

Effect of Service Charge Administration on Occupants' Satisfaction and Aesthetic Quality in Kaduna, Nigeria

Abdulfatai Saad¹, Habu Mallam Baba², Bala Ishiyaku³, Vincent Kpamsar Takuh⁴, Sani Inusa Milala⁵

¹Abubakar Tafawa Balewa University Bauchi, Nigeria, mallamsaada@gmail.com

² Abubakar Tafawa Balewa University Bauchi, Nigeria, habubaba@gmail.com

³ Abubakar Tafawa Balewa University Bauchi, Nigeria, balaishiyaku@gmail.com

⁴Abubakar Tafawa Balewa University Bauchi, Nigeria, kpamsar@gmail.com

⁵University Tun Hussein Onn Malaysia, Malaysia, saniinusamilala4@gmail.com

ABSTRACT- Service charge is essential for buildings to enable them recoup the return on investment, aesthetic quality, safety, satisfaction and durability amongst others, such that the property is kept in habitable condition at all times. However, prolong neglect and poor maintenance culture of property is manifesting in various degrees and majorly amidst public properties in Nigeria. Hence, this study investigated the effect of service charge administration on occupants' satisfaction and aesthetic quality among multi tenanted office building in Kaduna with a view to ensuring effective service charge delivery. To achieve the goal, the study was handled statistically utilizing a descriptive and cross-sectional study design, as well as a survey method employing questionnaires as data collecting devices. The population for the study comprised of tenants of BOI Building and Turaki Ali House making up a sample frame of 222 tenants with a sample size of 160. Data collected were analyzed using Partial Least Square Structural Equation Modeling. The findings were that the level of service charge administration has a positive significant effect on aesthetic quality with p-value less than 0.05, however the effect of service charge administration on occupants' satisfaction was not significant having p-value of 0.25. The study further recommends that rent inclusive be encouraged to aid efficient service charge delivery and service charges to be made flexible while encouraging the culture of periodic maintenance.

Key words: Service Charge; Satisfaction; Aesthetic Quality; Facilities.

1. INTRODUCTION

Service charges are payments levied by the freeholder (landlord) of a property on the renter (tenant) to cover the costs of services such as maintenance, repairs, and building insurance. They may also include elevators, lighting, cleaning, and landscaping.

Furthermore, substantial works such as evaluating lifts, roofs, windows, concrete or brick work repair, external beautification, and road resurfacing are subject to a service charge [3]. [4] Viewed service charge as a means by which an owner is able to recover from the occupiers the cost of providing the services for the benefit of the occupants in the premises. [8] opined that service charge is one of the causes of disagreement between lessee (tenant) and lessor (landlord) due to a complete lack of explanation of the meaning of service charge providing, such as the fact that many landlords regard service charge as an extra benefit or a means of recovering costs beyond what would reasonably be expected of or imposed upon a tenant inhabiting a building, likely to result in tenant dissatisfaction.

As a result, user satisfaction has been characterized as casual consumer enjoyment with service supplied without proper recourse to degree of satisfaction assessment. The degree of performance of the quality of service offered is the most essential aspect in customer happiness; when the perceived quality of service is high, the user appears happy, and vice versa. Finding a long-term solution to Nigeria's service charge issues is critical for preserving investment potential, aesthetic appeal, safeness, satisfaction, and durability, as well as ensuring that the estate is always fit for human habitation, as well as the preferences and satisfaction of the owner(s)/users and collective prestige [7].

Despite the government's many measures for building upkeep, the effects of long-term neglect and a bad maintenance culture are emerging in varied degrees among landlords. Knowledge about the efficacy of previous solutions is highly important in order to create an effective proper maintenance practice in particular and public estate in general Surbhi, (2015). However, a variety of abandoned and epileptically working amenities may be found in several public buildings. Inadequate maintenance and/or poor management of the [5] result in the malfunctioning of most public buildings' amenities.

