



**ST. MARY'S UNIVERSITY
SCHOOL OF GRADUATE STUDIES**

**THE EFFECT OF SERVICE QUALITY ON CUSTOMER SATISFACTION
IN REAL ESTATE INDUSTRY: THE CASE OF AFRO-TSION REAL
ESTATE**

BY: Mesay Yeheyes Biruk

**July, 2018
ADDIS ABABA, ETHIOPIA**

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**THE EFFECT OF SERVICE QUALITY FACTORS AFFECTING
CUSTOMER SATISFACTION IN REAL ESTATE INDUSTRY: THE CASE
OF AFRO-TSION REAL ESTATE**

**A THESIS SUBMITTED TO SCHOOL OF GRADUATE STUDIES
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THE REQUIREMENT OF MASTER'S DEGREE IN BUSINESS
ADMINISTRATION**

BY: Mesay Yeheyes Biruk

July, 2018

ADDIS ABABA, ETHIOPIA

Declaration

The researcher here by declares that the thesis on the title, “The Effect of Service Quality on Customer Satisfaction in Real Estate Industry: the case of Afro-Tsion Real Estate”, is my original work and that all sources that have been referred to and quoted have been dully indicated and acknowledged with complete references.

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As member of the board of examiners of the master thesis open defense examination, we certify that we have read and evaluated the thesis prepared by Mesay Yeheyes and examined the candidate. We recommended that this thesis be accepted as fulfilling the thesis requirement for the degree of masters of art in Development Economics.

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List of Acronyms

ASCI	American Customer Satisfaction Index
E.C	Ethiopian Calendar
GDP	Gross Domestic product
SERVQUAL	Service quality
SCSB	Swedish Customer Satisfaction Barometer
UK	United Kingdome

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Abstract

The main objective of this study was to evaluate and examine the service quality provision on Afro-Tsion Real Estate against with potential customers' satisfaction. And also, it is to recommend the required base line information for further study in the area of quality service delivery provision for customer satisfaction by real estate developers. This study has applied the service quality model for the purposes of identifying determinants of service quality; determine whether property buyers' service expectations are congruent with their perceptions of service rendered by estate agents by using Likert Scale and open ended questions. The data are gathered from a questionnaire survey among 55 respondents in Afro-Tsion Real Estate. The results of the research revealed that reliability responsiveness, empathy and tangibles has significant effect with customer satisfaction, where as assurance and assurance didn't show significant effect with customer satisfaction. Furthermore, service quality was found to be delivered in areas of service empathy and tangible product characteristics. However, service quality fell below expectations in the areas of service assurance and reliability. Possible causes of poor service delivery and specific intervention measures for improving service quality have been advanced in the study. For instance, the result shows that performance feedback and evaluation are necessary to improve service quality.

Key words: Service quality customer satisfaction Afro-Tsion Real Estate

CHAPTER ONE INTRODUCTION

1.1. Background of the Study

For the last decades, the real estate business becomes growing and still unable to satisfy the needs and wants of the customers. The scenario shows there is a huge gap between demand and supply of residential and commercial buildings which has prompted the government to encourage investing in the real estate. What the government seeks right now is a real estate sector that can deliver on its promises and is also credible in all its business dealings. Based on this opportunity, there are 479 real estate's developers in Addis Ababa renewed their business license in the year 2009 E.C particularly investing on residential buildings and multipurpose buildings (Minister of trade data base 2018).

Africa is booming. Construction cranes in Lusaka, Accra, and Addis Ababa, traffic jams in Dar Salaam and virtually every other city, the streets are packed with vendors, and roadside shops sell furniture, building materials, intricately carved doors. There is a sense of activity and bustle. Piles of bricks are everywhere, and everywhere people are building. With the highest urbanization rates in the world, people are moving in every day, contributing to the economy, looking for a place to work and a place to stay. The activity highlights the opportunities and challenges in investing in this dynamic continent. Nine countries in Sub-Saharan Africa have a GDP growth of over 7 per cent (the rate needed to double an economy in ten years); and just over half are expected to grow at above 5 % a year (Center Of Housing Finance in Africa, 2011).

The African population is a new market, with unexplored opportunities and new demand to consume everything from financial services, to beverages, appliances, cars and houses. The economic rationale for investing in Africa is shifting from an emphasis on taking out, to an emphasis on selling to. In some countries, economic policy is explicitly shifting in favor of this approach, and governments are investing in infrastructure in an effort to attract private investment. Financial services and credit access is growing.

Ethiopia is currently the star performer, with a 2009 GDP growth rate at 9.9%, estimated to decline to 8.8% in 2010 after a dramatic dip to 2.4% growth in 2009. Angola's growth rate is

pitching for 10 % plus. Also on their way up to double digit figures are Ghana and Niger, both projected to 11.5%, in 2012, both due, in part, to commodities.. Zambia, Tanzania, and Mozambique have been relatively stable, at strong rates – Zambia with a growth rate of between 5 and 7% since 2003, Tanzania between 6 and 7%; and Mozambique between 6 and 9%. After a dip in 2008 and 2009, Ethiopia is returning to 5% in 2010 and Botswana to 6.4% growth. Nine countries in Sub-Saharan Africa have a GDP growth of over 7% (the rate needed to double an economy in ten years); and just over half are expected to grow at above 5 % a year (Center Of Housing Finance in Africa, 2011)

This paper focuses on Afro-Tsion Real Estate having area coverage of 18,000m² and 60 residential houses within its compound. It has five different typologies of ground floor plus one and two floors respectively. Each typology has area coverage of 250m². Out of the total area coverage of the real estate compound, 3000m² is left for internal infrastructure works located around the Ayat Real Estate. Afro-Tsion Construction Company was established in 1990 E.C and an ISO 9000:2000 (International Standard Organization for quality) certified GC-1 (General Contractor Grade One) Construction Company. It has become one of the leading construction companies in the country especially in the building construction sector. Furthermore, through its sister companies, Afro-Tsion Construction PLC is engaged in Real Estate, Manufacturing of Construction Materials and Import Businesses. In Real Estate sector, the company has planned to develop with a vision of becoming internationally competitive contractor and a clear mission of providing quality construction service to the society in due time and cost, ensures occupational safety, executing projects to the level of customer's expectation or beyond thereby fulfilling the satisfaction of their customers' and continuous improvement of the company in all aspects. To date, it has made remarkable changes to penetrate into the competitive construction industry that is fast growing in Ethiopia, and it has also envisioned modernizing its management systems to cope with the ever increasing stiff competition in the construction industry.

Afro-Tsion Construction is a corporate type of ownership having private shareholders. The ownership is based on shares of families and small groups upon which the shares are not sold to the public. The number of the share is only two and it has been involved in the construction of most of the nation's largest university complex buildings and roads, bridges, various government

office complexes, large-scale industrial projects, hospitals, stadiums and different private commercial projects. According to data obtained from the Ministry of Urban and Construction Industry Development and the regulatory bureau, the list of registered contractors for 2004 budget year (Hamle 1/2003 E.C. to Ginbot 30/2004 E.C) shows that the minimum limit of asset required for a potential contractor of level GC-1 in the sector is 20 million birr. To this end, the company has audited total project cost of 2.45 billion birr in the year 2009 E.C on hand for projects located in different regions of the country.

Ethiopia's domestic economy in the Addis Ababa city covers an estimated area of 522 Square kilometers (0.05 percent of the country's landmass). Although unofficial estimates put the number much higher, according to data obtained from official statistics the number of inhabitants in the city is estimated to be around 3 million. However, the need for housing in the city has been a pressing issue for decades, even though various noticeable attempts has been made to address the problem on board at different times and under different governments. Today, the attempts to address this sizable and growing deficiency by both the private and public have a great share to shift the trend to a new level of prominence in the economy. The real estate sector coupled with the construction industry accounted for 14.9% of the GDP in the 2008/2009 fiscal year upon which the real estate is taking more than 60% of the share. Further, compared to overall GDP growth of 11.4%, the real estate and construction sectors grew by a total of 24.5% in the same year. In general the double digit economic growth of the country over the past eight years owes itself, at least in part, to the expansion of these sectors (Access Capital's Real Estate 2010).

With the development of private property ownership, real estate has become a major area focus of business, commonly referred to as commercial real estate. Purchasing real estate requires a significant investment, and each parcel of land has unique characteristics, so the real estate industry has evolved into several distinct fields. Specialists are often called on to value real estate and facilitate transactions. Some kinds of real estate businesses includes appraisal which concerns professional valuation services, brokerages, a mediator who charges a fee to facilitate a real estate transaction between the two parties, development works on improving land for use by adding or replacing buildings, net leasing works on rental property for specific period, property management refers managing a property for its owner(s), real estate marketing refers managing

the sales side of the property business, real estate investing concerns managing the investment of real estate, relocation services which refers relocating people or business to a different country and corporate real estate which refers managing the real estate held by a corporation to support its core business unlike managing the real estate held by an investor to generate income.

Within each field, a business may specialize in a particular type of real estate, such as residential, commercial, or industrial property. In addition, almost all construction business effectively has a connection to real estate. In recognition that the value of a company can be seen as a function of its assets and that intangible assets comprise a constantly growing part of this value, business excellence has, in recent years, increasingly focused attention on customer satisfaction and customer satisfaction measurement. In line with this, this research intends to assess the level of customer satisfaction at Afro-Tsion Real Estate.

1.2.Statement of the Problem

Measuring service satisfaction helps to increase service effectiveness (Lang 2012). According to Said *et al.* (1979) cited on Manzoor (2013), unless continuous assessment and evaluation are periodically conducted the expected quality in cannot be achieved. Further, they argue that organizations have a responsibility to provide service based on research, knowledge and updated information. Every institution has to know its internal strength and weakness, and external opportunities and threats. Taking the world as a single market and each organization as a competitor, it is possible to say there is tough competition; hence, customer satisfaction plays an essential role in the organization success (Kayastha 2011).

Real estate firms have traditionally competed on price and variety of services but stiff competition in the industry has forced the firms to look for other strategies to make them attractive to customers, one of them being improvement on service quality. Such perception of service quality has received almost no theoretical measurement attention, despite the fact that it is thought to be of great importance in the success of service delivery (Johnson *et al.* 1988). Most studies conducted have been one-sided i.e. biased towards customers and almost nothing on the service providers. Although, some objective measures of service quality can be taken as they are performed, such as time spent for waiting, number of errors in filling an order, and the like, it

becomes quickly apparent that such measures do not adequately capture the real investigation of service quality for the intended purpose of customer satisfaction (Zeithaml 1990).

Real state institutions use findings of satisfaction survey in order to mark areas for improvement, strengthening curricula and programs and ensure institutional effectiveness (Bryant 2006). Moreover, satisfaction survey give insights on how institutional reputation and quality is perceived by different stakeholders, developing a more clear understanding about factors that satisfy customers and it helps to limit customer attrition rate and made the organization suitable environment (Elliott and Shin 2002). In pursuit of these, understanding the customer perception towards satisfaction can act as an essential means to improve the service quality of Afro-Tsion real estate. Therefore, this study is intended to compare the service providers and customer's perceptions of service quality at Afro-Tsion Real Estate (located in Addis Ababa) and is aimed at answering the question pertaining to assessing difference between service providers and customers' perceptions on services quality

1.3.Objectives of the Study

1.3.1. General Objectives

- The general objective of this study is to examine the provision of quality service delivery to customers' satisfaction and thereby to recommend way to improve service delivery arrangements.

1.3.2. Specific Objectives

- To examine the level of customer satisfaction towards services rendered by the real estate developer
- To identify the determinants of service quality in real estate developers
- To identify the legal formulation that should be done to gain confidence for Property buyer's towards liability problem
- To recommend the required base line information for further study in the area of quality service delivery provision for customer satisfaction by real estate developers.

1.4. Research Questions

This study is intended to answer the following research questions:

- To what extent are property buyers satisfied with services rendered by the real estate developer?
- What are the determinants of service quality in real estate developers?
- What legal formulation should be done to gain confidence for Property buyer's towards liability problem?

