IMPACT OF SERVICE QUALITY ON RESIDENTIAL SATISFACTION: A STUDY WITH SPECIAL ATTENTION TO CHENNAI

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ABSTRACT

The purpose of this paper is to reveal the residential satisfaction of apartment residents. And it was measured through an antecedent (service quality) and a consequence (word of mouth) of residential satisfaction. Simple random sampling method was employed on 200 residents and multiple linear regressions were carried out. The result shows that 85% of the variance in overall customer satisfaction is accounted for by service quality. From the above findings it is clear that service quality positively influences customer satisfaction.

Keywords: Residential Satisfaction, Apartment Service Quality, House Buying Behavior, Service Quality

1. INTRODUCTION

The home-building industry faces challenges in slower economies, and the burden is on home builders to persuade consumers to purchase homes in a buyer's market characterized by high inventory, low consumer confidence in real estate and potential credit difficulties. As market pressures increase and home buyers become better informed, builders are realizing the need to redesign their business strategy to remain competitive (Kerber, 2000).

Most new homes already include a wide variety of innovative features, which leaves only quality of service to set a builder apart from others offering similar homes in similar markets. Large builders of new home construction typically have internal sales personnel that play the role of the real estate agent. These real estate agents represent the builder and they are the first point of contact for potential home buyers. Thus, home builders face a critical challenge - the need to thoroughly understand and define home buyers' needs for high-quality service, to better prepare their personnel. Regrettably, many home builders do not recognize this need, and their present business processes do not support it (NAHB, 2003).

Some kind of real estate businesses include Professional valuation services, assisting buyers and sellers in transactions, improving land for use by adding or replacing buildings, managing a property for its owner(s), Managing the sale side of the property business, and Relocating people or business to difficult country.
1) PREVIOUS EVIDENCE REGARDING RESIDENTIAL SATISFACTION


2) PREVIOUS EVIDENCE REGARDING SERVICE QUALITY OF BANKS


2. REVIEW OF LITERATURE

Parasuraman et al. (1988) had made a study on a 22-item instrument called SERVQUAL for assessing customer perceptions of service quality in service and retailing organizations. The purpose of this article is twofold 1) to describe the development of a multiple-item scale for measuring service quality (SERVQUAL) and 2) to discuss the scale’s properties and potential applications. Data were collected from 200 adult respondents of a large metropolitan area in the South-West. A two-part questionnaire consisting of 97 statement expectations were self - administered by respondents followed by 97 statement perceptions. Cronbach’s coefficient alpha was utilized. ANOVA were also conducted. The results indicate that SERVQUAL can help a wide range of service and retailing organizations in assessing consumer’s expectations about and perceptions of service quality. This study will stimulate further studies on antecedents and consequences of service quality.

Noorsidi (2008) has made a study on service quality in high rise building. This study has been undertaken in an apartment in a view to find out the unsatisfactory factors of residents in terms of resident’s perceptions. Questionnaire was adopted which focused on two measures of expectations and perceptions of performance. Out of the total of 120 questionnaires, only 85 useable questionnaires were returned. Cronbach’s coefficient alpha was utilized to check the internal consistency of tangibility, reliability, assurance, responsiveness and empathy. The result shows that firms should examine five dimensions of service quality to find out the level of service provided, and to find which dimension needs improvement. Further research needs to advance the understanding of the concept and the means to measure and improve service quality.

As stated by Karl (1998) examined the buying behavior of home buyers in the market. The survey has been conducted in four markets which were Anaheim, San Francisco, Boston and Milwaukee. People seem to form their expectations on the basis of past price movements rather than any knowledge of fundamentals. And also stated that home buying was still puzzling market.
Isabelina Nahmens (2009), observed the customer satisfaction with service quality and home-buyer expectations and their perceptions of service quality. The target groups of his study were buyers of single-family houses built during calendar year 2001 in five counties in central Florida and data collected on late June 2003 and lasted until August 2003. Under the single-family group, they have selected randomly 150 samples. Researcher has identified five dimensions of service quality namely appearance, reliability, timeliness, knowledge and empathy. It is observed that the influence of these variables on customer satisfaction with service quality can positively impact home builders through improved reputation and increased local referrals.