It is however pertinent to know that despite the problems associated with service charge administration there is no statutory regulation for service charge in Nigeria. Professional institutions also have not developed a framework for determining and administering service charges. As a result, the lease agreement is a critical instrument for establishing service charge parameters. A lot of tenancy agreements usually only state that the Facility Manager shall determine and administer the service charge, without detailing the fine details of how the service charge shall be, and to what level will the services be administered.

Scholars over the years have not adequately concentrated on service excellence in office building and aesthetic quality as many studies have been focusing on the level of service provided and satisfaction. Therefore, service charge administration approach to occupant satisfaction in office building is essential to enhance overall user satisfaction as well aesthetic quality. Furthermore, other countries like UK, Singapore and even Nigeria have conducted many studies in this field but in relation to service quality such as [6]; [2] and [1] but none has explored the concept of service excellence in Bank of Industry and its relationship with aesthetic qualities which entails a research Gap worthy of investigation. It is therefore against the foregoing that the research wishes to assess the occupant satisfaction with service administration and aesthetic quality of service charge in the study area in an attempt to close the research gap.

2. METHODOLOGY

This study was approached quantitatively with regard to the nature of the investigation, the descriptive survey design was used. This is because the study's goal was to gather data that described current occurrences by interviewing people about their attitudes toward service fee management. The study further employed the cross-sectional design based on contact with the respondents having contacted the respondents at one shot to obtain data used. A survey strategy was adopted for the research as a result of the decision made earlier with respect to the choices of the research approach and designs which makes survey design best for this study using research questionnaire as instrument.

Population for the study includes the Tenants occupying the two offices complex (Bank of Industry Building and Turaki Ali) as well as Registered Estate Surveyors and Valuers managing the properties in Kaduna metropolis. The professionals were targeted because they act as agents between the property owners and the tenants. These two groups give the best position to give adequate information regarding the research work in the study area. The sample frame for this study consists of 224 tenants occupying the two-office complex (126 tenants in Bank of Industry Building and 96 tenants in Turaki Ali House) and the Estate Surveyors and Valuers practicing and managing properties in the study area.

Krejcie and Morgan's Table was used in determining the sample size which amounted to 144 samples. However, 10% of the obtained sample size was added to cover for uncertainty, which make the sample size to be one hundred and sixty **160**. The study further adopted the stratified random sampling technique with the use of research questionnaire as a tool for gathering information from respondents in the research region. The questionnaire

consisted of four sections, with section one obtaining demographic data while section two to four obtained data on level of service charge administration, level of occupant satisfaction and aesthetic quality respectively using a five-point Likert scale. Having concluded the survey, the data were retrieved and analyzed Using Smart-PLS and Partial Least Square Structural Equation Modeling (PLS-SEM).

3. RESULT AND DISCUSSION

In assessing the effect service charge administration has on occupants' satisfaction and aesthetic quality in BOI building and Turaki Ali House, Because the dependent variables (Occupant Satisfaction and Aesthetic Quality) are two in number, the model is complicated, hence Partial Least Square Structural Equation Modeling (PLS-SEM) was used to analyze the data [9]. After constructing the model as shown in Figure 1, the Cronbach's Alpha was used to determine the measurement model's reliability and validity, while the convergent validity (composite reliability and Average Variance Extracted) and discriminant validity were used to determine if the items used to measure each construct (Service Charge Administration / Occupants Satisfaction / Aesthetic Quality) are actually correlated, that is, measuring what they are meant to measure, and that items are also correlated.

The findings of the measurement items, as shown in Table 1, reveal that all three constructs have strong internal consistency, implying that they are reliable, since all of the Cronbach's Alpha coefficients (AQ = 0.865, OS = 0.863, and SCA = 0.849) are better than 0.80 but less than 0.90.

