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## Original article

## Exploring residents' satisfaction of facilities provided by private apartment companies

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## ABSTRACT

In recent times, Bangladesh has faced serious housing problems, especially for people who live in cities. In response, this study examines the relationship between housing expenses, affordability, service quality, hygienic conditions, and community attachment and residents' satisfaction, respectively. A questionnaire-based survey was carried out with customers in the major parts of Dhaka, Bangladesh. In addition to descriptive analysis, other statistical analyses, such as exploratory factor analysis, confirmatory factor analysis, and a structural equation modeling approach were used to test the hypotheses. The findings reveal that there is a strong relationship between services provided by the private companies and residents' satisfaction, with hygienic conditions playing a major role. This study also confirms a significant relationship between housing expenses and residents' satisfaction when affordability plays a mediating role. This study is the first of its kind, to the best of our knowledge, conducted on the customers of the Bangladeshi housing industry. The contribution of this study is the construction of a research theoretical framework that potentially highlights the perceived satisfaction or dissatisfaction of residents with the facilities provided by the private apartment owners in Bangladesh.

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## 1. Introduction

The role of housing is part of the social environment rather than the personal environment. That is why the reputation of an area and the people living in that area are stronger predictors of residents' psychosocial benefits, such as autonomy, comfort, and status (Dupuis & Thorns, 1998; Kearns, Hiscock, Ellaway, & Macintyre, 2000). In addition, Shaw (2004) and Wilkinson (1999) argued that inadequate housing facilities highly influenced the poor health of the residents. Housing facilities also have a positive impact on the mental health of residents (Thomson & Petticrew, 2005). Studies by the Commission on Social Determinants of Health (2008) and

Scottish Government (2008) revealed that neighborhood conditions could also have an impact on the quality of life of the residents.

Evans, Wells, and Moch (2003) and Evans (2003) suggested that housing design (e.g., dwelling type and street layout) could also affect the psychological perspective of residents, such as mental health. Having less control over the shared space and the lack of social interaction between residents who are living in high-rise buildings, where housing units comprise a large number of separate units, may have an adverse impact on the residents' psychological perspective, especially mental health (Evans, 2003; Evans et al., 2003; Weich et al., 2002). Even large blocks of flats sometimes discourage social interaction between the neighbors (Day, 2008). A study of residents in the west of Scotland indicated that those who live in a house as opposed to a flat, and those who have access to a garden have more significant psychosocial benefits and greater autonomy over their home (Hiscock, Kearns, Macintyre, & Ellaway, 2001; Kearns et al., 2000). In fact, the surrounding environment of a residential area must include certain characteristics, such as visual amenity, access to green space, and spaces that permit social interaction, which ultimately positively affect the well-being and quality of life of the residents (Cattell, Dines, Gesler, & Curtis,

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2008; Day, 2008; O'Campo, Salmon, & Burke, 2008; Thomson, Kearns, & Petticrew, 2003; Warr, Tacticos, Kelaher, & Klein, 2007).

At present, citizens of Bangladesh are facing serious housing problems, especially those people living in the city area. This is due to the low rate of gross domestic product, population densities, high population growth rate in urban areas, and poor standard of living conditions [Asian Development Bank (ADB), 1995]. According to a report from the ADB (1995), the situation has not yet improved significantly over the past decade. In recent times, a number of private companies have started offering low-cost housing facilities to meet the needs of the existing residents. However, very little empirical analysis has been carried out on housing conditions in Bangladesh. Thus, there is an urgent need for high-quality empirical research on resident's satisfaction concerning housing facilities provided by the private companies in a least developing country like Bangladesh.

Dhaka was chosen as the study site. According to one estimate, about 320,000 migrants enter Dhaka annually (Islam, Huda, & Narayan, 1997). This situation causes tremendous stress on the facilities, which subsequently have a negative impact on the individual resident's satisfaction (Uddin et al., 2009). Dhaka is one of the dynamic cities in Bangladesh that attracts almost 300,000–400,000 new migrants each year. Most migrants come from rural areas in search of opportunities. The lineaments of the city include extremely high land costs, very high rental price of apartments, high apartment purchase price, poor quality of housing facilities, traffic congestion, water deficits, inadequate sanitation and drainage facilities, irregular electric supply, and increasing air pollution. However, reports indicate that population of Dhaka is expected to rise to approximately 20 million in 2020, making it the world's third greatest metropolis (The World Bank Office, Dhaka, 2007). Given this rapid increase, the shortage of sufficient infrastructure and services, and growing social and environmental problems necessitate an urgent attention to exploring the residents' satisfaction with facilities provided by the private apartment companies. To evaluate the magnitude of these problems, this research focuses on the residents of Dhaka city. We expect that this effort will lead to a fuller understanding of residents' satisfaction of their current living place, thus providing fruitful information for the policy-makers to spot the priorities of residents' satisfaction with facilities provided by the private apartment companies in Bangladesh. As a consequence, this research will also underpin the development and improve the living conditions of the residents in Dhaka. This study not only reveals the level of satisfaction of the residents in Dhaka concerning their housing facilities, but it will also provide better guidelines for the academicians and especially the managers of housing companies to formulate a better business strategy. Thus, the objectives of this paper are to suggest an integrative framework describing the factors that influence resident's satisfaction with the facilities provided by the private apartment companies in Bangladesh.

