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UNDERSTANDING CUSTOMERS' SATISFACTION IN CONSTRUCTION INDUSTRY IN NIGERIA

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ABSTRACT: *As the Nigerian construction customers become more sophisticated, it is now very important that firms within the construction industry determine the factors that are important and relevant to the customers' firm choice decisions. Customer satisfaction can be seen either as a goal or as a measurement tool in the development of construction industry. By using 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.*

KEYWORDS: Customer Satisfaction, Construction Industry, performance measures, Customer service quality.

INTRODUCTION

In an increasingly competitive environment, companies must be customer oriented and customer satisfaction represents a modern approach for quality in business life and serves the development of a truly customer-oriented culture and management.

Modern management science's philosophy considers customer satisfaction as a baseline standard of performance and a possible standard of excellence for any business organization. To reinforce customer orientation on a day-today basis, a growing number of companies choose customer satisfaction as their main performance indicator.

Construction can be characterized as a specific type of project industry, with specific features concerning production, such as temporality, restricted location, and one-off products. Therefore, Construction can be defined to be a complete system industry, through which by-projects, temporary coalitions of firms and heavy customer involvement in the product life cycle are the norm. (Bowen et. al, 1997)

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Due to the complex nature of construction and the special characteristics of project production, construction has had several problems in producing quality in a customer oriented manner. (Sami, 2009)

In construction, customer satisfaction has been considered as a dimension of quality. Therefore, in other to measure customer satisfaction in construction, the main subjects must be identified.

A customer may be defined as the owner of the project and the one that needs the constructed facility. In simple terms, customers are those that buy the product or service. Satisfaction is defined as a customer's satisfaction with the end state resulting from having consuming a product or service. In other words, satisfaction can also be defined as a customer's process of perceiving and evaluating a consumption experience. (Terry, 2002)

Kamara.(2000), as cited by Sami et.al (2008) describes the 'customer' ''as a body that incorporates the interests of the buyer of construction services, prospective users and other interest groups. In this paper, customer is considered as a project owner or a general contractor in case of subcontracts in contrast of wider perspective, whereby customer includes: the co-contractors and partners, project director, project team members, contractors and subcontractors, vendors and suppliers, users of the product and services and society''.

The objective of this study was to examine and deepen the understanding of customers' satisfaction in construction industry. The following sections discuss these efforts with a literature review. Subsequently, the results of an empirical study are presented. Finally a discussion and implications of the findings are presented

LITERATURE REVIEW

Customer satisfaction plays an important role in the development of the construction process and client relationship. Due to competition in the construction world, a great share of attention has been shifted on Customer relationships and customer satisfaction. (Sami et.al, 2008)

Customers are the reason that the construction industry exists; therefore, customers are always in the industry's thoughts. However, the relationship between customers and construction industry is not one of mutual enjoyment. (Boyd & Chinyio, 2006)

Many authors propose the importance of customer satisfaction and its use for evaluating quality from the customer's perspective. (Sami et. al, 2008)

The performance of customers has not been properly investigated especially when we are talking about developing countries. At the same time the performance of the customer plays an important role because any decision made will affect the project success. Lackadaisical attitude from the customer might lead to stress factors causing significant problems in successive stages of the project. The customer plays a pivotal role in the procurement of construction activities and also in the implementation of construction projects. (Egbu, 2007)

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The objective of this research is to examine and deepen the understanding of customer satisfaction in construction.

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).

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).

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 or 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).

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Customers' satisfaction can be approached from the viewpoint of a separate service event and customer encounter (micro level) or more extensively, from the viewpoint of the overall satisfaction based on all encounters of one customer (macro level). On the micro level, customer satisfaction refers to the satisfaction or dissatisfaction of an individual customer towards a certain service event, as regards which the customer evaluates his/her experiences on an individual, separate event. Overall satisfaction is based on all encounters and experiences a customer has in relation to a certain organization. In that case, customer satisfaction is built during the co-operation (Bitner and Hubert 1994). The success of individual operations and the customer's positive experiences as regards the company lead in time to high customer satisfaction although the customer's evaluation of each separate encounter cannot be seen to directly influence the overall satisfaction. The customers may be dissatisfied with a certain service event but still happy with the operations of the organization as a whole or vice versa.

In addition, Companies use various forms of customers' satisfaction approaches in developing and monitoring product or service offerings in order to manage and improve customer relationships. However, measuring customer satisfaction has several benefits for organizations:

- Improvement in communication between parties and enable mutual agreement.
- A recognition of the demand of improvement in the process
- Evaluation of progress towards the goal
- Monitoring and reporting accomplished results and changes

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).

Literature discussing service quality and customer satisfaction emphasizes the significance of customer encounters and interaction when the customer assesses the service quality experienced. Interaction between the personnel and the customer takes place during service encounters, which refers to the time period when the customer and the company are interacting on a personal level, face to face, on the phone or using some other media (Normann, 1991).