3. RESEARCH METHODOLOGY

Research of this study was conducted on data collected from Chennai. The aim of this paper is twofold 1) identifying the relationship between service quality and customer satisfaction and 2) identifying the relationship between customer satisfaction and word of mouth. 22 –item SERVQUAL instrument evolved by Parasuraman et al. (1988) was adopted to find out the inter relationship between dimensions of service quality and customer satisfaction. Word of mouth was measured using a scale developed by Babin, Lee, Kim and Griffin, (Babin et al., 2005). Word of mouth had three statements and these statements were assessed on a 5-point likert scale. Chennai metropolitan was the area of research of this study. Simple random sampling method was employed on a sample of 200 apartment residents.

4. ANALYSIS AND INTERPRETATION

<table>
<thead>
<tr>
<th>Relationship between service quality and customer satisfaction</th>
</tr>
</thead>
<tbody>
<tr>
<td>Model</td>
</tr>
<tr>
<td>-------</td>
</tr>
<tr>
<td>1</td>
</tr>
</tbody>
</table>

a. Dependent Variable: overall satisfaction

This table provides the Multiple Correlation (R = 0.922), the Multiple Correlation squared (R^2 = 0.850), the adjusted Multiple Correlation squared (adj. R^2 = 0.831), and the Standard Error of the Estimate. The multiple correlations refer to the combined correlation of each predictor with the outcome. The multiple correlations squared represent the amount of variance in the outcome which is accounted for by the predictors; here, 85% of the variance in overall customer satisfaction is accounted for by all service quality. However, the multiple correlation squared is a bit optimistic, and therefore, the adjusted R^2 is more appropriate.
The ANOVA summary table indicates that our model’s $R^2$ is significantly different from zero, $F(22,177) = 45.517, p < .001$.