## 2. Theoretical background and model development

### 2.1. Overall satisfaction

The philosophy of customer satisfaction is not specific; rather it varies from one industry to another (Hui & Zheng, 2010). Most researchers define customer satisfaction as a postchoice evaluative judgment of a specific transaction, which can be viewed directly as an overall feeling, best specified as a function of perceived quality (Bastos & Gallego, 2008; Parasuraman, Zeithaml, & Berry, 1985). That is why customers are now becoming increasingly conscious of their rights and are demanding higher quality service (Hui & Zheng, 2010). As a result, in the housing sector, residents' satisfaction of housing facilities provided by private companies has become one of

the major issues in a country like Bangladesh (Barua, Mridha & Khan, 2010). Customers' satisfaction with the facilities provided is determined not only by technical performance, but also by effective communication of the management (Choi, Cho, Lee, Lee, & Kim, 2004; Finch, 2004; Mustafa & Maznah, 2012; Snoj, Korda, & Mumel, 2004). *Residential satisfaction* research deals with consumers' satisfaction of housing products, and informs them about housing policy and planning interventions (Fang, 2005). In view of that *housing satisfaction* refers to the degree of contentment experienced by an individual or family with the current housing situation or facilities (Liu, 1999; Morris, 1978). In fact, a majority of the residents are only slightly satisfied with the facilities provided by the respective authority within their residential area (Mohit & Azim, 2012). Francescato and Weidemann (1979) described residential satisfaction as the emotional response to a person's dwelling, that is, the positive or negative opinion the occupants have for the place where they reside.

Recently, Abrahamsona, Bradley, Morganc, Fultonc, and Ibrahimou (2013) provided insights about those service domains that heavily influenced the satisfaction among residents in assisted living facilities. According to Berkosz, Turk, and Kellekci (2009) and Abrahamsona et al. (2013) factors that increase the level of resident satisfaction are environmental quality, attractiveness of the facility, personal issues and their management, accessibility, housing environment, security, and relationships with neighborhoods.

### 2.2. Housing expenses and affordability

According to Haffner and Heylen (2011), the net housing expense for homeowners is calculated by the difference between the "loan financing expenses" and "income tax effects." Based on the previous empirical findings, the researchers agree that a strong connection exists between housing expenses and affordability, which plays a vital role in determining residents' satisfaction (Centre for Housing Research Aotearoa New Zealand, 2004; Field, 1997; Mohit & Azim, 2012; O'Flynn, 2011). Carter (2011) noted that both affordability and should-cost analyses play a crucial rule before the production of any goods and services. The first one concerns with production cost and the sustainment cost for a product driven by what the end consumers can pay. It is to be noted because expenses always come into the mind of the consumers, the cost of a product should be set down to wherever that makes sense. Affordability analyses are based on the out-of-pocket expenses that households make to finance their housing consumption. It is what Hancock (1993, p. 140) calls the "short-run costs" being the expenses that households make to finance the access to their home. According to Wilcox (1999), the concept of affordability of housing is a "vexed one". It means different things to different people (Quigley & Raphael, 2004).

Haffner and Heylen (2011) depicted two aspects of affordability, namely, short-term affordability and long-term affordability. The first one concerns the financial access to the residence and is based on the cash flows, whereas the second one is the long-term affordability, which is about the costs of housing consumption. Furthermore, affordability is not a one-dimensional concept, but is concerned with securing any given standard of housing (or different standards) at a price or a rent that does not impose, in the eyes of any third party (usually government) an unreasonable burden on household incomes (Freeman, Kiddle, & Whitehead, 2000; Hancock, 1993). However, without a standard for housing quality, it is not even possible to evaluate whether housing indeed is unaffordable as quality influences this evaluation (Thalmann, 2003). Thus, affordability is generally considered fundamental to housing satisfaction and there exists a relationship between expenses, affordability, and levels of satisfaction of the residents (Healy, 2002). This study also

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