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TENANT SATISFACTION IN BOARDING HOUSE AND ITS RELATIONSHIP TO RENEWAL IN MEDAN CITY, INDONESIA

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ABSTRACT

Boarding house is being a choice for students who derived from out of town. The first thing for a student when they decided to stay in the boarding house is the distance to the campus. Then they will consider to the satisfaction that influence to their decision to renew the contract. This research will study about the tenant satisfaction in boarding house based on four indicators, namely the building features, building quality, neighborhood features and service from the owner. These factors will determine tenant satisfaction for student which can affect their desire to renew the lease. This study was conducted in a questionnaire form that given to the students who stay in a boardings house around University of Sumatera Utara (USU), especially on Pembangunan street that located near USU and have a shortcut to USU. The analysis used is multiple regression analysis. The finding of this study is the tenant satisfaction can influence the tenant renewal.

Key words: tenant satisfaction, boarding house, tenant renewal

1. INTRODUCTION

Non residential university students usually choose to stay in a boarding house. Some students choose to stay at a dormitory that provided by the university, but the dormitory capacity is limited. There are students who stay at their relative's house, but it also limited because of the distance (far from the university) and reluctance (to bother their relative) factors.

A boarding house becomes an income producing property. In housing context, once it is produced, it should manage by any party [1]. Property management includes the day-to-day task of operating a development, such as selecting tenants, collecting rents, maintaining the building and grounds, making repairs, paying bills and helping to plan and implement capital improvements. All of the functions may perform by owner or by an outside agent, or property management company, although the owner remains ultimately responsible for the quality of management delivered to tenants [1].

Usually, boarding house business is small or medium business. So, the duty of daily operations performed by the owners directly or their agents, but not professionals. Only few of them are big businesses and performed by professional managers. As a business, university student satisfaction becomes an important thing. If they feel dissatisfaction, they will move to another boarding house. When they feel satisfaction, they will extend the contract and the value of the boarding house increase. Thus, the capital improvement as the result of property management can be realized. It is assumed that satisfaction immediately leads to loyalty accordance with the concept of the 'service-profit-chain' [2 in 3].

The objective of this research is to find the factors which influence the tenant satisfaction and tenant renewal. The factors divided into building features, building quality, neighborhood features and service from the boarding house owner.

2. TENANT SATISFACTION AND RENEWAL

Satisfaction is the feeling of enjoyment that buyers or renters get from their house that fulfill their needs or desire, while dissatisfaction is the feeling that the house is not meeting the standard [4]. Housing satisfaction consider to the degree of the satisfaction by an individual or family to the current housing situation (Mc Gray and Day cited in Djebarni and Al-Abed, 2002 in [5]). The indicators of tenant satisfaction with housing maintenance are: procedure for requesting repairs, the goodness of the maintenance staff, speed of response from the maintenance staff, level of disturbance and mess caused by the maintenance staff, the quality of the work of the maintenance staff and overall maintenance of the house [5].

The housing satisfaction in the neighborhood component was used to evaluate the physical form of the two cities in the US (Yang, 2008 in [6]). Research about housing satisfaction in social housing programs, the housing satisfaction determined by the various housing, neighborhood and household characteristics. The housing consists of the housing type, tenure, country and culture. The dissatisfaction due to the bathroom, lift, lift lobby, fire fighting, noise level, the crime situation, the cleanliness of garbage house and drains, public phone, the distance to the town center and market, pedestrian walkways, socket points, kitchen space and parking facility [6].

Residential satisfaction not solving a problem in social and behavioral, but to assist the decision makers in the housing industry. Resident satisfaction in multifamily affordable housing is influenced by satisfied with property management, property management staff answering the resident's concerns, communication with the resident, tenant selection policies, quality of the community, maintenance, resident's quality of life, building quality, overall cleanliness of ground and community and safety in the neighborhood [7]. While in Kahana et. al (2003) in [8], residential satisfaction is a result of the person, environment and person-environment fit.

Regular visits with tenants can increase a memory by improving the tenant's need, tenant satisfaction can affect tenant renewal, with the main factors are the cost of rent and tax then influenced by the quality of amenities such as day care, banking and food. The influence of building characteristics and external economic factors on renewal probability was performed. The location of the property is influential factors. The significances of these variable imply that perhaps there are cultural issues or other constraints that affect renewal probability. But, building characteristics such as the age of the space and the size of the building did not appear to have as large of an impact on renewal probability [9].