1.5. Significance of the Study

The researcher believes that this study will have a significant contribution in helping Afro-Tsion Real Estate, either for further identification or to give attention on service quality and formulate strategies or policies or to keep up what the company have. Since the study examines property buyers' perceptions who have bought their properties through developers in Addis Ababa at Afro-Tsion Real Estate, the study will give real estate developers a distinctive knowledge about how their perceptions of service quality differ with those of customers and hence strive to narrow the gap. Marketing practitioners will benefit from the research since it will enhance their understanding of service quality, which will assist them in integrating it in their marketing activities. The study will also give other researchers an insight which will act as a springboard to stimulate further research. The research result may enable the company to know the real service quality control management and to formulate new quality control management strategy. The customer may get real information at the right time and in the right way.

1.6. Scope and Limitation of the study

The primary focus of this paper is analysis of Real Estate service quality challenges (and customer satisfaction of real estate buyers) in Ethiopia with the spotlight on Addis Ababa since almost all of real estate development activities are located in Addis. Though housing deficit is prevalent in most parts of the country, this paper will primarily focus on the capital city because it is where the difficulties of housing are extreme. The limitations encountered during the

research process include lack of data that is up-to-date and accurate. Besides, though the study chosen is broader and interesting subject matter, which requires much attention and en-depth investigation, we have time limitation to go through in detail the case of other real estate developers.

1.7.Operational of Definition of Key Terms

Real estate:- is property consisting of land and the buildings on it, along with its natural resources such as crops, minerals, or water; immovable property of this nature; an interest vested in this; (also) an item of real property; (more generally) buildings or housing in general. Also: the business of real estate; the profession of buying, selling, or renting land, buildings or housing (Wikipedia 2017).

Real Estate: House or land:

1. The business of selling houses or land for building.
2. Realty, real property, property consisting of land or building. (OXFORD Advanced Learner's Dictionary 2009)

Real Estate is property.

1. It is a tangible asset of land or building.
2. It is used to denote the “the bundle” of rights that are associated with the ownership and uses of the physical assets.
3. The term real estate may be used when referring to the industry or business activities related to the acquisition, operation, and disposition of the physical assets (David C. Ling; Wayne R. Archer, McGraw-Hil 2008).

1.8.Organization of the Thesis

The research has five parts. The first part is introduction, which states the problems statements, objective, significance, scope and organization of the research. The second part deals with literature review that is relevant to the research. The third part of the research discusses the

research design, the sources, instruments, sampling technique, and procedures of collecting data for the study. The fourth part focuses on the analysis and discussion of the data gathered in light of the previous research questions. The fifth and last part summarizes the main results of the findings, draws conclusion, recommendations and points out research insights based on the study.

CHAPTER TWO LITERATURE REVIEW

This chapter discuss about, literatures including past studies which related to service quality, customer satisfaction and dimensions of service quality which would help to measure service quality, and customer satisfaction in real estate sector.

2.1.Theoretical Background

2.1.1. The Concept of Service

Since the last four decades the concept of service have become the dominant form of economic activity and its role became increasingly important in many nations' economy (Abdullah 2006b). A positive relationship was found between the service sector of countries and their economic development; developed economies become more service oriented (Palmer 2011).

A service is an intangible activity and benefit that one party offer to another and does not result in the ownership of anything (Kotler *et al.* 1996). According to the online source of Financial Times report (2016), service is an economic activity in which one party offered to the other, basically employ time-based efforts to bring the desired output in recipients of objects or other assets for which buyers have responsibilities. Time-based imply that the responsibility of the firm to do something within a specific period and desired output indicates the desired outcome wanted by the customer.

Including the above, many definitions are exist regarding what service constitutes; however, for the purpose of this study two suitable definitions were identified, the definition given by Palmer and Zeithaml *et al.* which they define service as:

“The production of an essentially intangible benefit, either in its own right or as a significant element of a tangible product, which through some form of exchange, satisfies an identified need.” (Palmer 2011 p.2)

“...services are deeds, processes and performances provided or co-produced by one entity or person for another entity or person.” (Zeithaml *et al.* 2009 p.4)

2.1.2. The Characteristics of Services

According to Bitner *et al.* (1993), cited on Wolak *et al.* (2000), the major output comes out from literature was the delineation of four services characteristics: intangibility, inseparability, heterogeneity and perishability.

Literature highlights intangibility is one of the main characteristics of services (Wolak *et al.* 2000). Intangibility is the primary source for other three characteristics of service to be emerged; due to such reason, a service cannot be touched, felt, seen and tasted. Furthermore, because of the intangibility nature of services it cannot be inventoried and physically displayed (Senthil & Panchantham 1993). The degree of intangibility appeared as a means of demarcation between products and services (Levitt 1981). According to Zeithaml (1981), the degree of tangibility helps consumer to evaluate products and services. The intangible nature of services tends to arise a problem both on service provider and consumer; such problems usually arises when service providers attempts to differentiate their offering from their competitors (Hill 1995).

Inseparability reflects the simultaneous delivery and consumption of services (Onkvisit and Shaw 1991); According to Senthil & Panchantham (1993), inseparability refers the interconnection among service provider, the customer who receive the service, and other customers who shares similar experience. Sometimes service providers contact customers continuously and must establish their service with the physical existence of customers; this continuous interaction between customer and service providers defines a critical incidence. There are two main reasons why inseparability is relevant for service marketing; the first one is, due to the reason service marketing is focusing on personal services, inseparability concentrated on the basic interaction of customer and service provider (Benoit and Moeller 2016). The second reason is service capacity management inseparability has drawn attention to potential problems (Edgett and Parkinson 1993). Furthermore, services are assumed to be produced and consumed simultaneously (Berry 1980), cited on (Benoit and Moeller 2016).

Heterogeneity focus on standardization, the concept of this characteristic is since human beings are involved in the provision of services, it is difficult to give standard to service like goods; but if human input or labor is the limiting factor tangible goods couldn't be more homogeneous than services. Further, the activity of human is not the distinguishing factor for service and goods,

rather it is a common thing for both (Senthil & Panchantham 1993). Edgett & Parkinson (1993), also explains heterogeneity is all about having difficulty in standardizing service. According to Zeithaml *et al.* (1985), cited on Wolak *et al.* (2000), heterogeneity concerns one's ability on creating variability on service delivery. Furthermore, variability is a particular problem for service since it depends highly on labor, and as the service is offered by different people so that the performance of the service vary periodically (Onkvisit and Shaw 1991).

Perishability mostly related with unavailability of option for storing or stockpiling services (Kotler 1994). According to Donnelly (1976), a service is neither could be stored nor carrier forward to future time. Further, Onkvisit & Shaw (1991), also suggests service is highly time dependent and this is what makes it perishable. Perishability is intimately linked to the features of tangibility, they cannot be produced at one point in time, inventoried and then sold at a later time when demanded Perishability is closely related with the features of tangibility, services cannot be produced at a point of time, inventoried, stored and then sold after some time when the demand is come (Senthil & Panchantham 1993). Gummesson (2000) also noted with his own ward, "The claim that services cannot be stored is nonsense. Services are stored in systems, buildings, machines, knowledge and people".

2.1.3. Concept of Customer Satisfaction

In general, customer satisfaction is seen as an indicator of the future financial success of the company (Kotler 2000; Rust *et al.* 1994). Companies use customer satisfaction more and more as a criterion when assessing the quality of products and services. In addition, it is commonly used as a part of personnel bonus systems. Customer satisfaction also affects the future cash flows, enhances profitability and increases profits, thus also having strategic implications. Customer satisfaction has gained a vast amount of interest particularly in consumer marketing, and its scientific foundation is rather well documented, although there are varying opinions on, *e.g.* the role of expectations in customer satisfaction.

The benefits of customer satisfaction are often associated with high customer loyalty, future purchases, and positive verbal communication (Jones and Sasser 1995; Cronin and Taylor 1992; Molinari *et al.* 2008). The more loyal the customers are, the more often they use the company's services or make purchases from the same supplier. Establishing the circle of customers also

creates a basis for steady cash flow. Along with strengthened co-operative relations, customer satisfaction leads to long-term customer relationships that have been found to be profitable for the company (Storbacka *et al.* 1994). Satisfied customers also tolerate the rise in service and product prices (Fornell 1992). Additionally, it has been observed that there is a significant difference between the customer loyalty of a “very satisfied” and “satisfied” customer (Jones and Sasser 1995).

A customer is defined as a person who pays for a product or service and generally dictates the requirements (Kujala 2002). The end user in construction can be a buyer of products and services. Customers in construction differ from those in other industries, their main shortcoming being the lack of experience. During construction, customers lack the proper conditions, experience and skills to assess the physical quality of structures and are, therefore, forced to assess only the quality of the provided services and the final product. Even then, however, the customer focuses on the assessment of functional rather than technical parameters (Forsythe 2008).

Customer satisfaction is a function of perceivable quality and unfulfilled expectations; it illustrates the scope of discrepancies between the quality and expectations. The customer compares the expected product or service to certain specifications and standards. He or she is satisfied when the expected specifications exceed the standards, while those found to be below the standards lead to discontent (Kärnä 2004). Hence, the customer’s satisfaction may be defined as personal satisfaction or disappointment caused by differences between the received product or service and the customer’s expectations (Koskela 2002). Customer satisfaction may also be defined as a state in which every need, wish and expectation of a customer is met or exceeded throughout the product or service lifecycle, leading to another purchase, loyalty, and favorable references. It is determined by the following main factors: the key components of a product or service, the key services provided the reimbursement process to neutralize bad experiences, and special services (Koskela 2002).

Positive verbal communication has been found to affect the customer’s expectations and increase the business profit (Grönroos 2000). For instance, in the United States, a large residential builder has estimated that 60% of the building sales of the company can be merited to positive verbal

communication (Reicheld and Sasser 1990). High quality and high level of customer satisfaction can be observed to increase the profitability of the company due to increasing profit (Anderson *et al.* 1994; see also Rust *et al.* 1994).

The most commonly used model of customer satisfaction is the SERVQUAL model in which the service quality and thereby customer satisfaction is defined as differences between the customer's expectations and experiences (Parasuraman *et al.* 1985; 1988). In the model, the customer's expectations form a certain standard according to which the customer evaluates the experience on the services received. The customer is satisfied when the experience exceeds the standard (*positively disconfirmed*) and dissatisfied when his/her experiences of the service quality are below standard (*negatively disconfirmation*). The latter may also be described as the level in which the quality observed by the customer no longer corresponds with the customer's expectations. A negative outcome is more common in cases in which the quality can be easily assessed (Andersson and Sullivan 1993). However, the SERVQUAL model has met with criticism especially as regards problems in measuring expectations since the sub-concepts related to the concept of expectations are numerous. On the other hand, it has been seen to focus too much on interaction and failing to take account the other dimensions of service (Cronin and Taylor 1992).

In a wider sense, customer satisfaction can be described as the evaluation of a product or service taking place after a purchase considering the expectations the customer had before the purchase (Kotler 2000). Simply put, customer satisfaction is therefore customer's satisfaction with the quality of a service or product which can also be defined as the correspondence of customer's experiences and expectations. When the customer's experiences have corresponded with or exceeded the expectations, the customer is satisfied. The customer is not satisfied when his/her experiences on the service or product have fallen short of the expectations. As satisfaction is defined by the customer, the measures of improving customer satisfaction in a company should start by defining the customer's needs and demands towards the company.

Service quality and customer satisfaction are usually seen as very close concepts, even synonyms. Nevertheless, current research has stressed that they are separate, yet related concepts (Anderson *et al.* 1994). Firstly, the customer needs experiences on a product or service to assess

his/her satisfaction but quality can be assessed without real consumer's experience. Secondly, customer satisfaction is dependent on the value created by the price or benefit and observed quality whereas quality is not usually dependent on the price of the product or service. Thirdly, quality is more related to the present moment whereas customer satisfaction is based on all prior but potentially also future experiences on the service or product. Furthermore, quality is seen as a precedent of customer satisfaction. Quality that falls short of the customer's expectations affects customer satisfaction and future purchases more than quality that exceeds the expectations. This can be reflected to, *e.g.* project production in construction in which negative matters (errors, poor quality, scheduling problems) appears to accumulate towards the end of the project (Anderson and Sullivan 1993).

