



(RESEARCH ARTICLE)



Factors affecting willingness to pay for construction management services in south Tu Liem - Hanoi

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Abstract

In big cities such as Hanoi, Ho Chi Minh City - the land is tight, the people are crowded, the choice of apartments is chosen by young households a lot because of the reasonable cost, many utilities... However, there are conflict in the apartment complex between residents and the building management service provider. These disputes are often related to service quality not good, not commensurate with the price that residents pay, even the price always increases over time... Therefore, the author uses a qualitative method to conclude the results. In accordance with the actual investigation to find the factors affecting the willingness to pay for apartment building management and operation services in Nam Tu Liem district - Hanoi city.

Keywords: Apartment buildings; Condominiums; Condominium operation management; Willingness to pay

1. Introduction

According to the traditional concept, townhouses are always more expensive than apartments, because they have forever ownership and apartments will quickly degrade and depreciate. However, as society is developing, the perception of apartments is also more open, especially today's young people. The apartment building always has a common space, has common equipment, etc. needs a management and operation unit. This management unit will provide services closely related to the lives of residents.

However, there are often conflicts between residents and service providers. Residents want to use good services at a reasonable price. Meanwhile, service providers want to be paid a high price for their services. Investors and managers can make wrong decisions about using apartment building operation management services, leading to too high costs or not meeting the needs of residents. At the same time, residents may also be charged excessively high costs without their consent. Therefore, it is necessary for managers to offer service packages that suit the needs and financial capabilities of residents and also help service providers to offer reasonable and competitive prices. . If the payment is too low, the operation management services will not be enough to meet the needs of the residents, leading to complaints and reduced service quality. If the payment is too high, residents will not be willing to pay and may seek other services. At the same time, increasing transparency and publicity in management and operation activities. Residents will know their rates of payment and the services they will receive, which helps increase trust and supports resident reflection. Besides, optimizing resources for operation management plays a very important role. If the pay is too low, the operations managers will not have enough resources to provide the best services. If the pay rate is too high, operations managers will have to spend too many resources on unnecessary services.

To resolve this contradiction, this article studies to identify and evaluate the impact of factors affecting the willingness to pay for apartment building management and operation services in Nam Tu Liem - Hanoi.

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The rest of this article is organized as follows: Section 2 presents some concepts on this topic. Section 3 describes the research methodology used. Section 4 is the results and discussion of the results found. Section 5 concludes and makes policy recommendations.

2. Theoretical basis

2.1. Apartment concept

According to the United Nations' guidelines on condominium management, an apartment building is a type of building with many apartments. In particular, each apartment is divided into separate boundaries, assigned legal ownership rights of individuals. An apartment is a separate space and is granted a certificate of land use rights, ownership of houses and other land-attached assets for each individual. Apartments can be owned by an individual, a family, a company, etc. if permitted by law.

According to Article 3 of the Law on Housing 2014 of Vietnam: "Apartment house is a house with 2 floors or more, has many apartments, has a common path and stairs, has a private part, a shared part and a system of systems. a system of common-use infrastructure works for households, individuals and organizations, including apartment buildings built for residential purposes and condominiums built with mixed-use purposes for living and business".

According to the Circular No. 02/2016/TT-BXD issued on February 15, 2016 by the Minister of Construction: "An apartment building is an apartment block (with one or several units) built according to planning and project dossiers approved by competent agencies". An apartment complex is a collection of two or more apartment buildings built on a land plot according to planning's and project documents approved by a competent authority and in the form of one or more owners. own.

Thus, an apartment building can be understood as a house with many floors, including many separate and independent apartments, serving many households to live. The owner buys and uses the area inside his apartment including the balcony, the apartment's loggia. In addition, the apartment also has a common area and services that households in the same building use together such as the rooftop, corridor, elevator, stairs, common yard... of the construction project apartment.

2.2. The concept of apartment building operation management service

According to the United Nations' guidelines on apartment building management: "apartment management is all tasks and work related to the administration, operation and maintenance of the apartment building".

According to the Circular No. 10/2015/TT-BXD issued on December 30, 2015 by the Minister of Construction: "Management and operation of an apartment building is the control and maintenance of the operation of the technical equipment system. , protection services, security, environmental sanitation, risk management and guidance on the use of the apartment building for owners and users of the apartment building."

The apartment building operation management service is a type of service, so it has all the common features of the service such as intangibility, heterogeneity, inseparability and non-storage.

2.3. The concept of willingness to pay

According to Mankiw (2003), "willingness to pay is the maximum amount that an individual agrees to pay for a good to equalize the change in utility". That maximum amount is an expression of the good's value to the consumer. According to Smith and Nagle (2002), willingness to pay is the maximum price a customer can pay for a product or service at a given time and place. In terms of benefits, R. Kerry Turner et al. (1993) said that willingness to pay measures an individual's or society's preference for that good.