The desire to renew contract for tenant (tenant renewal) have a similar meaning with likelihood to continue purchasing the company products and service in the marketing context. It is one of some important attitudes and behaviors of a loyal customer [10]. It means the satisfaction can be related to loyalty. Housing characteristics are critical factors in determining housing satisfaction, such as shifting that will occur if the resident are not satisfied.The high dissatisfaction rate towards housing will pose a negative impact such as resident moving away [11].

Boarding House

Boarding houses in Medan city are quite a lot and scattered throughout the city. Boarding houses are intended for students and usually located near university that managed by the community independently as a business. This study was conduct on boarding houses for students which located near to USU in Medan city. The location chosen as study area is Pembangunan street. Almost every house in this street functioned as a boarding house that having rooms ranging from 4 to 85 for rent.

Pembangunan street is quite busy and has a shortcut road to USU. In the surroundings there are shops such as a laundry, photocopy shop, stationery shop, shop which selling a household goods, restaurant, clothing, fast food and the like. On the main road not far to Pembangunan street there are a public facilities such bank, ATM, Futsal field and restaurant. Students who stay in Pembangunan street generally are students of USU. They choose to stay in the boarding house in this area because this area is safety and has an ease accessibility.

3. RESEARCH METHODOLOGY

This research is a causality which aims to find an explanation in case-effect form between some variables that developed in management. The data used are primary data that are the cross section. The population is students who stay in boarding houses on Pembangunan street. There are 1027 students and the sample is use a formula from Slovin with alpha 5%. In data collection, pre test conducted to 30 samples, then the questionnaires form were distributed to 288 samples. The measure of boarding house satisfaction using 5 points of Likert scale, 1 for very dissatisfaction to 5 for very satisfaction. Data analysis obtains with a multiple linear regression with confident level 95% that means the alpha is 5%. The data processing will use SPSS program.

The dependent variable is tenant renewal. The question asked is the desire for renewal, not the actual renewal. It is appropriate to research by [9] about the determinants of office tenant renewal which measure the probability of tenant renewal, not the person who make a re-contract already. The independent variables are tenant satisfaction. Questionnaire for tenant satisfaction was adapted from [11] which are explored tenant satisfaction in public housing in Majlis Bandaraya Ipoh, Perak, Malaysia, because there is a similarity between that public housing and the boarding house in Medan city, such as income producing property, have some tenants, have the day-to-day task of operating a development, such as selecting tenants, collecting rents, maintaining the building and grounds, making repairs, and paying bills.

There are four different structures to measure the level of satisfaction toward housing, those are building features, quality of building occupied, neighborhood features, and services offered by the housing management. Based on that structure, the independent variables are Building Features (X1), Quality of Building Occupied (X2), Neighborhood Features (X3), and Services Offered by the Boarding House Owner or Agent. The explanation of each variable is as follows.

3.1. Building Features (X1)

Among 13 building characteristic elements from [11], there are 9 elements was adopted in accordance with the boarding house situation, they are a location of bathroom, location of kitchen, location of living room, size of bedrooms, size of bathroom, size of kitchen, level of privacy and overall size of the house. After the validity test is conducted to 30 boarding house tenant, there are only 8 indicators are valid. Size of the bedroom was eliminated because is not valid. The Cronbach's Alpha value is 0.808 (≥0.7). It means all of the indicators are reliable.

3.2. Building Quality (X2)

There are 15 elements in the quality of the building occupied, namely external construction quality, internal construction quality, wall quality, floor quality, window quality, corridor lighting, inner paint quality, external paint quality, door quality, plumbing quality, water supply, electric cable quality, air quality, amount of socket and overall of unit quality. From validity and reliability test, there are 7 elements are not valid, namely wall quality, window quality, external paint quality, plumbing quality, water supply, electric cable quality and amount of socket. The cronbach's alpha value is 0.746.