2.1.3.1. Customer satisfaction evaluation

The measurement of customer satisfaction has become one of the commonest most common formulas for managers and organizations, and comes from a wide variety of sources (Lepkova, Žūkaiūtė-Jefimovienė 2012). A company must constantly measure the level of customer satisfaction to figure out how satisfied the customers are. Companies in construction all too often learn about the level of customer satisfaction too late, when a construction project is already underway. Meeting customer needs is most relevant in residential construction; the importance of customer satisfaction in the case of housing depends on the market intensity. When a company is aware of the features of its product or service that meet the customers' needs best, it can make marked changes in its services and products and thus, drive customer satisfaction up to the top (Kärnä 2004). A survey of customer satisfaction is the main tool for assessing the quality of project execution, determining customer attitudes and getting feedback (Rondeau et al. 2006). Satisfaction assessments help forecast the future behaviors of customers in light of customer loyalty (Kärnä et al. 2004).

Customer needs can be determined through marketing research, customer surveys, analyses of customer concerns, or involving customers in all processes of projects that are already underway. Customer satisfaction is measured using a range of quantitative (direct or indirect surveys) and qualitative (a secret buyer, complaint management, target groups) criteria. Customer feedback by

means of a questionnaire survey can be a very appropriate source of data. Disappointed customers often willingly name all reasons of their discontent and any defects (Koskela 2002).

2.1.4. Measuring Service Quality

For the past three decades practitioners and academicians strive to measure service quality accurately in order to understand it well and develop a method for improving quality and achieve comparative advantages (Abdullah 2006a). A number of literatures confirms that there are many evidences that insure the importance of service quality in educational institutions (Ham 2003). According to Rasli *et al.* (2012), measuring service quality in higher education is increasingly important for attracting and retaining tuition-based returns. There exist a number of models developed by different scholars which is used to measure service quality in different service sectors; accordingly, service marketing literature reveals the main approaches to measure service quality: SERVQUAL, developed by Parasuraman *et al.* (1988).

2.1.5. Service Quality (SERVQUAL) Models

The service quality (SERVQUAL) model is considered to be the earliest model for measuring service quality; the first SERVQUAL model used to measure the determinant of service quality was developed by Parasuraman *et al.* in 1985, the concept was service quality is the gap between customer expectation and perception; they also explain the model SERVQUAL is used to measure how is the delivered service matches customers expectation (Figure 1). Basically, they developed ten dimensions and determinant of service quality including: reliability, competence, responsiveness, access, communication, courtesy, credibility, security, understanding the customers and tangibles. Most importantly, SERVQUAL configures the gap where the quality improvement is needed (Ho and Wearn 1996; Rowley 1997; Abdullah 2006; Ruiqi and Adrian 2009). Later, Parasuraman *et al.* (1988), reduce the dimensions of service quality measurement in to five only; the main reason for the reduction was that the ten criteria make study questionnaires too long and for that matter there was the need for a shorter version. The revised version of SERVQUAL model includes reliability, responsiveness, assurance, empathy and tangibles.

- Reliability: the ability to perform the promised service consistently and accurately

- Responsiveness: willingness of employees to help customers and provide prompt service.
- Assurance: knowledge, courtesy and ability of employees to convey and confidence.
- Empathy: The provision of caring individualized attention to customers.
- Tangibles: It is the state of facilitating good, physical condition of the buildings and the environment, appearance of physical facilities, tools and equipment used to provide the service.

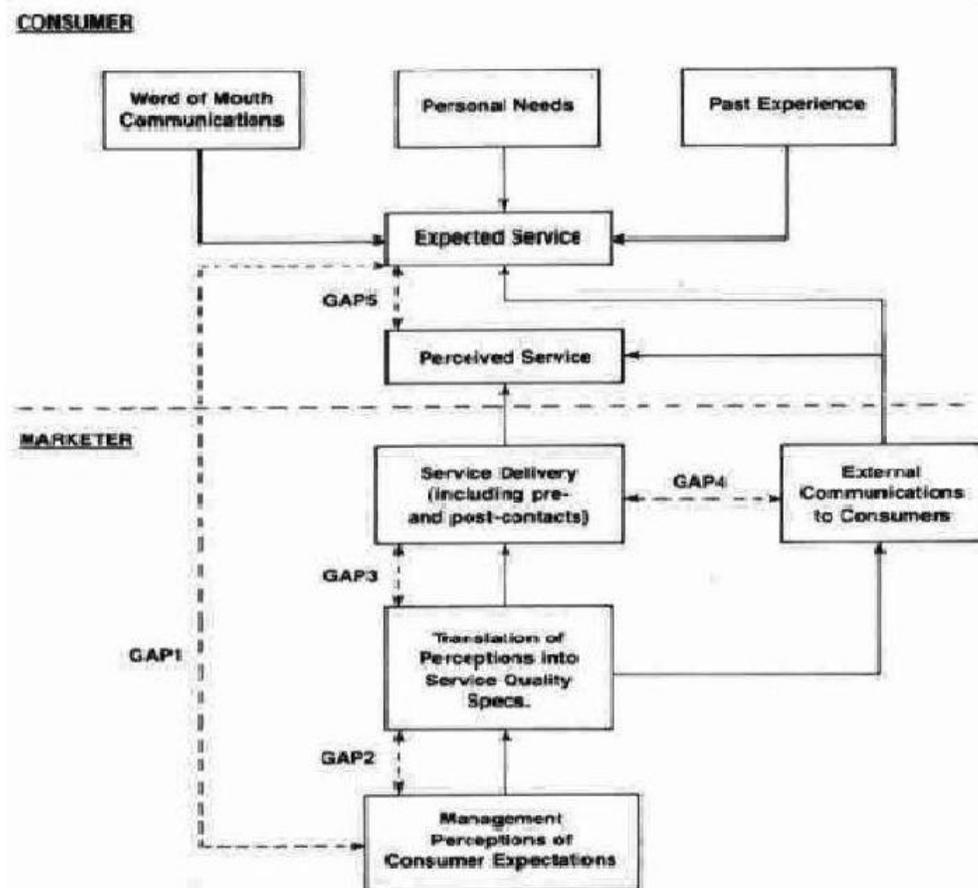


Figure 1: The SERVQUAL Model
Source: Parasuraman *et al.* (1985)

Furthermore, the gap score is then, on the 7-item of Likert scale (1 = strongly agree to 7= strongly disagree), the degree to which they agree with statements concerning their service expectations and their perception of the delivered service defined as the difference between the service performance and the service expectation.

Gap score = service performance – service expectation

And is, accordingly, a figure between -6 and +6. The higher the gap score, the higher is the perceived service quality (Parasuraman *et al.*, 1988). As is evident from the numerous studies of industry-tailored models, the five dimensions of the SERVQUAL model have, in the last 20 years, been criticized for not being generic and universal. Despite the theoretical and empirical criticism leveled against it, the SERVQUAL model has managed to establish itself as a recognized, generic method for measuring service quality. When applied to the real estate business, the SERVQUAL model could be operationalized as indicated in figure 2.

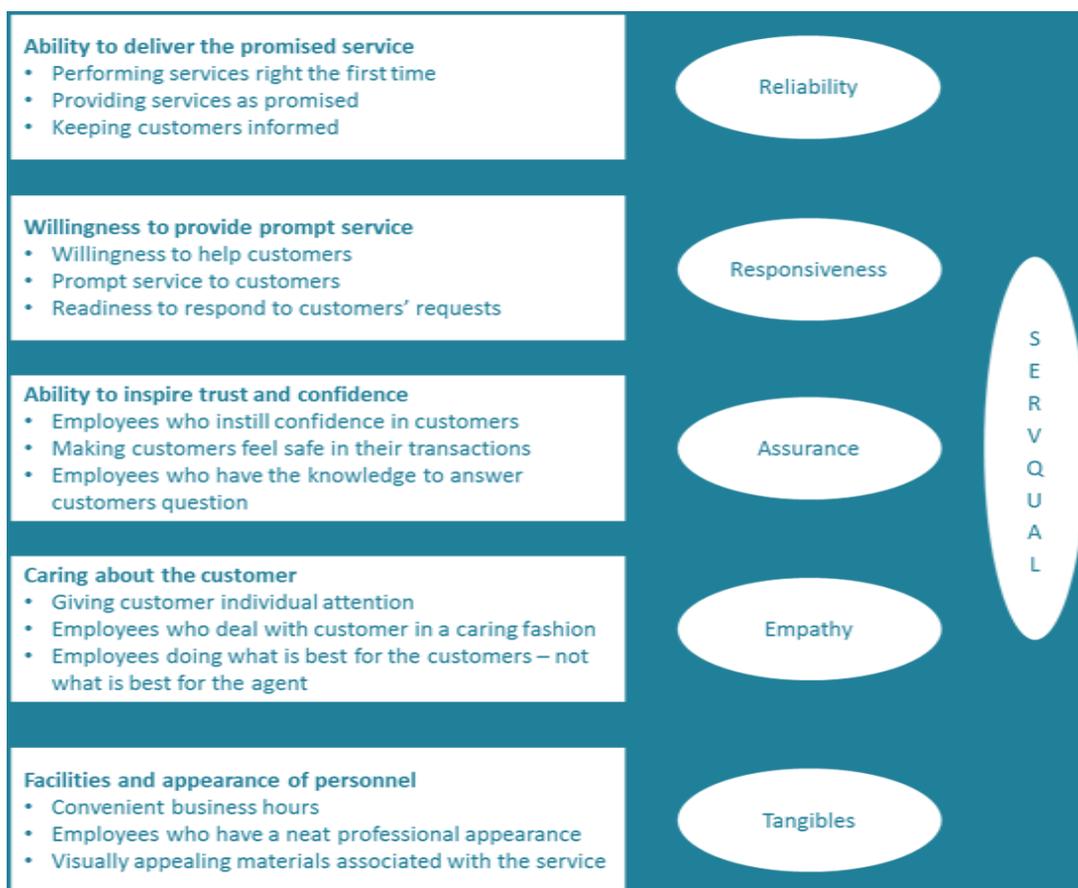


Figure 2: The classical SERVQUAL model with 5*3 items

2.1.6. The Integration of SERVQUAL into a Customer Satisfaction Index

A tool for making these customer satisfaction measurements is the so-called EPSI (European Satisfaction Performance Measurement) model, in which the three dimensions of value for

money, satisfaction, and loyalty are determined by the four dimensions of image, expectations, and product and service quality. We have come to know quite a bit about the model and its structure in a wide range of industries, and valid and reliable industry benchmarks have been created.

One of the great advantages of national customer satisfaction models is that they, using a series of suitably flexible, yet generic questions, can be employed in a vast array of different industries. This advantage, however, is also the weakness of the models, as the companies are often left with a number of indices, which are useful for benchmarking against other countries, companies, industries, and organizations, but are limited in providing knowledge about how to improve, for instance, the quality of service. In spite of this, little effort has been made to integrate established measurement systems such as SERVQUAL into a national customer satisfaction framework – and that is exactly the focus of this study.

If the integration goes well, the hope is to take the best from both worlds and end up with a model that is able to both provide deeper insights into the interpretation of the EPSI index and, by means of the SERVQUAL dimensions, provide us with useful information on how to improve the service quality.

The EPSI model exists in two versions, both operating with seven latent variables in total. One appears from figure 1 and consists of four latent exogenous (explanatory) and three latent endogenous (explanatory) variables. In the other – a distinct Swedish version – only image is considered exogenous.

2.1.7. Loyalty-Based Segmentation: Rebus-Pls Vs EPSI measurement

Since the introduction of the SERVQUAL model in the late 1980s, much work has gone into understanding the behavior of the service dimensions in different branches. The model has also been applied in the real estate business, but different studies have come up with different results regarding the existence of the service dimensions, and no effort has been made to investigate if this could be caused by heterogeneity in consumer behavior. Over the last decade, in partial least squares path modeling, a couple of techniques have arisen for detecting units showing these heterogeneous behaviors. By using the most recently developed algorithm, REBUS-PLS, on the

real estate business, this study identifies two segments with similar behaviors. The structural equation model used is a combined model, where the five SERVQUAL dimensions are integrated in a national customer satisfaction model – in this context the Extended Performance Satisfaction Index rating framework (EPSI model).

By being a distribution-free algorithm, the most recent one, response-based units segmentation (REBUS-PLS) (Trincherà, 2007; Vinzi et al., 2008), tries to overcome some of the inadequacies of its predecessors, and it has, by introducing a closure measure, been able to detect unobserved heterogeneity in both the measurement and structural models as well as in the whole model (Trincherà, 2007).

2.1.7.1. The PLS model

The structural equation model used in this article is a combined model, which integrates the five SERVQUAL dimensions into the EPSI model, a European national customer satisfaction model similar to its sister index, the American Customer Satisfaction Index (ASCI). Both EPSI and ASCI build on the Swedish-born professor Claes Fornell's customer satisfaction model (Fornell, 1992).

