition, the measurement of the product quality gap is attained in the same manner as in service quality gap (Brown and Plenert, 2006).

Purchase Buying Behavior Model

This study employs the Purchase Buying Behavior Model. This model tries to understand how customers make decisions in certain buying situations and how these decisions are later evaluated (Foxall, 1990). This is consistence with the models proposed by Engel et al (1968) and Engel et al (1993) because it can identify the customer satisfaction as an outcome of the behavioural process. Moreover, this model seems to appreciate the residential construction customers, the high risk purchasers and the needs to get things right at the first time.

Figure 1 shows an extended conceptual framework proposed in this paper. The following constructs and hypotheses are applied in this framework.

Price

House buyers of the higher cost projects are presumed to get better housing environment, both in terms of physical structure and social environment. It was revealed that the price of houses has a significant influence on housing satisfaction. Thus, this study expects that residents of a higher cost project will be more satisfied with their home than those of the lower costs.

H1: There is a significant positive relationship between price and house buyer's satisfaction

Project Location

This is an important construct because it can show impact on the housing satisfaction. Project location can be captured through neighbourhood characteristic such as social environment, security and safety, and amenities (Mastura et al., 2005).

*H*2: There is a significant positive relationship between project location and house buyer's satisfaction

Delivery System

The delivery system, which is widely discussed among industry players, is different than the current delivery practice by STB housing.. The BTS is proposed due to the current problems of abandoned housing projects and the late delivery of houses to the buyers. This study will investigate which of the two delivery systems influences the house buyers' satisfaction in Malaysia.

*H*3(A): There is a significant positive relationship between the BTS delivery system and the house buyer's satisfaction

H3(B): There is a significant positive relationship between the STB delivery system and the house buyer's satisfaction

Product Quality

The significance of product quality has been emphasized for a number of years in the construction industry including the housing project. This study attempts to

Conceptual Framework

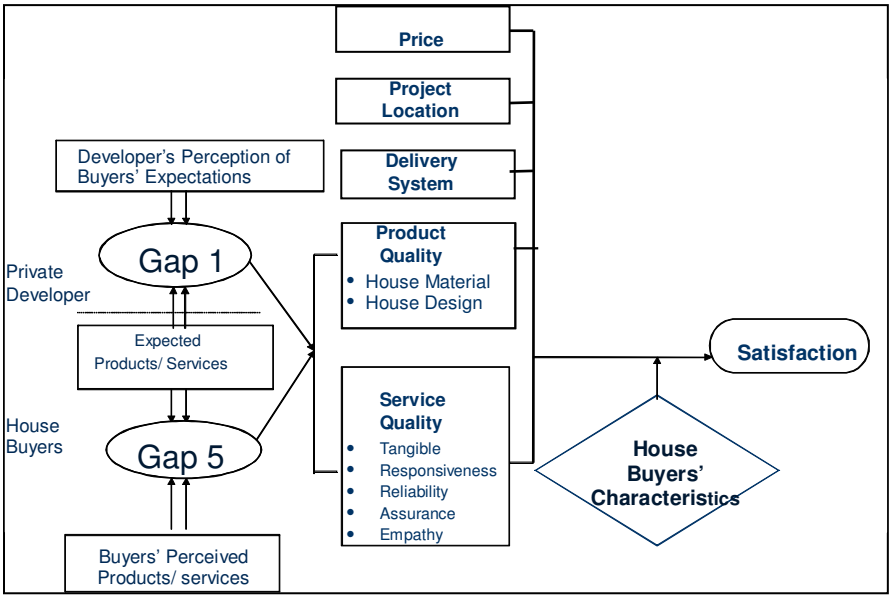

Figure 1. Conceptual Framework of House buyers' satisfaction of Housing Projects

operationalize product quality proposed by Garvin (1984) to find the extent of gap 1 and gap 5. A house is a capital goods product and a type of real estate that has a lot of unique characteristics which are different from other consumer goods products. This is because of many aspects such as quality management systems, quality costs or quality assurance in the construction industry (Castledine et al., 1996).

H4: There is a significant positive relationship between product quality and house buyer's satisfaction

Service Quality

The construct of service quality is defined as "the outcome of an evaluation process where the consumer compares his expectations with the service he perceived or he has received" (Parasuraman et al, 1985). Five dimensions identified as the main attributes of service quality include tangibles, reliability, responsiveness, assurance, and empathy. In housing projects, service quality fits best into the final category of user quality because it involves the customer's perception of the process in terms of interactions, activities, and vital events. It also involves the customer's perception on how the service being provided by the private developers before, during and after the construction of the housing.

H5: There is a significant positive relationship between service quality and house buyer's satisfaction

House Buyers' Characteristics

Apart from the above variables, this study intends to focus on the house buyers' characteristics that would moderate the relationship between product and service quality, price, project location, delivery system and house buyers' satisfaction. Human being needs to fulfill his or her basic needs before aspiring to higher needs, such as self-actualization and self-fulfillment (Maslow, 1970). Thus, there are several characteristics which consist of household income, house purchasing experience and ethnicity that may influence the house buyers in making decision.

H6: The relationship between price, project location, delivery system, product quality and service quality, and house buyer's satisfaction are significantly moderated by the house buyers' characteristics (household income, ethnicity, experience)

CONCLUSION

This paper attempts to develop an extended conceptual framework of house buyers' satisfaction in Malaysia by introducing two new constructs namely the delivery system acting as independence variable and the house buyers' characteristics functioning as moderating variable. Significantly, this would potentially allow private housing developers to understand the factors that would

help to increase customer satisfaction particularly with the BTS delivery system in the effort of gaining competitive advantage in the market place. Thus, this particular paper would provide a good perspective in defining and exploring future potential research.

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