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model</th>
<th>Unstandardized Coefficients</th>
<th>Std Coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Constant)</td>
<td></td>
<td>1.270</td>
<td>0.107</td>
<td>11.843</td>
<td>0.000</td>
</tr>
<tr>
<td>1</td>
<td>All the flats in this apartment should have up-to-date equipment</td>
<td>-0.159</td>
<td>0.075</td>
<td>-0.617</td>
<td>-2.117</td>
</tr>
<tr>
<td>2</td>
<td>Facilities in flats should be visually appealing.</td>
<td>-0.076</td>
<td>0.073</td>
<td>-0.296</td>
<td>-1.037</td>
</tr>
<tr>
<td>3</td>
<td>Promoter's employees should have a neat dress code</td>
<td>0.008</td>
<td>0.027</td>
<td>0.030</td>
<td>0.307</td>
</tr>
<tr>
<td>4</td>
<td>Materials used by the promoter for the physical facilities should be in a good appearance.</td>
<td>-0.027</td>
<td>0.032</td>
<td>-0.102</td>
<td>-0.848</td>
</tr>
<tr>
<td>5</td>
<td>Delivery of the services should be prompt.</td>
<td>0.205</td>
<td>0.085</td>
<td>0.797</td>
<td>2.416</td>
</tr>
<tr>
<td>6</td>
<td>When purchaser have problem, they should be sympathetic and reassuring.</td>
<td>0.007</td>
<td>0.037</td>
<td>0.118</td>
<td>0.748</td>
</tr>
<tr>
<td>7</td>
<td>Promoters should be dependable</td>
<td>-0.044</td>
<td>0.030</td>
<td>-0.172</td>
<td>-1.474</td>
</tr>
<tr>
<td>8</td>
<td>Promoters should provide their services at the time they promise to do so.</td>
<td>-0.030</td>
<td>0.026</td>
<td>-0.127</td>
<td>-1.145</td>
</tr>
<tr>
<td>9</td>
<td>They should keep their records accurately.</td>
<td>-0.989</td>
<td>0.132</td>
<td>-4.11</td>
<td>-7.518</td>
</tr>
<tr>
<td>10</td>
<td>Promoters shouldn't be informing the clients as when the services will be performed. ((-))</td>
<td>0.070</td>
<td>0.049</td>
<td>0.289</td>
<td>1.445</td>
</tr>
<tr>
<td>11</td>
<td>Employees of the promoter shouldn't provide prompt service. ((-))</td>
<td>-0.085</td>
<td>0.043</td>
<td>-0.351</td>
<td>-1.963</td>
</tr>
<tr>
<td>12</td>
<td>Promoter's employees shouldn't always be willing to help you. ((-))</td>
<td>1.346</td>
<td>0.133</td>
<td>5.630</td>
<td>10.116</td>
</tr>
<tr>
<td>13</td>
<td>Promoter's employees shouldn't always be busy to respond to clients requests promptly ((-))</td>
<td>-0.082</td>
<td>0.043</td>
<td>-0.344</td>
<td>-1.901</td>
</tr>
<tr>
<td>14</td>
<td>Purchaser should be able to trust employees of the promoters</td>
<td>0.249</td>
<td>0.047</td>
<td>1.033</td>
<td>5.342</td>
</tr>
<tr>
<td>15</td>
<td>Purchaser should be able to feel safe in their transactions with the promoter's employees</td>
<td>0.072</td>
<td>0.036</td>
<td>0.315</td>
<td>2.030</td>
</tr>
<tr>
<td>16</td>
<td>Promoter's employees should be polite.</td>
<td>-0.002</td>
<td>0.026</td>
<td>-0.037</td>
<td>-3.446</td>
</tr>
<tr>
<td>17</td>
<td>Promoter's employees should get adequate help from their employer to help clients.</td>
<td>-0.985</td>
<td>0.082</td>
<td>-5.129</td>
<td>-11.958</td>
</tr>
<tr>
<td>18</td>
<td>Individual attention shouldn't be given to all the clients by the promoter and his employees. ((-))</td>
<td>0.472</td>
<td>0.062</td>
<td>2.897</td>
<td>7.636</td>
</tr>
<tr>
<td>19</td>
<td>Employees of promoters should give personal attention to a specific client. ((-))</td>
<td>-0.428</td>
<td>0.060</td>
<td>-1.780</td>
<td>-7.130</td>
</tr>
<tr>
<td>20</td>
<td>Employees of the promoter shouldn't be aware of the needs of the clients. ((-))</td>
<td>1.139</td>
<td>0.105</td>
<td>4.974</td>
<td>10.853</td>
</tr>
<tr>
<td>21</td>
<td>Promoter's employees shouldn't extend a true hearted service to their clients. ((-))</td>
<td>-0.087</td>
<td>0.035</td>
<td>-0.149</td>
<td>-2.490</td>
</tr>
<tr>
<td>22</td>
<td>Office hours of the promoter shouldn't be convenient for the clients. ((-))</td>
<td>-0.027</td>
<td>0.036</td>
<td>-0.097</td>
<td>-0.748</td>
</tr>
</tbody>
</table>

a. Dependent Variable: overall satisfaction
Let's focus on the 22 predictors, whether they are statistically significant and, if so, the direction of the relationship. Most of the service quality are significant, and the coefficient is positive which would indicate that 12 service qualities are related to higher customer satisfaction. This is what we would expect. The percentage of customer satisfaction with rest of the service quality seems to be not significant. This result also makes sense. Finally, the reliability value of Cronbach’s Alpha.603 shown in this study was all more than 0.6, the constructs were therefore deemed to have adequate reliability. This would seem to indicate that the percentage of customer satisfaction with service quality is an important factor in predicting customer satisfaction.

5. FINDINGS

The result shows that 85% of the variance in overall customer satisfaction is accounted for by service quality. From the above findings it is clear that service quality positively influences customer satisfaction. Service quality alone are not enough to judge the residential satisfaction. Several factors were left out for research as untouched which needs to be done in future researches. So, future researches can be done on accessibility issues of apartments.

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