The EPSI version of the national customer satisfaction model is a structural equation model that operates with seven latent (non-observed) variables in total, of which the three variables value for money, satisfaction, and loyalty are considered endogenous and depend on the four exogenous variables image, expectations, product quality, and service quality (Kristensen et al., 2000).

Behind all seven latent dimensions lie a number of manifest (measurable) variables that are explored, and one of the great advantages of the national customer satisfaction models, such as EPSI and ASCI, is that they, using a series of suitably flexible, yet generic, questions for each latent variable, can be employed in a vast array of different industries.

One could argue that the model, on the one hand, provides companies with a number of indices, which could be used for benchmarking against other countries, companies, industries, and organizations, but that it, on the other hand, is limited in providing knowledge about how to

improve, for instance, the quality of service. To address this problem, the service dimension in the EPSI model will be supplemented with the five SERVQUAL dimensions (Kristensen et al., 2012).

➤ **EPSI Measurement on Agent Performance**

The real estate business and others stand out since these businesses operate with two types of “customers”; the seller who pays for the service and the buyer who, strictly speaking, receives the service for free. It is not a problem to come up with two models and apply the EPSI model on sellers as well as buyers. But, although these customers have a common interest in concluding a deal, they have conflicting interests when it comes to price and terms. The forthcoming study therefore simultaneously examines both sides of the coin. Even though the real estate agent is the seller’s agent, he must also take measures to satisfy the buyer, thus ensuring that he is in commission to sell and possibly also resell the property in the future. Accordingly, the real estate agent faces the challenge of being able to simultaneously secure a higher satisfaction level among both the buyer and the seller (Figure 4). As a result, in the real estate business, the satisfaction concept becomes multidimensional at the latent level, which entails some interesting challenges for the traditional EPSI model. This problem is new in customer satisfaction measurement, and a coming case study will hopefully result in an empirical model with reference to the EPSI model based on game- and agent-theoretical considerations.

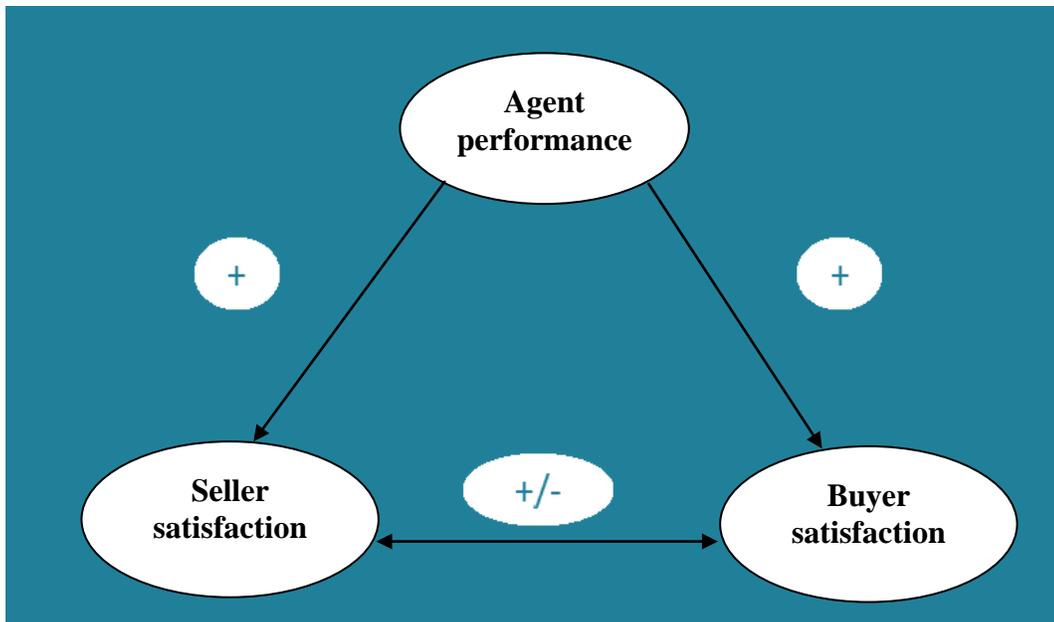


Figure 4: The buyer-seller-agent triangle

2.1.8. Measurements of Satisfaction in the Real Estate Businesses

2.1.8.1. Real Estate Agent Satisfaction

In 1989, Sweden became the first country to establish a standardized method for measuring customer satisfaction and customer loyalty across companies and businesses. Originally dubbed the Swedish Customer Satisfaction Barometer (SCSB), it built on the Swedish-born professor Claes Fornell's customer satisfaction model (Fornell, 1992). In 1994, SCSB was copied into the American sister index, American Customer Satisfaction Index (ASCI), and in 1998, the successful application of these indices led the European Commission to decide that Europe needed an equivalent standardized measurement instrument for customer satisfaction.

Since 1998, the EPSI model has evolved into an acknowledged, international model, which is used in 20 European countries. The model is also-called structural equation model with a total of seven latent variables—that is, non-observable variables. The model is presented in figure 1 below:

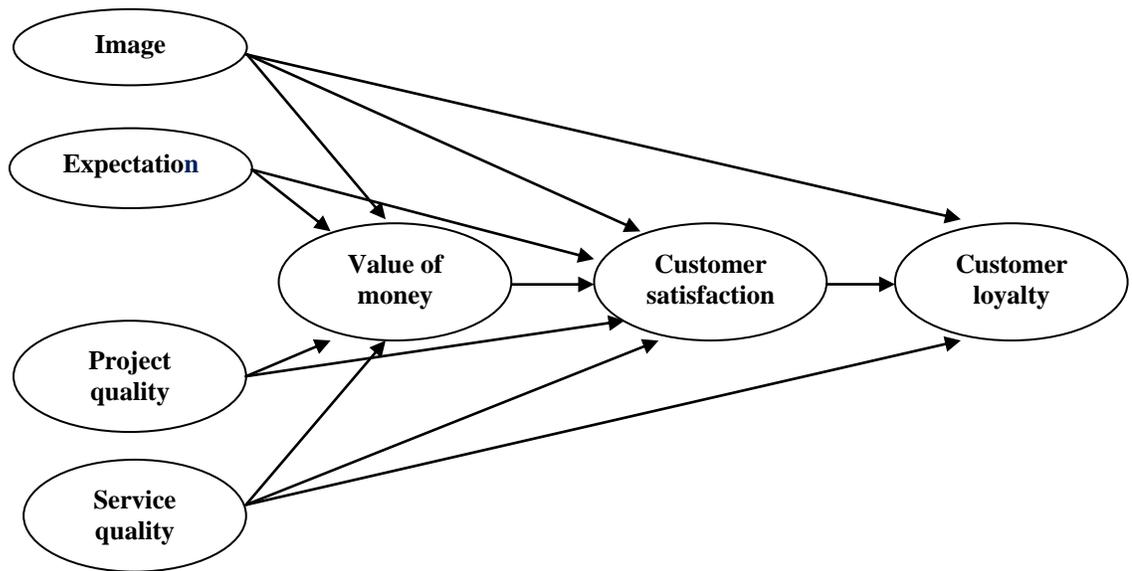


Figure 1: The EPSI Rating model

As it appears, the model consists of four latent exogenous (explanatory) variables and three latent endogenous (explanatory) variables. The ultimate expression of customer satisfaction is loyalty, and, accordingly, that is what ultimately needs to be explained in the model. Behind all seven latent dimensions lie a number of measurable (manifest) variables, which are explored. Naturally, in practice, many other relations than those indicated by the arrows may be included in the model, which is the historically original model, as it only depicts the expected connections (Kristensen *et al.*, 2000).

One of the great advantages of the EPSI Rating model is that, by using a series of generic and sufficiently flexible questions, the model is applicable in a wide range of different businesses. In Denmark, for instance, indices have been calculated since 1999 within banks, telephony, supermarkets, telecommunications, DIY markets and car dealers, among others.

In so far as the real estate business is concerned, the recent downturn in the real estate market has exposed signs of weakness among several actors in the real estate business is a business that for long, and especially during a long time of prosperity, has had the reputation of solely focusing on

the bottom line and fast sales. Accordingly, it raises the question of whether the real estate business over time has neglected the above-mentioned asset – the customer Loyalty.

The real estate business has not been particularly well-explored – only three articles exist that exclusively focus on sellers of real property – two American and one Scottish. As far as these researchers are concerned, the relation between, for instance, the customers' perception of image and product and service quality, on the one hand, and satisfaction and loyalty, on the other, is thus unknown within this business. Furthermore, to some extent, it is not entirely clear what the concept of service covers.

Based on a small random sample, the present paper uncorks a study of the business. The purpose is, in part, to illustrate to what extent the traditional EPSI instrument is challenged in a business where it might prove difficult to distinguish between product and service and, in part, to see how a series of the alleged correlations appear. In addition, the entire EPSI model will be estimated, allowing the researcher to identify which levers to pull in order to increase satisfaction and loyalty and thus the real estate agent's earnings.

2.2. Empirical Literature Review

Sanderson (2011) done a mixed method study entitled with treating the tenant as a customer: can good service improve real estate performance?, he uses a measures such as capital growth, income return, lease renewal rates and total return. The analysis is based upon a pilot study using occupier satisfaction responses from around 2500 interviewees based in multi-tenanted offices, shopping centers and retail warehouses on out-of-town retail parks in the UK. The analysis indicates adjusted five year total return does show correlation with occupier satisfaction for the sample as a whole, and for the individual asset classes. The finding further indicate income return shows a variable relationship with occupier satisfaction, according to the sector – positive correlation for shopping centers but inconclusive for offices and seemingly negative for retail parks in the sample studied. Income return is the net figure, after management costs are taken into account, so it seems possible that higher gross income achieved from higher occupancy and perhaps greater rates of lease renewal may be offset by increased property management costs in

the offices or retail units concerned. The benefits of increased satisfaction appear to accrue from greater total return rather than greater income return.

Lepkova and Butkiene (2016) used a survey method to analyze customer satisfaction with living conditions in new apartment buildings. The article presents the concept of customer satisfaction in construction and the criteria that define the quality of dwellings; the benefits, consequences, merits and demerits of the assessment of customer satisfaction are also named. The findings of the study indicate that customer satisfaction with dwellings is subjective and depends on their social background, habits, circumstances, experiences, expectations and needs. Lithuanian construction companies should use the customer feedback model, which provides information about customer satisfaction, leads to better decisions and helps to improve the quality of housing-related services and products. The analysis further indicates those economic motives, as well as the functional and technical properties of dwellings are the most important when choosing a dwelling.

Kärnä (2009) used a quantitative method to analyze the concepts and attributes of customer satisfaction in construction. The study consists of a summary and six independent articles. The study outlines a theoretical model of the relationships between the factors of customer satisfaction and examines the attributes of satisfaction. Regarding the level of customer satisfaction, the negative factors appear towards the end of the project. It is well described by the fact that in less successful projects, all sectors of the project are seen as poor, and if a project succeeds in one sector, it is likely to succeed in another as well. What is noteworthy here is that co-operation and contractor's quality of services are not separate dimensions but intertwine with the central processes of construction. Moreover, direct and indirect relationships can be perceived between the factors of customer satisfaction. The study offers new perspectives for customer-centered development of construction. The most significant targets for development in practice are related to communication and handover methods of a construction project. By developing these methods, the constructor can eliminate factors causing dissatisfaction and improve their operations and customer orientation.

Junnonen and Kankainen (2013) explore empirically the clients' main satisfaction/dissatisfaction factors. Empirical data is gathered from nearly 400 construction projects in Finland. The views of customer with respect to the performance of contractors are measured using five factors; quality assurance and handover, environment and safety at work, co-operation, personnel, site supervision and subcontracting. Several implications regarding customer satisfaction were drawn from the findings of the research. Customers were typically satisfied with the contractor's abilities to co-operate and the skills of contractor's workers and supervisors. In contrast, low satisfaction could be found for the items related to quality assurance and handover procedures and material. The common feature for the areas of low satisfaction items is that they come out in later phases of the construction project. In generally, the quality of contracted work and of overall service level has an effect on general satisfaction.