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In construction, the relationship between customer and contractor constitutes a multilevel complex in which parties operate simultaneously and collaborate with in-groups of networks. Therefore, customer satisfaction in construction should be understood as a relationship- specific rather than a transaction specific construct (Homburgh & Rudolph, 2001). In contrast to other areas of production, where the relationship between client and supplier is frequently long term, the relationship in construction is periodic and dependent on the duration of the project. Generally, construction does not share the benefits of regular-line activities. As a result, traditional customer relationship management models that have been used in product manufacturing will not produce the best result in construction. In addition, the mutual co-operation between customer and contractor is strongly emphasized and the customer's performance has considerable implications for the outcome of the construction project. The complex nature of the construction process, changes in project organization, and the uniqueness of each project make it difficult to exploit past experiences and customer feedback in the future.

Features of Customer Satisfaction in Construction

In construction, customer satisfaction could be determined by the extent to which a physical facility (product) and a construction process (service) meet and/or exceed a customer's expectations. This definition recognizes the importance of understanding, evaluating, defining, and managing expectations so that the customers' requirements are met.

According to Pmbok (1996), this requires a combination of conformance to specifications (the project must produce what is said it would produce) and fitness for use (the product or service produced must satisfy real needs). It also emphasizes the management responsibility: success requires the participation of all members of the team, but it remains the responsibility of management to provide the resources needed to succeed, continuous improvement of the project's management and as well as the quality of the project's product.

In construction, the completed facility refers to the physical product left standing when the work has been completed and the contractor-customer interactions involved in it are over. Yasamis et al. (2002) refer to the transformation process from resources to the constructed facility as the contracting service. They suggest that quality in construction includes a mix of product and service quality dimensions (Maloney, 2002). The customer's satisfaction with the constructed facility, the contracting facility and the contracting services define project-level quality in construction.

Customer relations in construction are non-recurrent and dynamic. Moreover, there is a small number of customers but the relationship is complex. In the contractor's customer relations, traditionally two dimensions have been distinguished. A contractor produces the physical product for the user of the facilities (end user) and various service processes to the party ordering the project. In addition to the fact that custom turns complex as the commissioner, user and owner of the facilities become differentiated, the supplier networks of a construction project grow more complex. More actors are needed than before to create the desired entities. Companies form networks through which they can increase their profitability by improving the management of the project process and supplying large product and service packages to the customer. The construction company having a direct relationship to the customer has to make sure that the service entity fulfils the customer's needs. Indeed, in construction, custom creates customer chains in

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which various parties act simultaneously. A customer chain is formed by the user, the commissioner, the designer(s), main contractor and subcontractor(s). Flows of information, money, goods, and services move between the actors in the chain, the chains build networks in which the form of the network and the relationship between the actors is determined by the nature of the construction project, the construction project involves participants from the commissioner and contractor side from several organizational levels with different tasks. This makes the construction project a multilevel entity. The customer's expectations of construction are a function of several factors: the customer's past or direct experiences with the contractor and similar contractors, word-of-mouth information about the contractor, and the customer's personal needs. In addition, a customer's expectations are affected by a contractor's marketing activities and image, the customer's own investment in the project and the relationship between the two parties. (Sami, 2009)

There has been a shift from traditional triple constraints towards customer focus. Traditionally, project success is measured by the degree of achievement of project objectives, expressed in terms of time, cost, and quality. For example, Chan and Chan (2004) have set Key Performance Indicators (KPI) for measuring construction success. Their study combines traditional, "hard" measures and softer subjective measures. They determine quality, functionality, the end-user's satisfaction, the client's satisfaction, the design team's satisfaction, and the construction team's satisfaction as subjective measures in contrast to objective measures such as construction time, unit costs, and net present value. Key performance indicators give a wide perspective on achieving project success. (Sami, 2009)

According to Barret (2000), quality of construction projects can be regarded as the fulfilment of expectations (i.e. the satisfaction) of those participants involved. He highlights the importance of harmonious working relationships between the participants to achieve quality. Additionally, the customer's input has considerable implications on the outcome of the construction project. The customer has a tremendous responsibility to ensure that his/her project is successfully realized. Also Pocock et al. (1996) have examined the relationship between project interaction and performance indicators. They found that projects with a low degree of interaction have a wide range of cost and schedule growth as well as a large number of modifications, while projects with high degree of interaction tend to have better and more consistent performance indicators.

Burati et al. (1992) emphasize that strong customer orientation is achievable in construction by using the "market-in" concept which recognizes that each work process consist of stages. Customer feedback is obtained to improve the contractor's performance during each stage of the process. They also examined the roles of the parties in construction by using Juran's "triple role" concept. According to the concept, every party in the construction process has three roles: supplier, processor, and customer. The architect is the customer of the owner. The architect translates the owners' requirements into specifications and plans and processes them for the contractor who is his/her customer. Owner and construction management consultant are customers of a general contractor and subcontractors. The owner receives the constructed facility from the contractor. The owner is also a customer of the construction management consultant who guards the owners' benefits in construction management.