3.3. Neighborhood Features (X3)

Neighborhood features have 15 elements, there are boarding houses location, relationship with the neighborhood, distance to work places, distance to restaurant, distance to shopping areas, secure environment, ease of public transportation, park, clean environment, image of the boarding house, parking facility, proximity to the police station, proximity to security post and proximity to recreational facilities. There are only 3 elements are valid, namely boarding house location, relationship with the neighborhood and distance to campus. The cronbach's alpha value is 0.731.

3.4. Service from The Owner (X4)

There are 10 elements in service from the owner of the boarding house, namely the implementation of the law, tenant selection, friendliness of the owner, time taken on complaints, repairs collection, garbage collection, current rental, mode of rent payment, time of rent payment and rent payment advice. There are only 2 elements are valid namely mode of rent payment and time of rent payment. The cronbach's alpha value is 0.894.

3.5. Analysis

Analysis conducted in 3 steps, namely, validity and reliability test, factor analysis and multiple regression. First, validity and reliability test for pre test found that in building features, from 9 questions, there are 1 question (question number 4) are not valid because of r value < r tabulated (0.150<0.361). After the not valid question discarded cronbach alpha is 0.808 and all of the questions are valid. For quality of building occupied, from 15 questions there are 7 questions are not valid. After the 7 questions are discarded, the cronbach alpha is 0.746. The neighborhood features have 15 questions and only 3 questions are valid. The cronbach alpha is 0.731. The service from the boarding house owner part, from 10 questions, there are 2 questions are valid and cronbach alpha is 0.894.

Second, factor analysis test for building features, obtained one construct which is a new factor named feature variable. As well as the building quality, neighborhood features and service from the boarding house owner, respectively become one construct and named as building quality variable, neighborhood variable and service variable. The respondent characteristic by sex category consists of 124 male (43.2%) and 164 female (56.8%). While by age categories are 38 respondents <18 years old (13.2%) and 250 respondents between 19-24 years old (86.8%).

Third, regression analysis for the factors that influence the decision of tenant to renew their contract. The factors are: building features, building quality, neighborhood features and service from the owner. The results of analysis show on Table 1.

Table 1. Kolgomorov Smirnov Test Table

		Unstandardized Residual
N		288
Normal Parameters[a,b]	Mean	0.000
	Std. Deviation	0.915
Most Extreme Differences	Absolute	0.041
	Positive	0.034
	Negative	-0.041
Kolmogorov-Smirnov Z		0.695
Asymp. Sig. (2-tailed)		0.719

Table 2. Coefficient Table

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.243	0.054		59.707	0.000		
	Building features	0.384	0.077	0.379	4.991	0.000	0.499	2.004
	Building quality	-0.111	0.077	-0.109	-1.440	0.151	0.502	1.991
	Neighborhood features	0.128	0.057	0.127	2.266	0.024	0.923	1.083
	Service	0.166	0.060	0.164	2.789	0.006	0.835	1.198
a. Dependent Variable: Renew the contract								

R square value is 0.185. The Kolgomorov Smirnov value from this analysis is 0.695 and not significant in alpha 0.05 (because p=0.719>0.05). It shows that residual has a normal distribution. All of independent variables has a VIF value below 10 and tolerance value not less than 0.10. It shows that there is no multicollinearity. Glejser test result show the high significant level than alpha 0.05 that means there is no heteroskedasciticas in regression model.

4. RESULTS AND DISCUSSION

Boarding house is being a choice for students who derived from out of town. The first thing for a student when they decided to stay in the boarding house is the distance to the campus. Then they will consider to the satisfaction that influence to their decision to renew the contract. This research study about the tenant satisfaction in boarding house based on four indicators, namely the building features, building quality, neighborhood features and service from the owner. This study was conducted in a questionnaire form that given to the students who stay in a boardings house on Pembangunan street. The analysis used are the factor analysis and multiple regression. The finding of this study is the tenant satisfaction can influence the tenant renewal.

Building Features are positive and significant to desire to renew the contract. The indicators use is the valid indicators in validity test, namely, bathroom location, kitchen location, guest room location, bathroom size, kitchen size, guest room size, privacy level and size of overall house. The satisfaction value has been measured by an interval scale from 1 (very dissatisfaction) to 5 (very satisfaction). From Table 3, student in boarding house feels satisfaction with the house for size of overall house, privacy level and bathroom location. This research found that if a student in boarding house feel satisfaction to a kitchen size and location, they will want to extend their boarding contract. They feel satisfaction and content because they can cook like their own house. But overall, if the building features indicators satisfy to the student in a boarding house, they will renew their contract.