Omonori and Lawal (2014) use information from journals, books and online sources this study evaluates understanding customers' satisfaction in the construction industry in Nigeria. The results showed that the quality of the product is not usually dependent on the price of the product or services. Quality is seen as precedent of customer satisfaction. Quality of construction projects can be regarded as the fulfillment of expectations (i.e. the satisfaction) of those participants involved. It also showed that high customer satisfaction leads to relationship strength and a deep state of collaboration has also been found profitable. Companies use different form of customer satisfaction methods in developing and monitoring product or service offering in order to manage and improve customer relationship.

Song and Yan (2006) used household satisfaction index (HSI) model to assess customer satisfaction theory applied in the housing industry: an empirical study of low-priced housing in Beijing. Specifically, the empirical study analyzes the HSI of low-priced housing in Beijing. The results show that the HSI model is valid and the customer satisfaction theory can effectively analyze the housing industry. The results can help illustrate the factors which most affect customer satisfaction, and can be used to not only enhance the quality of homes and promote the housing market, but also to improve the standard of living for lower income people and provide suggestions to policy makers.

Palm (2014) made an assessment entitled with measuring customer satisfaction: a study of the Swedish commercial real estate industry. The aim was to identify the strategies of formal customer evaluations and the use of Satisfied Customer Index in the Swedish commercial real estate industry. The research was based on an inventory of twenty-four commercial real estate companies' use of formal customer evaluations and an analysis of fifteen interviews with top-level managers in the Swedish commercial real estate sector. The analysis shows that only half of the companies included in the study conduct formal evaluations, although they are considered to work customer oriented. Two different strategies for using formal evaluations is, for improvement work and for signaling quality. One proposed explanation to why only half of the companies conduct formal evaluations is the possibility that the official Swedish Real Estate Barometer is not sufficient if the company would like to use the result for organizational development. There are instead indications that this Barometer mainly is used in publicity and marketing purpose, to signal quality. The research in this paper is limited to Swedish commercial real estate sector. But, the overall strategies for conducting formal evaluations should be applicable in general. The insight the paper provides regarding how the industry perceive the Swedish Real Estate Barometer gives direct implications of improvements of the barometer.

Manivannan and Somasundaram (2014) used a survey method in order to analyze a research entitled with purchase of residential flats - factors influencing the decision of buyers in selected cities in Tamil Nadu. The property purchase is a complex decision-making process as evidenced by costly acquisition, infrequent purchase, riskiness, high self-expressiveness, and awareness among buyers of significant differences among product alternatives. Buyers are very particular about the property attributes that they are contemplating, thus, giving rise to differences in attribute preferences among them. In this context, property marketing can be problematic if developers do not have a sufficiently complete picture of buyers' preferences for such attributes. The present study is to study the factors that affect purchase decision of residential flat in the study areas. The result of the study reveals that the Basic Amenities is the most important factor while selecting a residential flat followed by Financials, Layout, Proximity, Connectivity, Environmental/Location, Recreational and Leisure and Goodwill factors while deciding to purchase residential flat in the study areas.

Rahman (2015) made a survey to exploring key contractor factors influencing client satisfaction level in dealing with construction project: an empirical study in Jordan. The aim of this paper is to reach the most important factors influencing client satisfaction level of performance provided by contractor in Jordanian construction industry. Satisfaction measurement is gauged by evaluating the level of client satisfaction of construction performance. The measurement of client satisfaction is also based on the quality of the end product. This evaluation is used to encourage contractors to improve their performance to a required level and to ensure that the projects are delivered as expected in terms of time, budget and quality. This paper discusses client satisfaction attribute on contractor performance. The results shows that there are seven extremely important factor that have a significant affect in client satisfaction level and immediately need to improve namely (1)service quality (2)Communication skills (3)adherence to budget, (4)safety performance, (5)adherence to schedule, (6)sit personnel skills, and (7)management capabilities.

CHAPTER THREE RESEARCH DESIGN AND METHODOLOGY

This chapter presents the overall research approach adapted and design, the data sources used, the data gathering techniques employed, the sampling frame, the data collection procedures, and the data analysis & presentation approach used in planning and carrying out this research. The study conceptual framework concentrated on the delivery of products service quality rendered on the company.

3.1. Research Design and Approach

The objective of this study was to assess customer satisfaction on service quality of Afro-Tsion Real Estate. For this particular research mixed method research approach was adopted to examine the level of customer satisfaction towards services rendered and identifying the determinants of service quality in real estate developers. Furthermore, descriptive research design was used, in the case of which descriptions of events are highlighted without giving attention to cause of the event or problem, using verbal (qualitative data) techniques as a principal data collection mechanism. Time dimension is cross sectional studies that is variable of interest is studied across the border at a specific point in time. Data is collected from different customers at different time.

3.2. Population and Sampling Design

The target population of this study was the customers of regular Afro-Tsion Real Estate. A non-probability convenience sampling was chosen for the survey; a sample of convenience is the terminology used to describe a sample in which elements have been selected from the target population on the basis of their accessibility or convenience to the researcher. The main assumption associated with convenience sampling is that the members of the target population are homogeneous. That is, there would be no difference in the research results obtained (Ross 2005). Furthermore, if a non-probability sampling was applied, we don't have specific method in determining sample size. But, it is not practical to collect data from the entire target population, so the researcher used a sample instead (Field 2005, p.35). According to Lindeman *et al.*, (1980) and Loo, (1983) cited on Kashan (2012) a minimum sample size of 75 to 200 is often recommended. Accordingly, using convenience sampling a total of 55 customers was taken as a sample; these sizes of sample were taken due to resource constraints.

3.3.Data collection Procedure

The required information for this study has been gathered from both primary and secondary sources. Primary data is collected through questionnaire and interview to understand the satisfaction obtained from the company. On the other hand the secondary data pertaining to the satisfaction of services was gathered from different publications affiliated with the issue of the research such as previous studies, office documents, journals and books.

The data for the variable of interest in the population investigate the level of satisfaction by the potential customers of the firm through collecting information from the target group. The study has taken three months as of the approval of the proposal. The method to study the research considered the tools designed in Likert Scale which is semi-structured and second is interview. These research tools have been used in the study because the instruments were assumed to be more effective in generating data from the participants about their opinions on the actual situation (Meriam, 1998).

3.3.1. Questionnaire for customers of the company

A questionnaire which is distributed to the respondents is used to study the customer satisfaction with regards to the service rendered by the company. The purposes of these questionnaires were used to triangulate or cross check the perception of house buyer about the service given from the firm. It is also intended to evaluate the satisfaction of the services and how far the quality of service be improved.

3.3.2. Interview

An interview was made with the participants of the study for the applicability of strategy and existence of customers handling policy. And also who afford the cost of houses that is presented by the company and what will be the future trends of the real estate industry is carried out with the higher officials of the developer and house buyers.

3.4.Procedures for Data Analysis and Presentation

As can be seen from the above discussion, mainly questionnaire is used to obtaining data for the study. The analysis of the data from the structured and semi structured questionnaire is carried out using descriptive statistics. These are mainly frequency counts and percentages. Further, chi-

square test was employed to test the hypothesis. The results of the open ended questionnaire and interview were described qualitatively and the findings are summarized. STATA was also used in order to analyze the data.

3.4.1. Model Specification: Ordinal Logistic Regression

If the dependent variable has ordered categories (i.e. the order of ranked variables is meaningful but the distances between them are arbitrary), you can use ordered logit. For some variables, the order is much clearer than for others, but always it is important to take care of whether it is the only possible order or if something else is there which makes sense better (Sarkisian 2004). According to Williams (2015), for ordinal dependent variable there are four different ways of treating the dependent variable. The first option is treating the variable as continuous and running the usual OLS regression or other techniques for continuous variables. The second option was ignoring the ordinality and treating the variable as nominal, i.e. use multinomial logit techniques, the third option was treating the variable as measured on a true ordinal scale like the professorial ranks of Full Professor, Associate Professor and Assistance Professor, they are ordered but it may or may not reflect crude measurement of some underlying continuous variable; the last option was treating the variable as though it were measured on an ordinal scale, however, the ordinal scale represent crude measurement of interval/ratio scale; For example, the categories “High, Medium, Low”. Accordingly, this study considers the dependent variable as true ordinal scale.

In this study, customer satisfaction was measured using a single-item measure. customers were asked to rate how much they were satisfied with the overall service of the university on a five-point Likert scale, ‘Strongly Disagree’, ‘Disagree’, ‘Undecided’, ‘Agree’ and ‘Strongly Agree’. Since the outcome variables for customer satisfaction were ordered and categorical, the most appropriate econometric estimation method to apply is ordinal logistic regression (Green 2000). The ordered logit models have come in to wide use as a framework of analyzing ranked responses (Parasuraman *et al.* 1988). Furthermore, according to Williams (2008) Ordered logit models are among the most popular ordinal regression techniques, however, the assumptions of these models are often violated, the parallel lines/proportional odds assumption often does not

hold. Hence, this study employs ordinal logistic regression model and the functional form of ordered logit model for customer satisfaction is specified as follows:

$$Y^* = \sum_{k=1}^K \beta_k X_{ki} + \varepsilon_k \quad (1)$$

Y^* is a continuous, unobserved and unmeasured latent variable whose values determine what the observed ordinal variable Y equals

ε is a random disturbance term with zero mean and a standard normal or logistic distribution: $\varepsilon \sim N(0, 1)$. The continuous latent variable Y^* has various threshold/cut-off points. (κ is the Greek small letter Kappa.)

The value on the observed variable Y depends on whether or not you have crossed a particular threshold/cut-off points. Thus, when $M=3$, what we do observed is;

$$Y = \begin{cases} 1, & \text{if } Y^* \leq \mu_1 \\ 2, & \text{if } \mu_1 < Y^* \leq \mu_2 \\ 3, & \text{if } \mu_2 < Y^* \leq \mu_3 \end{cases} \quad (2)$$

Where: Y , is observed in j number of ordered categories, μ s are unknown threshold/cut-off point parameters separating the adjacent categories to be estimated with β s. The continuous latent variable Y^* can be rewritten as;

$$Y^* = \sum_{k=1}^K \beta_k X_{ki} + \varepsilon = Z_i + \varepsilon_i \quad (3)$$

The Ordered Logit Model estimates part of the above:

$$Y^* = \sum_{k=1}^K \beta_k X_{ki} + \varepsilon = E(Y^*) \quad (4)$$

Note that, because of the random disturbance term, the unmeasured latent variable Y^* can be either *higher* or *lower* than Z . Note also that there is no intercept term. You then use the estimated $M-1$ cut off terms to estimate the probability that Y will take on a particular value. In this case since $M=3$, the formulas are:

$$\begin{aligned}
 P(Y = 1) &= \frac{1}{1 + e^{Z_i - k_1}} \\
 P(Y = 2) &= \frac{1}{1 + e^{Z_i - k_2}} - \frac{1}{1 + e^{Z_i - k_1}} \\
 P(Y = 3) &= 1 - \frac{1}{1 + e^{Z_i - k_2}}
 \end{aligned}$$

The cumulative probabilities can also be computed using the form:

$$Prob(Y = j) = 1 - L(\mu_{j-1} - \sum_{k=1}^j \beta_k X_k)$$

Where: $L(\cdot)$ represents cumulative logistic distribution

CHAPTER FOUR DATA ANALYSIS AND PRESENTATION

The purpose of this chapter is to present and discuss the data generated from the questionnaire and interview. This section in general has two sections; the first section deals with the personal profile of respondents and the second section discusses about satisfaction level and determinants of customer satisfaction towards service quality.

4.1. Demographic Characteristics of Respondents

4.1.1. Gender and Job of Respondents

Totally 55 respondents were interviewed for the purpose of this study where majority (83.64%) of the respondents were male, and the rest 16.4 percent were females. Respondents were also asked about their job, accordingly 9.09 percent of the respondents were general managers, 23.64 percent were DGM and the rest 67.27 percent belongs to different type of job category. Three different age category was found, sequentially 18 to 28, 29 to 38 and 40 to 61. Accordingly, 4 (7.25%) of the respondents fall in the first group, 38.2 percent of the respondents were belongs to the second group, and the rest 54.55 percent of the respondents goes to the third age group (table 4.1).