Figure axis labels are often a source of confusion. Use words rather than symbols. As an example, write the quantity "Magnetization," or "Magnetization *M*," not just "*M*." Put units in parentheses. Do not label axes only with units. As in Figure 1, for example, write "Magnetization (A/m)" or "Magnetization ($A \cdot m^{-1}$)," not just "A/m." Do not label axes with a ratio of quantities and units. For example, write "Temperature (K)," not "Temperature/K."

Multipliers can be especially confusing. Write "Magnetization (kA/m)" or "Magnetization (10^3 A/m)." Do not write "Magnetization (A/m) \times 1000" because the reader would not know whether the top axis label in Figure 1 meant 16000 A/m or 0.016 A/m. Figure labels should be legible, approximately 8-to-12-point type.

Table 1: Construct Reliability and Validity

	Cronbach's Alpha	Rho_A	Composite Reliability	AVE
AQ	0.865	0.868	0.895	0.519
OS	0.863	0.904	0.892	0.522
SCA	0.849	0.877	0.888	0.515

Key: AVE = mean, A= Average V= Variance and E= Extracted

- CR = C= Composite, R= Reliability
- AQ = Aesthetic Quality
- OS = Occupant Satisfaction
- SCA = Service Charge Administration

Table 1 also reveals Composite Reliability (CR) for Aesthetic Quality (AQ), Occupants’ Satisfaction (OS) and Service Charge Administration (SCA) which are of 0.895, 0.892 and 0.888 respectively and Average Variance Extracted (AVE) values of 0.519, 0.522 and 0.515 for AQ, OS and SCA respectively. All of the CR and AVE values for all constructions are larger than 0.7, and each CR is bigger than its corresponding AVE, which is likewise greater than 0.5. This indicates that the items used to assess each construct were measuring what they were supposed to measure, or that the items converge to measure each construct.

Table 2: Discriminant Validity

	AQ	OS	SCA
AQ	0.721		
OS	0.192	0.723	
SCA	0.388	0.136	0.718

Using Fornell-Larcker Criterion, the discriminant validity was assessed which Table 2 presents the results revealing that items used to measure Aesthetic Quality, Occupants’ Satisfaction and Service Charge Administration does not correlate. This can be seen from the computed square root of AVE value (0.721) for Aesthetic Quality which is greater than correlation values of all other construct beneath [Occupants’ Satisfaction (0.192) and Service Charge Administration (0.388)]. Similarly, the calculated value of ave for Occupants' Satisfaction (0.723) is larger than the construct's correlation value [Service Charge Administration (0.136)]. This implies that items used to measure Aesthetic Quality, Occupants’ Satisfaction and Service Charge Administration does not correlate with each other and are independent.

The structural model was then used to reveal the effect the independent variables have on the dependent variables, with the results obtained from the measurement model having no issues with construct reliability and validity, as well as discriminant validity, implying that the model is fit to predict the relationship between the independent variable (Service Charge Administration) and the dependent variables (Occupants' Satisfaction and Aesthetic Quality). The structural equation model constructed is shown in Figure 1.

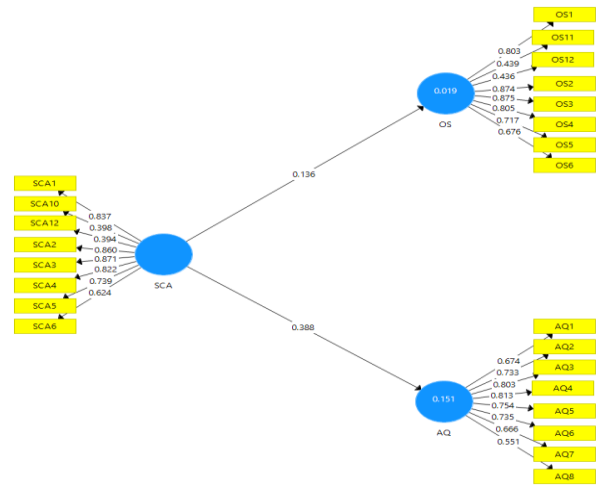


Figure 1: Structural Equation Model

Table 3 reveals R square value of 0.151 for aesthetic quality which is above 0.1 as suggested by Briones Penalver *et al.* (2018) implying the goodness of the model, however for occupants’ satisfaction the R square value is less than 0.1. Furthermore, Q square shows the predictive relevance of aesthetic quality and occupants’ satisfaction which their values are all above zero (0) as seen in Table 3. This means that the model has predictive relevance.