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In addition, Pinto and Rouhiainen (2001) define a shift in customer focus from striving to maximize the company's profits in a project by optimizing the utilization of the company's resources in order to attain a goal of superior service to the customer towards maximizing the value of the customer's project by meeting the goals mutually agreed upon. In other words, this refers to the tendency that the customer focus is shifting from sub-optimizing the short-term profit in one project towards optimizing the total value of the customer's project, thus ensuring a relationship that maximizes the developer's profit in the long run.

One of the central features of service is that the customer participates in the service's production process at least to some extent (Grönroos 2000). Also in construction, the customer takes part in the different factors of construction, depending on the form of implementation. If the customer is strongly involved in the construction process, the contractor's service and its significance in construction are emphasized. (Yasamis et al. 2002; Torbica and Stroh 2001).

Effect of Customer Satisfaction on Construction Contractors Patronage

The growth and development of the construction industry is dependent on customer satisfaction. Moreover customer dissatisfaction poses the greatest threat to the future of the construction industry. Construction industry growth and prosperity can only be achieved if prospective customers or clients are attracted by investment opportunities in the industry.

Customers have been considered as the most important stakeholder in every construction project.

Alinaitwe, (2008) defined a customer or client as the individual or firm that is responsible for commissioning and paying for the design and construction of a facility and is usually the owner of the facility being commissioned. The importance of the customer is borne out of the fact that he bears the highest risks and his needs and requirements are the basis of every effort, process and activity concerned with execution of a project, categorized process and construction service. Furthermore, the importance of the customer can also be seen in his position as the employer of the parties involved in the development of the project. He (customer) engages and pays the parties and in the case of contractors, he has the power to decide who among the bidders will eventually win the contract to execute his project. Moreover, the customers' interest, relationship and satisfaction with a particular contractor are usually the basis of engaging such contractor.

Maloney (2002) agrees with this by maintaining that a contractor must have a detailed knowledge and understanding of the customers' expectations and be able to satisfy them.

Al-Momani (2000) further stresses that the lack of attention devoted to the owners satisfaction undoubtedly contribute to a poor performance and that current technical failures are minor compared to the existence of very high customer dissatisfaction.

According to Jones & Sasserr (1995), '' complete customer satisfaction is essential to securing customer loyalty and generating superior long term financial performance''.

It is noticed 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

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satisfaction methods in developing and monitoring product or service offering in order to manage and improve customer relationship.

Measuring Customer Satisfaction

Customer satisfaction can be measured in different ways; this includes

- Quality Rating
- Delivery schedule Rating
- Price Rating

Quality Rating

There is no perfect project, and most times, defects may not be detectable immediately upon delivery. If defects are detected during the warranty period, the customer(s) tend to be happy. However, what is important is whether the defects fall into an acceptable range. Usually, the customers expectation is zero defects, but all professionals on quality know that zero defects is rarely achieved. Sometimes, customers specify what an acceptable defect density is; other times, the defect density is implicit.

Customers select vendors based on their certifications or market reputation. Using six-sigma philosophy, we can measure and specify the expected defects based on the sigma level of the organization.

Delivery Schedule Rating

There is nothing more frustrating than not receiving a delivery on an agreed upon day. This frustration may be eased if somebody calls to say that the delivery is going to be delayed, but the frustration still remains the same. Vendors always take any opportunity to delay delivery. Most times vendors prefer to compromise on quality than to delay delivery. It actually takes time for the customer to detect the defect involved, unlike when there is delay in delivery. However, customers might forget delayed deliveries, but they tend not to forget poor quality.

Price Rating

Basically, no vendor can bill the customer for an amount that was not agreed to by the customer. This is because a vendor expects his/her invoice to be respected in full and without issue. This is important due to the fact that sometimes contracts are drawn up using an hourly rate with a maximum amount, thereby allowing some variance on either side. In such cases, the final billed amount can either be lower or higher than the specified amount. When a price escalation clause is implemented or an additional payment is requested against a change, some negotiating usually occurs before the customer accepts the escalation; the amount accepted might not be the same as requested by the vendor. The fact that extra money is being requested and the resultant negotiations can certainly frustrate the customer. Therefore, whenever the customer has to pay more than the purchase order value, the customer tends to be dissatisfied. The customer is certainly pleased when the vendor charges less money than the amount specified on the purchase order.

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CONCLUSION

The paper revealed that the customers play an important role in the procurement of construction industry. It also showed that customer satisfaction has a positive effect on the contractor's patronage. The study also established that there is significant correlation between customer's satisfaction and patronage in the construction industry. It can be concluded that for any construction project, the delivery within the budget of the customer is very important in order to satisfy the customer.

The research also revealed that the customer satisfaction affects the future of the company and increases the cash flow/profit of the company. High quality of customers' satisfaction increases the profitability of the company.

It was also revealed 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.

Finally, it is noticed 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.

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