Table 4.1 Gender and job category of respondents

Gender		
	Freq	%
Male	46	83.64
Female	9	16.4
Total	55	100%
Job		
General Manager	5	9.09
DGM	13	23.64
Others	37	67.27
Total	55	100%
Age group		
18-28	4	7.25
29-39	21	38.2
40-61	30	54.55
Total	55	100%

Source: own survey

4.2.Satisfaction level and Determinants of Service Quality

4.2.1. Respondents' satisfaction level to customer service

As mentioned earlier, the questionnaire was also intended to find out that the extent of the customer satisfaction with the provision of service rendered by Afro-Tsion Real Estate. Therefore, the Likert scale analysis is discussed below.

As can be seen from table 4.3 below, the first two items were intended to measure up the satisfaction levels of respondents concerning the location and cost of residential house. In this regard, out of the total (55) respondents (72.73%) of them expressed their view that, they were satisfied with the location of the houses and 65.46% forwarded their view that they were unsatisfied with the sales cost of the house. Concerning the delivery time, out of the total respondents' 81.82 percent was unsatisfied. On the other hand 85.20 percent of the total respondents confirmed their answer as unsatisfied pertaining to delivery of clear document and responsibility for the property of sold houses. On the issue of availability of infrastructure like drinking water, electricity, road, etc. 86.12 percent of the total respondents confirmed their answer as unsatisfied.

Respondents were also asked about the costs of construction, accordingly, more than 72 percent of the respondents were not satisfied with the construction costs of the house; conversely, 27.27 percent of them were happy with the cost of the purchased houses. Close to 82 percent of the sampled customers confirmed that they were satisfied with the accommodation of individual's interest in the compound; on the other hand, 18.18 percent of them were unsatisfied with the accommodation of individual interest.

Generally, ten (10) questions were used to measure the satisfaction level of customer towards service. Totally, three questions were employed to test the satisfaction of customers with respect to reliability. Accordingly, 3.34 percent of respondents select "Very Satisfied", 36.65 percent of respondents select "Satisfied", 11.96 percent of them select "Neutral", 37.02 percent of them select "Dissatisfied" and the rest 11.09 percent select "Very Dissatisfied". This particular variable has got a mean score of 3.02 with a standard deviation of 0.841 which approaches to neutral level. Hence, even though considerable amount of customers had good feeling about the service quality of the organization;

however, majority of its customers didn't well satisfy with the service delivery of the institution (table 4.3).

Table 4.3 Satisfaction level of respondents

Statement about customer satisfaction	VS	S	N	U	VU	Mean	St. deviation
I am satisfied by the location of the house	0	72.73	27.27	0	0	2.2	0.984
I am satisfied by the cost of the house	0	10.15	24.39	65.46	0	3.4	1.024
I am satisfied by the delivery time	0	10.15	8.03	36.36	45.46	3.6	0.672
I am satisfied by the employees presentation	0	10.15	24.39	65.46	0	3.2	1.001
They give option for internal modification works	0	72.73	27.27	0	0	2.1	0.824
Delivery of clear document and responsibility for the property sold	0	6.15	8.29	85.56	0	3.8	0.933
Availability of infrastructure for property sold	0	17.09	0	72.73	10.18	4.1	0.503
Construction cost, of the purchased house	0	27.27	0	18.18	54.55	3.6	0.677
Accommodate individuals interest in the compound	27.27	54.55	0	18.18	0	2.3	0.899
The trends of customer service in the company	6.15	85.56	0	8.29	0	1.9	0.893
satisfaction level to customer service	3.34	36.65	11.96	37.02	11.09	3.02	0.841
<i>Where, VS = Very Satisfied, S = Satisfied, N = Neutral, U = Unsatisfied, VU = Very Unsatisfied</i>							

Source: own survey

4.3.Determinants and Perceptions of Customer Satisfaction on Service Quality

4.3.1. Descriptive Statistics

Main source of data used for this study, as discussed in chapter three, was Likert scale type of questionnaire for customers of the company. One purpose of the questionnaire was to gather information about the customer agreement on the customer service quality rendered by the company. Also, the questionnaire was intended to find out the extent of the customer satisfaction

with the service dimension of reliability, responsiveness, assurance, empathy and tangibility by the company. The results of the questionnaire are presented below.

4.3.1.1. Reliability

With regard to reliability questions was raised for customers; accordingly, more than 81 percent of the respondents agreed that they get performing service right the first time; conversely, 5.86 percent of them replied that they didn't get performing service right the first time. The rest 12.32 percent of respondents neither agree nor disagree. 75.54 percent of sample customers said that the organization provide service as promised, on the other hand, 21.35 percent of them replied that the organization didn't provide service as promised. The rest 3.11 percent of them neither agree nor disagree. Furthermore, more than 85 percent of the respondents feel that the company keep informed its customers, whereas, the rest 13.97 neither agree nor disagree with regard to customer information.

Totally, three questions were employed to test the satisfaction of customers with respect to reliability. Accordingly, 8.13 percent of respondents select "Strongly Agree", 73 percent of respondents select "Agree", 9.8 percent of them select "Neutral", and the rest 9.07 percent select "Disagree". No respondents select "Strongly Disagree". This particular variable has got a mean score of 2.036 with a standard deviation of 1.000 which approaches to agree level. Hence, even though considerable amount of customers had reservation on reliability of service quality of the organization; however, majority of its customers are well satisfied with the service delivery of the institution (table 4.4).

Table 4.4 service quality description with respect to reliability

Item	SA	A	N	D	SD	Mean	St. deviation
I get performing service right the first time	7.27	74.55	12.32	5.86	0	2.11	1.012
They provide service as promised	0	75.54	3.11	21.35	0	1.99	0.987
They keeping customers informed	17.12	68.91	13.97	0	0	2.01	1.001
Reliability	8.13	73	9.8	9.07	0	2.036	1.000
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.1.2.Responsiveness

The employees of the organization are willing to help customers, this was agreed by 79.44 percent of respondents; the rest 20.56 percent of them neither agree nor disagree. Majority (85.70%) of the respondents confirmed that the organization employee give prompt service to customer, the rest 14.30 percent of the respondents neither agree nor disagree. on this regard none of the respondents select strongly disagree. Furthermore, 89.70 percent of the respondents also confirmed that the employees of the organization are ready to respond to customers' request; on the other hand, 10.30 percent of the respondents neither agree nor disagree.

Generally, three questions were employed to test the satisfaction of customers with respect to responsiveness. Accordingly, 31.81 percent of respondents select “Strongly Agree”, 53.13 percent of respondents select “Agree”, and 15.05 percent of them select “Neutral”. No respondents select “Disagree” and “Strongly Disagree”. This particular variable has got a mean score of 1.96 with a standard deviation of 0.9996 which lay on agree level. Hence, majority of its customers are well satisfied with the service delivery of the institution with respect to responsiveness (table 4.5).

Table 4.5 description of service quality with respect of responsiveness

Item	SA	A	N	D	SD	Mean	St. deviation
They are willing to help customer	54.33	25.11	20.56	0	0	2.20	0.998
They give prompt service to customer	25.55	60.15	14.30	0	0	1.79	1.023
They are ready to respond to customers' request	15.55	74.15	10.30	0	0	1.89	0.978
Responsiveness	31.81	53.13	15.05	0	0	1.96	0.9996
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.1.3. Assurance

The employee of Afro-Tsion Real Estate instills confidence on customers, this is confirmed by 80.80 percent of the respondents; on this regard 19.25 percent of them neither agrees nor disagrees. None of the respondents confess negatively with respect to creating confidence on customers. 89.85 percent of the respondents confirmed that the employee of the organizations make customers feel safe in their transaction, whereas, 10.15 percent of them didn't know about this thing. Furthermore, employees answer customers question with the necessary knowledge, this concern was confirmed by 80.49 percent of the sampled customers; conversely, 7.19 percent of the respondents replied that the employees didn't answer customers question with knowledge. The rest 12.32 percent of them neither agree nor disagree.

Generally, three questions were employed to test the satisfaction of customers with respect to assurance. Accordingly, 21.03 percent of respondents select "Strongly Agree", 62.67 percent of respondents select "Agree", and 13.90 percent of them select "Neutral", 2.39 percent of respondents select "Disagree". No respondents select "Strongly Disagree". This particular variable has got a mean score of 2.05 with a standard deviation of 0.9577 which lay on agree level. Hence, majority of its customers are well satisfied with the service delivery of the institution with respect to assurance (table 4.6).

Table 4.6 description of service quality with respect of assurance

item	SA	A	N	D	SD	Mean	St. deviation
Employees who instill confidence in customers	30.65	50.15	19.25	0	0	2.31	0.9891
Making customers feel safe in their transaction	25.65	64.20	10.15	0	0	1.87	0.8910
They have employees who answer customers question with knowledge	6.81	73.68	12.32	7.19	0	1.99	0.993
Assurance	21.03	62.67	13.90	2.39	0	2.05	0.9577
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.1.4. Empathy

The employee of the organization give each customer individual attention, this was confirmed by only 23.22 percent of the respondents; however, majority (56.18%) of the respondents said that the employees didn't give individual attention for customers. 91.75 percent of the respondents confirmed that employees are deal with customer in caring fashion; on this regard, the rest 8.25 percent neither agree nor disagree. furthermore, 4.45 percent of the respondents said that employees didn't do what is best for the customers but not for the agent; on the other hand majority of the respondents neither agree nor disagree with respect to employees best doing for customers versus agents.

Generally, three questions were employed to test the satisfaction of customers with respect to empathy. Accordingly, 1.38 percent of respondents select "Strongly Agree", 36.94 percent of respondents select "Agree", and 41.46 percent of them select "Neutral", 20.21 percent of respondents select "Disagree". No respondents select "Strongly Disagree". This particular variable has got a mean score of 3.01 with a standard deviation of 0.939 which lay on Neutral level. Hence, majority of its customers are well satisfied with the service delivery of the institution with respect to assurance (table 4.7).

Table 4.7 description of service quality with respect of empathy

item	SA	A	N	D	SD	Mean	St. deviation
They are giving customer individual attention	0	23.22	20.60	56.18	0	3.99	0.849
Employees who deal with customer in caring fashion	4.15	87.60	8.25	0	0	1.85	0.972
Employees doing what is best for the customers but not for the agent	0	0	95.55	4.45	0	3.2	0.998
Empathy	1.38	36.94	41.46	20.21	0	3.01	0.939
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.1.5.Tangibles

The employee of Afro-Tsion Real Estate Employees has a neat professional appearance, this was confirmed by 91.55 percent of the respondents; however, the rest 8.45 percent of the respondents neither agree nor disagree. 80.11 percent of the respondents confirmed that the organizations business hours are convenient for customers. Furthermore, 60.65 percent of the respondents confirmed that the appealing materials were visually associated with the service; conversely, 8.95 percent of them replied that the appealing materials were not visually associated with the service.

Generally, three questions were employed to test the satisfaction of customers with respect to tangibles. Accordingly, 1.71 percent of respondents select “Strongly Agree”, 75.73 percent of respondents select “Agree”, and 19.56 percent of them select “Neutral”, 2.98 percent of respondents select “Disagree”. No respondents select “Strongly Disagree”. This particular variable has got a mean score of 2.13 with a standard deviation of 0.9746 which approaches to Agree level. Hence, majority of its customers are well satisfied with the service delivery of the institution with respect to assurance (table 4.8).

Table 4.8 description of service quality with respect of tangibles

item	SA	A	N	D	SD	Mean	St. deviation
Employees who have a neat professional appearance	0	91.55	8.45	0	0	1.92	0.945
Convenient business hours	0	80.11	19.89	0	0	1.98	1.001
Visually appealing materials associated with the service	5.15	55.55	30.35	8.95	0	2.5	0.978
Tangibles	1.71	75.73	19.56	2.98	0	2.13	0.9746
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.1.6. Overall Satisfaction

The sample customers of the organization were also asked to rate the overall satisfaction level of them with respect to the overall service delivery of the organization. Accordingly, 14.41 percent of respondents select “Strongly Agree”, 57.39 percent of respondents select “Agree”, and 10.23 percent of them select “Neutral”, 11.19 percent of respondents select “Disagree” and the rest 6.78 percent of them select “Strongly Disagree”. This particular variable has got a mean score of 2.8 with a standard deviation of 0.9681 which approaches to Neutral level (table 4.9).