It can be seen that the willingness to pay is one of the behavioral intentions of customers, all referring to the maximum price that customers intend to pay for a certain product or service based on the level of preference of the customer. them with that product or service.

2.4. Contents of apartment building operation management service

According to the Circular No. 02/2016/TT-BXD issued on February 15, 2015 by the Minister of Construction: "The management and operation of the apartment building includes the following tasks:

- Controlling, maintaining operation, regularly maintaining elevator system, water pump, generator, automatic fire alarm system, firefighting system, firefighting tools, backup equipment and other equipment under common ownership and common use of apartment buildings and apartment complexes;
- Provide environmental protection and sanitation services, waste collection, garden care, ornamental plants, insect control and other services to ensure the normal operation of the apartment building;
- Other related works.”

Thus, the management and operation of apartment buildings can be divided into the following main tasks:

- T1: Operating equipment in common areas. These equipment usually include: elevator, lighting system, water pump system, fire fighting system...;
- T2: Maintenance of common property including maintenance of shared equipment of the building. Shared ownership of the apartment building includes:
 - The remaining area of the apartment building, apart from the area under private ownership, the community house of the apartment building;
 - Space and system of load-bearing structures, shared technical equipment in the apartment building, including frames, columns, load-bearing walls, house walls, dividing walls of apartments, floors, roofs, courtyards rooftop, corridor, stairs, elevator, emergency exit, litter box, technical box, power supply system, water supply, gas supply, communication system, radio, television, drainage , septic tank, lightning rod, firefighting and other parts not under the private ownership of the apartment building owner;
 - The technical infrastructure system is outside but connected to that apartment building, except for the technical infrastructure system used for public purposes or subject to handover to the State or to the investor for management. management according to the approved project contents;
 - Public works in the apartment building area but are not subject to construction investment for business or must be handed over to the State according to the approved project contents, including common yards, flower gardens, parks and other works identified in the contents of the approved housing construction investment project.
- T3: General services for residents in the apartment building. These services include: security, cleaning common areas, parking and a number of other services.

2.5. Factors affecting willingness to pay for apartment building operation management services

2.5.1. Service quality

Service quality is the level of customer perception when using the service. Therefore, the quality of apartment building operation management service is the perceived level of customers (the vast majority are residents) when using apartment building operation management services. Researchers have shown a positive relationship between service quality and willingness to pay (Parasuraman et al., 1988). To evaluate the service quality of apartment building operation, the author used 5 criteria of Parasuraman et al.) to evaluate. These include: (i) Reliability, reliably and accurately performing the promised service. (ii) Assurance: reflected in the knowledge, behavior and credibility of service staff. (iii) Tangibility: reflected in physical conditions, equipment, etc. (iv) Empathy: shown in the fact that service providers care and care for each customer. (v) Responsiveness: expressed in the willingness to help customers and prompt service delivery.

2.5.2. Feelings of fairness in service prices

According to equity theory (John Stacey Adams, 1963) when customers engage in an exchange they always estimate the value of the product or service (so-called reference price). A fair or unfair perception of price is formed by a comparison between the reference price and the actual price paid. Researchers have shown a relationship between perceived fairness in service prices and willingness to pay.

2.5.3. The trust of customers (the vast majority are residents) with the service provider

Customer trust is proven by researchers to have a relationship with willingness to pay. If customers trust them, they are willing to pay for those services. Customer trust is an asset of the service industry. Without trust there would be no business transactions.

2.5.4. Other factors

Since apartment building operation management services are services that need to be used regularly, customers are experienced and fully aware of the product. And some studies have also shown that customer characteristics such as age, gender, income, marital status, etc. have an influence on willingness to pay.

3. Research Methods

The main objective of the study is to determine and evaluate the impact of the factors affecting the willingness to pay for apartment building management and operation services in Nam Tu Liem area - Hanoi. To achieve this goal, the author has used qualitative methods through researching, synthesizing and comparing previous studies. At the same time, the author also used the survey method, interviewing 225 households in 4 different apartments for analysis.

4. Research results on factors affecting willingness to pay for apartment building management and operation services

4.1. Service quality results

The quality of apartment building operation management service is the perception of residents about the service they receive. Since the quality of operation service has a direct influence on the quality of life, the quality of operation service is the top concern of residents.