Furthermore the R Square value of 0.151 for aesthetic quality in the model suggest that the level of service charge administration has a 15.1% influence on aesthetic quality, that is to mean that service charge administration accounts for 15.1% variance of Other factors not addressed in this model account for 74.9 percent of the variation in the aesthetic quality of the study areas, implying that other factors not considered in this model account for 74.9 percent of the variance in the aesthetic quality of the research regions.

Table 3: Structural Model R Square and Q Square Assessment

	R ²	Q ²
AQ	0.151	0.073
OS	0.019	0.006

Furthermore, the R Square value of 0.019 indicates that service fee administration account for 1.9 percent of the variation in occupant happiness, whereas other factors not included in this model account for 98.1 percent of the variance in guest satisfaction.

Table 4 examines the link between the independent variable, Service Charge Aesthetic Quality (AQ) and Occupant Satisfaction (OS) are the dependent variables in this study (OS). The results reveal that service charge administration has a significant influence on aesthetic quality since the P-value is lower than 0.05 and the T-Statistics is greater than 1.96. However, service charge administration had no significant impact on occupant satisfaction, with a P-value of 0.255 (more than 0.05)

and a T-statistic of 1.140 (less than 1.96).

Table 4: Structural Model Path Coefficients

	β	STDEV	T Statistics	P Values
SCA -> AQ	0.388	0.055	7.077	0.000
SCA -> OS	0.136	0.119	1.140	0.255

The beta (β) coefficient in Table 4 therefore goes to tell that for a unit change in level of service charge administration there will be a 0.39 unit increase in the aesthetic quality of the study area as evidenced by the stated p-value, this variance is significant. As evidenced by the stated p-value, this variance is significant. In other words, service charge administration has a positive effect on aesthetic quality of the subject properties meaning that as the level of service charge administration improves the aesthetics quality of the properties will improve. More so, the beta (β) coefficient of 0.136 implies that for a unit change in level of service charge administration there will be a 0.136 unit increase in the occupants' satisfaction however as seen by the provided p-value, this change is not significant

5. CONCLUSION

This study have come to the conclusion that if the level of service charge administration is improved upon occupants will be more satisfied generally with their properties and the aesthetic quality of the properties will equally be improved, however while the effect of service charge administration on occupants satisfaction is not significant, that of service charge administration on aesthetic quality is significant, therefore if property managers improve on the delivery of services it will result to a higher level of aesthetic quality of the property and in the long run motivate tenants loyalty and goodwill on the properties.

The study recommends that real estate professionals should make fees chargeable with respect to service delivery flexible such that occupants may not pay exorbitant amounts yet receive an efficient service delivery which will further encourage them in payment of such charges. The study also suggests that rent inclusive be paid as against exclusive rent, this will help curtail default in service charge payment and ensure proper management and utilization of the funds to enable an effective service delivery.

Professionals in the built industry who are responsible for planning and design of properties are encouraged to put in more effort in ensuring a high level of aesthetic quality at the planning and design stage as it will aid in determining the aesthetic quality of the property as estate managers may only have little impact on improving the aesthetic quality of the property through maintenance and repairs that will be carried out on the property. Also, the culture of periodic maintenance is equally advised so as

to constantly keep the property in a good state of repair so as not to allow such estate lose its aesthetic qualities and also endear occupants and prospective tenants to such property. In addition, prompt responses of property managers to occupants complains will also encourage occupants pay service charges more even when such charges are a bit high

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