Table 4.9 description of the overall satisfaction level of customers

item	SA	A	N	D	SD	Mean	St. deviation
Overall satisfaction	14.41	57.39	10.23	11.19	6.78	2.8	0.9681
<i>Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree</i>							

Source: own survey

4.3.2. Summary Statistics of all Variables

Generally, five different service dimensions were identified reliability, responsiveness, assurance, empathy and tangibles. With regard to reliability aspect of service quality majority (81%) of the respondents had good intentions; apparently, high (84%) amounts of sampled customers agreed positively on the responsiveness aspect of service dimension. Furthermore, the service dimensions of assurance and tangibility were the other aspect of service which had got positive response by 83 and 77 percent of the respondents respectively. Comparatively, the least positive response was scored on the service dimension of empathy; only around 38 percent of the respondents give positive response for this particular variable (Fig 4.1).

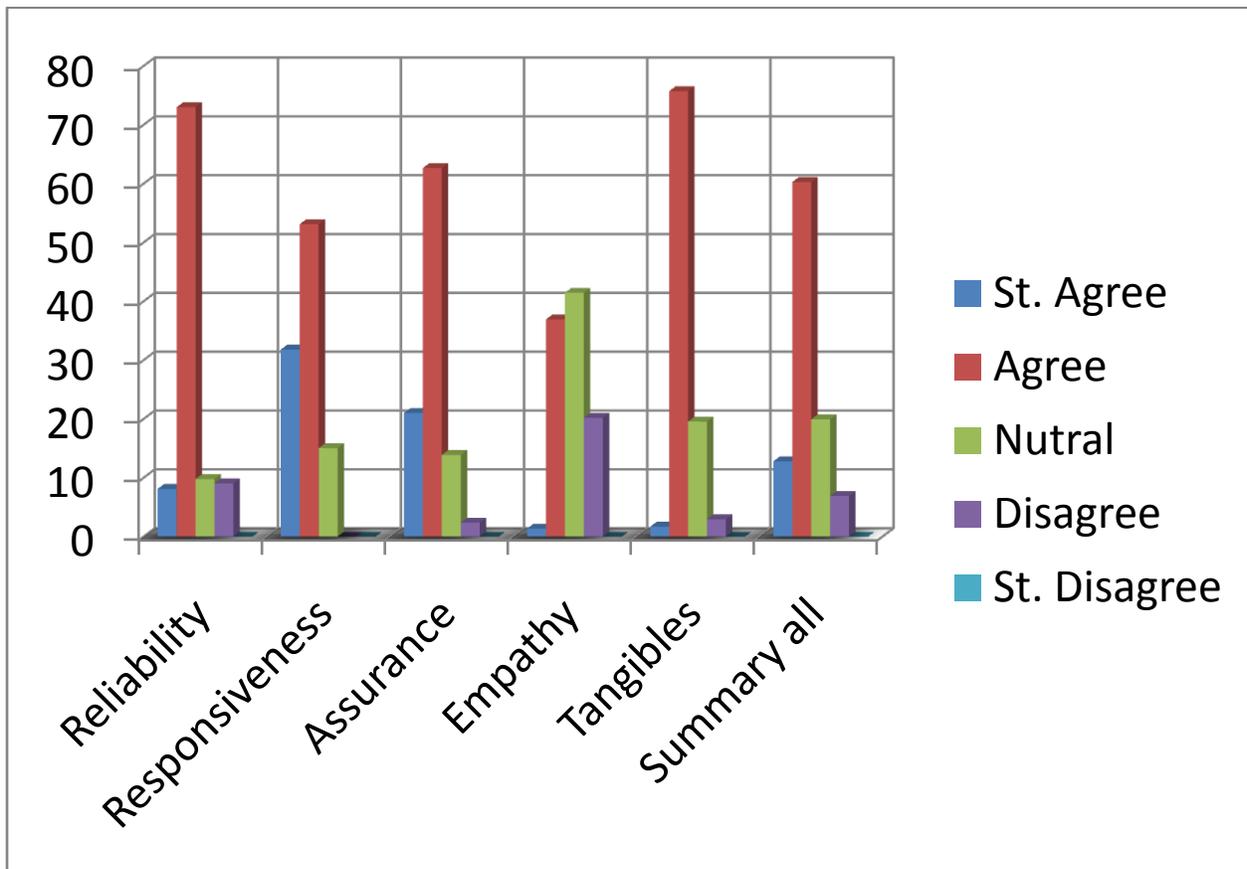


Fig 4.1 Summary statistics of all service dimensions

4.4. Correlation Analysis

According to Brown (2011), from a Likert scale perspective, even if we were to accept the erroneous idea that Likert items are ordinal, saying that the resulting data must be analyzed as though they too are ordinal is like saying that test items that are scored right or wrong are nominal so data based on them must be analyzed as though they are nominal. Test scores are usually based on nominal right/wrong items, yet the total scores are always treated as interval data. If the single argument (that Likert item options are ordinal) is wrong, then the compound argument (that Likert scales are ordinal because Likert items are ordinal) is doubly wrong.

Despite all the discussion of the ordinal nature of Likert items and scales, a number of articles argued that Likert items do not form an interval scale, instead it should be taken as ordinal scales, hence, it should be analyzed accordingly (Coombs 1960; Vigderhous 1977; Jakobsson 2004; Jamieson 2004; Knapp 1990; Kuzon *et al.* 1996). Therefore, this study consider non-parametric test as appropriate association measurement tools, and chi-square test is employed in order to run the correlation analysis.

The summary mean statistics indicated that on average 12.81 percent of the respondents replied they are satisfied at a very great extent, 60.29 percent of the respondents satisfied at a great extent; conversely; 6.93 percent of the respondents dissatisfied with the service at a great extent. The rest 19.95 percent of the respondents neither agree nor disagree with these service dimensions at any extent.

Furthermore, a correlation analysis were also made in order to test whether a relationship is exist or not between the overall customer satisfaction and reliability, responsiveness, assurance, empathy, and tangibles. Among the five variables only three of them are significant. Accordingly, a chi-square test was performed and a relationship was not found between customer satisfaction and reliability, $X^2(48, N = 55) = 84.45, p = 0.321$. Also customer satisfaction and assurance didn't have significant association; accordingly, a chi-square test was performed and a relationship was not found between customer satisfaction and assurance, $X^2(42, N=55) = 54.05, p = 0.405$.

Responsiveness, empathy and tangibility have significant association with customer satisfaction. Accordingly, a chi-square test was also performed and a relationship was found between customer satisfaction and responsiveness, $X^2(55, N=55) = 123.5, p < 0.001$. The other significant variable was empathy, accordingly, a chi-square test was performed and a relationship was found between customer satisfaction and empathy, $X^2(48, N=55) = 117.4, p = 0.022$. Furthermore, tangibility also has significant effect on customer satisfaction, accordingly, a chi-square test was performed and a relationship was found between customer satisfaction and tangibility, $X^2(51, N=55) = 115.47, p = 0.031$.

Table 4.10 summary description of all variables and correlation analysis

item	SA	A	N	D	SD	Mean	Pearson Chi-Square	Sig. (2-sided)
Reliability	8.13	73	9.8	9.07	0	2.036	84.45 ^a	0.321
Responsiveness	31.81	53.13	15.05	0	0	1.96	123.51 ^a	0.000
Assurance	21.03	62.67	13.90	2.39	0	2.05	54.05 ^a	0.405
Empathy	1.38	36.94	41.46	20.21	0	3.01	117.405 ^a	0.022
Tangibles	1.71	75.73	19.56	2.98	0	2.13	115.477 ^a	0.031
Summary of service	12.81	60.29	19.95	6.93	0	2.23		

Where, SD= Strongly Disagree, D= Disagree, N=Neutral, A=Agree, SA=Strongly Agree

Source: own survey

4.5.Econometric Analysis: Determinants of Customer Satisfaction

4.5.1. Preliminary Tests

This study was conducted in order to measure the satisfaction of customers at Afro-Tsion Real Estate. Hence, with regard to the detection of the determinants of customer satisfaction Ordered Logit model was employed. However, before running the regression a preliminary test of Multicollinearity was performed. Accordingly, the data was free of Multicollinearity problems.

4.5.2. Model Estimation Results

As projected in the theoretical sections, the key research question was to test how different service dimensions determine customer satisfaction. Specifically, this study analyzes how reliability, responsiveness, assurance, empathy and tangible determine customer satisfaction. Furthermore, customer satisfaction was estimated using Ordinal logistic regression (Ologit) model. The coefficient of determination (R^2) for the model is 0.2911 showing that the model explained 29.11% of the variation in the level of customer satisfaction and the overall model is statistically significant.

The results of the econometric model estimation revealed that reliability, responsiveness, empathy and tangibility had significant effect on customer satisfaction, whereas, assurance didn't show significant relationship with customer satisfaction.

Accordingly, one of the independent variables that affected service satisfaction of customer is tangibility. This variable is positively and significantly associated with customer satisfaction. Furthermore, given all the other variables in the model held constant, odds ratio greater than one suggested that, customers are more likely to be satisfied with the present service with respect to tangibility of the organization. This implies with the current level of tangible service customers are more likely to be in the category of highest level of satisfaction, which means increasing the quality of academics service leads to increase the satisfaction of customer.

In terms of responsiveness issue, the regression result revealed that this variable is also positively and significantly associated with customer satisfaction. Given all the other variables in the model held constant, an odd ratio less than one suggested that customers are less likely to be satisfied with the current responsive service. This implies with current responsive service customer are more likely to be in the lowest level of satisfaction, increasing the responsive service leads to increase customer satisfaction.

The other two variables which were hypothesized are empathy and tangibility. Given all the other variables in the model held constant, an odd ratio less than one suggested that customers are less likely to be satisfied with the current empathy and tangible service. This implies with current tangible and empathy service customer are more likely to be in the lowest level of satisfaction, increasing the tangible and empathy service leads to increase customer satisfaction (table 4.11).

4.6. Summary of Interview Analysis

The interview used for the higher officials of the company was made on general and deputy managers as well as department heads. It was intended to know about customer satisfaction handling strategy and whether the company had policy or not which aimed at the provision of quality service delivery for the satisfaction of customer. The first raised issue was about the applicability of customer satisfaction strategy and policy and secondly the interview concerns the method of checking customer satisfaction, how they determine service quality rendered by the company and the like.

According to the officials first and for most the organization has special flow up to give training for employees in order to improve their capacity since the strong competitiveness of any organization comes out from its staff; apart from this based on research the organization tries to follow good payment strategy for the house buyer. The officials further explains not only they strictly follow whether the promised service were delivered or not, they also facilitate credit for their customer house buyer. In addition to the above points the organization put its payment system in simple and understandable way for every of its customers such as the organization had clear and defined lease land payment on the sales price.

Furthermore, the officials of the organization explains that checking and seeing the customer satisfaction is made by collecting feedback in written paper and faces to face conversation after they visit the site. The company strategies to satisfy customer service quality are give option to the client to participate on internal partition and finishing works, mode of payment is suitable for house buyers, and additional payment will be made if the client ordered different material beyond the specification only for the difference amount otherwise no change on the sales amount after the contract is signed.

Regarding checking and how far they see customer satisfaction: the officials were responded that they consult the house buyer or customer during construction phase to give them a feedback by written paper, when the customers are visiting the construction site. Besides, they request the customer if there is any inconvenience on the company service. Furthermore, the response of the officials about the determinants of service quality rendered in the company to satisfy the customer they have option for payment term, delivery of the house as per the contract,

completion time, and quality of works.

In Ethiopia the practice of real estate sector is not satisfactory; even if, some are deliver the sold house to the owner lately. The business trend of a real state on the country is not well defined due to lack of national strategy and policy. However, in the company, they plan to prepare lower price per square meter to accommodate majority of the community in different location of the city.

In relation to customer satisfaction strategy and policy, the company giving different alternatives on the type of houses that can satisfy the customers on their capacity. They give option to internal partition modification works and finishing material changes based on client interest without affecting the compound effect. The company higher official also suggests the need of improvement on the service customer satisfaction and real estate firms should have a better system regarding giving information for their customers. These includes progress of the work, updated information for the new house buyers, location of the houses and built up area, number of rooms, and how the house is furnished, specification of the materials so that buyers can easily make a decision. According to the managers in regard to the above mentioned service quality aspect even thought it needs improvements; however, Afro-Tsion Real Estate had good progress in these respects,

The location of houses preferred and appropriates for residential house by the house buyer is being center of the city and the one that have good infrastructure to get organized services. To satisfy customers' needs in relation to cost of houses, the land, material and labor costs have to be consistent with market that makes the selling price of the house per square meter is becoming expensive that is not affordable to the middle income groups and most real estate firms targeted their customers on higher income groups. However, to satisfy customers Afro-Tsion Real Estate had short and long-term plan to build cost effective houses for middle income peoples.