Table 3. Mean and standard deviation

Indicator	Mean	SD
Building Features		
Kitchen size	3.14	1.002
Kitchen location	3.14	1.010
Guest room size	3.17	1.016
Guest room location	3.26	0.968
Bathroom size	3.40	0.953
Bathroom location	3.42	1.004
Privacy level	3.45	1.013
Size of overall house	3.52	0.964
Quality of Building Occupied		
External construction quality	3.22	0.963
Paint inside quality	3.26	0.983
Corridor lighting	3.28	0.942
Internal construction quality	3.29	0.931
Air quality	3.34	1.032
Window quality	3.35	0.962
Door quality	3.38	0.926
Overall quality of the unit	3.48	0.869
Neighborhood Features		
Boarding house location	3.22	0.963
Relationship with the neighborhood	3.26	0.983
Distance to campus	3.28	0.942
Service from the owner		
Mode of rent payment	3.22	0.963
Time of payment	3.26	0.983

4.1. Building Features

Students in a boarding house feels satisfaction with the overall quality of the unit, door quality and window quality. They feel dissatisfaction with the external construction quality, inside paint quality and corridor lighting (see Table 3). The boarding house owner should repaint the inside of the building and use the bright lights in the corridor.

The building features have a positive and significant impact on tenant renewal. Privacy level as one of eight indicators of building features is an important thing for students who lives in a boarding house. The finding is agreed with [12] which is explored about the satisfaction level with neighborhoods in low income the low income public housing in Yemen. Although they are in full view of the neighboring houses, they design their houses in accordance with their perception of privacy. They found that dwelling unit, the neighborhood, and community service affecting overall housing satisfaction, but the most determinant factor was neighborhood.

4.2. Building Quality

The research found that building quality is not significant to the desire to renew the contract. It shows that students in boarding houses not too concerned about the build quality when they decided to renew the contract. The building quality considered at the first time they will rent the room. The location and building features are more important than the building quality. This finding shows that they are not materialistic and can accept the situation according to their parents' financial ability.

4.3. Neighborhood Features

The neighborhood features indicators which have a valid value are the boarding house location, relationship with the neighborhood and distance to the campus. From Table 3, the distance to the campus indicator has a highest satisfaction because of the shortcut road from Pembangunan street to USU. The relationship between the neighborhood and boarding house location shows that there is the relationship between boarding house tenant, the surrounding communities and the function of the buildings that complementary so that the boarding house tenant feel satisfaction. In the surroundings there are a restaurant, a shop which selling a household goods and stationery, internet cafe, laundry and the like. The neighborhood features have a positive effect and significantly in 5% of alpha value to the desire to renew the contract. It means the strategic land use which supported by community independently facilities able to make the student satisfied to stay there. Investment in Pembangunan street is very interesting because of the location. This situation can give the value added that affect to the satisfaction and influence the student to stay in this area.

4.4. Service From Owner

Time of payment has a higher satisfaction value, then the payment mode (see Table 3). The clear and flexible of payment mode influences the student as a tenant to renew their contract. It is understandable because sometimes there are delays of money transfers from their parents. Understanding of owner causes the loyalty of tenant.

This finding agrees with Wetzels (1998) in [3] that shows that the intention to stay with a service organization not only depends on satisfaction with the product of that organization but also depends on aspects like trust, commitment, and dependence. So, the intention of respondents to renew their contract not only depends on building features, building quality, neighborhood features and service from the owner but also depends on other reasons like friend's persuader to rent a house together and tight rule from boarding house owners or their agent.

5. CONCLUSION

Tenant satisfaction relates to tenant renewal. Tenants, in this study are university students, will feel satisfied staying in their boarding house if there are good building features (privacy level), good quality of the building (air quality), good neighborhood features (relationship with the neighborhood) and good service from the owner (timely payment). Tenants who feel satisfied will renew their contract. This situation will give a positive effect to boarding house and may attract other tenant to stay in this area especially in that boarding house.

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