CHAPTER FIVE

SUMMARY, CONCLUSIONS, RECOMMENDATIONS AND SUGGESTIONS

5.1. Summary

The purpose of the study was intended to answer the following research questions:

- To what extent are property buyers satisfied with services rendered by the real estate developer?
- What are the determinants of service quality in real estate developers?
- Are real estate developers' determinants and perceptions of service quality the same as those of property buyers?
- What legal formulation should be done to gain confidence for Property buyer's towards liability problem?

The method of study used includes research design, data sources used, data gathering techniques employed, sampling frame, data collection procedures, and the data analysis & presentation approach used in planning and carrying out this research.

The major findings of the study are summarized as follows.

- The results obtained from the determinants and perceptions of customer service quality, SERVQUAL dimension is a crucial indicator to observe whether customers are agreed or not on the service provided by the company. These dimensions include reliability, responsiveness, assurance, empathy and tangibility that directly affect the customers' satisfaction.
- Almost all respondents of the customers were agreed that, the performing service was obtained from the company right the first time. They provide service as promised and this shows the reliability of the company. Most of the respondents agreed that responsiveness and assurance rendered to the customer were satisfactory.
- However, the results obtained from the view point of satisfaction indicate that, the selling and delivery time of sold house modality is unsatisfactory. Besides, availability of infrastructure for the property they bought made them unsatisfied. Specially, the

absence of electricity and drinking water.

- The findings obtained from open ended questionnaire show that, customer satisfaction cannot be measurable and quantified. Most of the respondent confirmed that, service provision is not dependent only on tangible goods but, has value for satisfaction.
- In regards to current situation and future trend of the company, the respondents gave their opinion for the service quality concerning on the sales price of residential houses and delivery time of the project. Accordingly, most of them are satisfied by customer handling and continuous support to the client. But, fear of high cost of house and they may not deliver the project within the given time and contract. In the future, the respondents are expecting from the company to provide loan facility to house buyers.
- Concerning unique service quality of the firm, the respondents' said that they provide options to the customer to made internal finishing and partition works based on the customer interest. Besides, they are not request additional payment to house buyers after signing of contract.
- With regard to the applicability of customer satisfaction strategy, policy and their practices. The respondents confirmed that giving due attention to coordinated customer handling management strategy has of paramount importance. And also, they pay attentions to serve the customer for their request and have a practice to give special training for their employees to follow up client service quality.
- Based on the lease land situation, the higher official responds that the cost of the land is included in the sales price and then no additional fee is expected from the customer upon which the government policy is strictly applicable.
- The open ended questionnaires a represented to higher officials of the company; and accordingly all of them are confirmed that checking and seeing the customer satisfaction by collecting feedback in written paper and faces to face conversation after they visit the site is mandatory. The company strategies to satisfy customer service quality are give option to the client to participate on internal partition and finishing

works, mode of payment is suitable for house buyers, and additional payment will be made if the client ordered different material beyond the specification only for the difference amount otherwise no change on the sales amount after the contract is signed.

5.2. Conclusions

The general objective of this study was to assess the provision of quality service delivery to potential customers' satisfaction by real estate developers and thereby to recommend way to improve service delivery arrangement. The research was specifically intended:

- To examine the level of customer satisfaction towards services rendered by the real estate developer
- To identify the determinants of service quality in real estate developers
- To identify the legal formulation that should be done to gain confidence for Property buyer's towards liability problem
- To recommend the required base line information for further study in the area of quality service delivery provision for customer satisfaction by real estate developers.

As indicated above the objective of the study was to assess and identified determinants of service quality in real estate agency, investigated the level of property buyers satisfaction with services rendered and identified the major causes of poor service delivery.

Real Estate agents consider the services they render to be above average and therefore expect their customers to be satisfied. But since it is only customers who judge quality, it is the customers therefore, in these case property buyers, who judges whether or not quality service is being delivered and according to them, it is not in overall. Efforts therefore need to be put in place to improve on these areas and service quality overall. To bridge the performance gap, the management should strive to empower and motivate every employee who will in turn strive to satisfy clients.

Performance feedback and evaluation are therefore necessary to improve service quality because they provide a base for implementing corrective behavioral attributes and improving future

service quality. But, since quality is a concept defined by specific attributes and performance standards relative to competitors, real estate agency firms should concentrate on improved service quality based around client's requirements and include quality concepts at every stage in the planning and delivery of a product or service

Finally, from the findings it can be concluded that, rendering of quality service in the real estate industry is vital. Specially, reliability and assurance to house buyers' shall be bind with government regulation to deliver the sold house in time and to control unfair increment of cost of construction. Thus, maintaining and establishing of quality service to satisfy customers' shall be improved since the demand of house buyer is increasing due to population growth.

5.3.Recommendations and Suggestions

In light of the findings of this research work, the following recommendations are suggested to improve quality service provision to the customer in real estate sector particularly in Afro-Tsion Real Estate.

- In many meeting and dissections held in the city of Addis Ababa, it was believed that the necessity of preparing of legal frame work and institutionalizing the system to the real estate developers, costumers and governmental bodies how they operates but not yet done. Therefore, the researcher strongly believes that if this institution starts functioning, it will have a great roles and responsibilities on smoothing the relation among the trey parties (government, developer, customers).
- Quality is a concept defined by specific attributes and performance standards relative to competitors, real estate agency firms should concentrate on improved service quality based around clients' requirements and include quality concepts at every stage in the planning and delivery of a product or service. This should become a continuous process since the clients perceptions of quality are constantly changing and are also determined by the competition. The dynamism of the external environment determines the clients' perception, quality also becomes a process of continuous feedback and improvement and the firms need to develop yardsticks to help measure the quality of service offered to their customers.
- To bridge the performance gap, the management should strive to empower and motivate salespersons who will in turn strive to satisfy clients. Managers thus should allocate resources to reengineer their processes aimed at changing the firm behavior to avoid pitfalls that may lead to dissatisfaction among homebuyers. The difference between service delivery and external communication to customers about service delivery should

be bridged by accurate and sincere communication to the clients together with delivery on the promise.

- To establish more realistic expectations to clients, communication channels like public relation desk, advertising and others should be set up. These channels should be used by the firm to increase customer satisfaction by setting the right customer perception to the service quality at hand.
- In order to ensure and increase the conformance to quality of services, i.e. the service delivery happens as designed, various methods like guaranteeing quality service, prompt recovering whenever something goes wrong, setting standards and measuring, statistical process control and customer involvement should be adopted. Furthermore, firms can adapt their terms and conditions according to the type of service they offer. The function of service quality is competitiveness including customer satisfaction which ensures a good maintenance of a customer base.
- The firm should emphasize on the delivery of quality service on all fronts. Improving service delivery comes from continuous learning about the expectations and perceptions of customers and noncustomers. Quality is defined by the customer. Conformance to company specifications is not quality but conformance to the customer's specifications is. Customer research reveals the strengths and weaknesses of a company's service from the perspective of those who have experienced it. Noncustomer research reveals how competitors perform on service and provides a basis for comparison. Possible measures of service delivery improvement identified in this study include;
- Offering well-rounded services: Customers expect service companies to treat them well and become resentful and mistrustful when they perceive otherwise. Fairness underlies all the customers' expectations. Customers expect service companies to keep their promises (reliability), to offer honest communication materials and clean, comfortable facilities (tangibles), to provide prompt service (responsiveness), to be competent and courteous (assurance), and to provide caring, individualized attention and the like.
- Motivating and inspiring employee: Improving service involves undoing what exists as much as creating what doesn't. Servant leaders serve the servers, inspiring and enabling them to achieve. Such leaders fundamentally believe in the capacity of people to achieve, viewing their own role as setting a direction and a standard of excellence, and giving people the tools and freedom to perform. Because these leaders believe in their people, they invest much of their personal energy in coaching and teaching them, challenging them, inspiring them, and, of course, listening to them. Servant Leadership embraces the idea that leaders inspire, challenge, and coach their people to deliver excellent service.
- Educating customers and managers: Manage customers for service quality by educating them to perform their roles and responsibilities in service delivery effectively. Jay customers who negatively affect others should be controlled or terminated. Managers responsible for sales and marketing communications about operational capabilities should

be educated on the importance of making realistic and deliverable promises. This can be achieved by developing internal educational and motivational advertising campaigns to strengthen understanding and integration among the marketing, operations, human resource functions, and to standardize service delivery across different locations.

- Areas of Further Research: this research project has been undertaken with time constraints and therefore is limited in scope. It has however identified the determinants of service quality in real estate agency sector, areas which need improvement, causes of poor service delivery and possible ways of improvement. There is however need for further study in the following areas:
 - ✓ Whether determinants of service quality are the same as determinants of customer satisfaction.
 - ✓ Use of modern technology to improve service delivery.
 - ✓ Whether determinants of service quality in estate agency are applicable to other real estate sectors like property valuation.
 - ✓ Prompt feedback and response when a service problem occurs, the customer's confidence in the firm hangs in the balance. The company can make things better with the customer, at least to some extent, or make things worse. This situation should be addressed by;

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APPENDIX

Section 1: Questionnaire to be filled by customers of Afro-Tsion Real Estate

Dear respondent, thank you in advance for your unreserved cooperation. This questionnaire is designed to gather data for research purpose in fulfillment of a MBA in customer satisfaction on the service rendered on the company. Thus, your genuine responses are extremely important for the success of this research. And also, you are kindly requested to feel free and respond all of the questions as honestly as possible. Besides, you may not write your name and the researcher assures you that the information will be used exclusively for the research purpose and remain confidential.

I. Personal Information

Please put a tick mark in the box provided hereunder

- 1. Sex: A) male B)female
- 2. Age: A) 18-28 B) 29-39 C) 40-60 D)Above 60
- 3. Job: A) GM B) DGM C) other
- Please specify, if you select other _____

II. The purpose of this Likert scale is to determine how far you are either satisfied or unsatisfied with the items listed in the table below. Therefore, please read the statement about parking and then decide your level of satisfaction by putting a tick along the scales (very satisfied to very unsatisfied) that most closely fits your level of satisfaction.

Statement about customer satisfaction	Very Satisfied	Satisfied	Unsatisfied	Very Unsatisfied	Neutral
I am satisfied by the location of the house					
I am satisfied by the cost of the house					

I am satisfied by the delivery time					
I am satisfied by the employees presentation					
They give option for internal modification works					
Delivery of clear document and responsibility for the property sold					
Availability infrastructure for property sold					
Construction cost, the purchased house					
Accommodate individuals interest in the compound					
The trends of customer service in the company					

III. The purpose of this Likert scale is to assess your views and opinions about the determinants and perceptions of customer service quality rendered by the company. Therefore, please read each statement in the table and put a tick along the scales (strongly agree to strongly disagree) that most closely fits your opinion.

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
I get performing service right the first time					
They provide service as promised					
They keeping customers informed					
They are willing to help customer					
They give prompt service to customer					
They are ready to respond to customers' request					
Employees who instill confidence in customers					

Item	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Making customers feel safe in their transaction					
They have employees who answer customers question with knowledge					
They are giving customer individual attention					
Employees who deal with customer in caring fashion					
Employees doing what is best for the customers but not for the agent					
Employees who have a neat professional appearance					
Convenient business hours					
Visually appealing materials associated with the service					

IV. Please write your responses for the following questions briefly and legibly.

1. Do you think that customer satisfaction is measurable and quantified?

2. Is service provision dependent on tangible goods?

-
-
3. How do you see the current situation and future trends of the company service quality provided to the customer?

-
-
-
-
4. What makes you satisfied to purchase the house on the company and please give us unique service quality of the firm?

Section 2: Interview questions for higher officials.

1. Would you please tell me how you check and see the customer satisfaction on your company?
2. What types of strategy and policy you have to solve the customer satisfaction? Would you please describe how you implement them? If you have.
3. What are the determinants of service quality rendered in your company to satisfy house buyers? What option do you have to satisfy them?
4. What is the practice and business trend of real estate to satisfy customer needs?
5. What do you suggest and/or recommend improving customer satisfaction and what would be the future trend?
6. Which locations are appropriate for residential houses to satisfy customer needs?
7. Any other comments in relation to customer satisfaction and service quality?