Through investigation, the current status of service quality of apartment building management and operation in Nam Tu Liem district has the following results:

Table 1 Results of service quality of apartment building operation

Evaluation criteria	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Reliability						
The services are provided with enough as the original commitment	19	34	10	9	3	3.47
Services is provided on time commitment	17	39	9	8	2	3.56
People are warned in advance when there is an inconvenience in using the service	27	44	4	0	0	4.25
Guarantee						
Staff are polite and friendly	13	39	21	2	0	3.53
Employees are knowledgeable about the work they are undertaking	18	33	22	2	0	3.57
Staff can answer residents' questions	21	30	23	1	0	3.63
Tangibility						
Employees have uniforms when working	12	36	23	4	0	3.39
The apartment complex has good security	13	35	20	7	0	3.36
Elevators, generators, water pumps and other equipment are in good working order	15	34	25	1	0	3.49
Common areas are well kept clean	13	29	30	2	1	3.24

The apartment complex meets fire protection standards	11	25	35	3	1	3.04
Empathy						
Staff understand residents' needs	18	34	20	3	0	3.59
Staff cares about each resident	12	30	32	1	0	3.27
Staff treats each resident equally	14	33	27	1	0	3.43
Responsiveness						
Staff are always willing to help residents	22	34	17	2	0	3.76
Staff respond quickly to residents' needs	19	34	16	4	2	3.56

Source: Compiled from survey results

From the calculation results in Table 4.1, we can see that the average score of each criterion is above 3 (above the average score). Thus, it can be seen that the service quality of apartment buildings in Nam Tu Liem area is rated above average. In which the criterion "1.3. People are warned in advance when there is an inconvenience in using the service" was rated highest with 4.25 points, followed by "5.1. Staff are always willing to help residents" with 3.76 points. This shows the relatively good reliability and responsiveness of service quality. Although there are many criteria that are rated quite well, there are still criteria that are equal to the average score of fire prevention and fighting (3.04 points), followed by keeping hygiene in common areas (3.24 points) and Staff cares about each resident (3.27). Therefore, businesses providing apartment building services need to pay attention to improve the quality of their services.

Besides, it must also be acknowledged that many customers before buying an apartment building know the existence of condominium operation management services. However, in the process of choosing a house to buy (especially first-time apartment buyers) not everyone knows all the information about the quality of service in the area they will buy. There are many customers who buy a house when the apartment building has started to be built or partially built, the building has not been handed over or operated yet, so there is no information.... They only care about the location of the building. This leads to a bad perception of the service quality after the residents experience it.

4.2. Feelings of fairness in service prices

Table 2 Service price at the apartment

Service prices	Hateco Apolo	HD Mon	Xuan Phuong Quoc Hoi	Vinhomes Smart City
Service price (VND/m ² /month)	5.500	6.500	5.500	8.000
Price of motorbike (VND/month/car)	80.000	90.000	80.000	45.000
Car price (VND/month/car)	1.200.000	1.200.000	1.200.000	1.250.000

Source: Compiled from survey results

In Nam Tu Liem district, there are many apartment buildings with different service prices (Table 4.2). So does this price difference ensure fairness for residents? To answer this question, the author also conducted a survey and obtained the following results:

The results in Table 4.3 show that the service price of apartment building is assessed by households as higher than in other areas and the service quality is not commensurate with the service price. This shows that survey participants are feeling that there is no fairness in the price of services that businesses provide.

Table 3 Feelings about fairness in apartment operating service prices

Evaluation criteria	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Fairness in service prices						
The current service price is higher than other areas in the same segment	12	36	22	5	0	3.37
The quality of service you get matches the price of service	6	19	25	21	4	2.36

Source: Compiled from survey results

4.3. Results of trust for service providers

Currently, the apartment building operation management service provider consists of two groups of subjects, including: Directly managed by the investor and they hire an outside management unit; and the operation management unit is an independent outsourced unit.

To see the trust of residents in the apartment building operation management service provider, the author also conducted a survey and obtained the following results:

Table 4 Trust in apartment building operation management service providers

Evaluation criteria	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Trust in service providers						
I feel the company provides reliable service	6	26	29	11	3	2.71
I feel the company providing the service is competent	8	27	30	8	2	2.88
I feel that the company providing the service fulfills its commitments	7	28	28	7	5	2.80
I feel that the company providing the service makes me happy	7	29	32	7	0	2.96

Source: Compiled from survey results

We find that residents' trust in the apartment building management service provider revolves around a value of 2.80, which is lower than the neutral value (3.0). This result shows that the trust of the residents in the service provision is quite low. Therefore, service providers need to come up with solutions to improve the trust of residents who are currently using the services they are providing.

4.4. Other factors

4.4.1. Age

According to the survey results, households living in apartment buildings have a very young age. Under 40 years old accounted for 76%, from 40-50 accounted for 20%, over 50 accounted for 4%. This is due to the psychology, income as well as financial accumulation of households. Because they are young, they are willing to pay for good quality services.

Table 5 Age and willingness to pay for services

Evaluation criteria	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Age						
<30	21	24	15	6	0	3.91
30-40	27	39	24	12	3	3.71
40-50	6	30	6	3	0	3.87
>=50	0	6	3	0	0	3.67

Source: Compiled from survey results

4.4.2. Factors of household income

Table 6 Household income and willingness to pay for services

Evaluation criteria	Strongly agree	Agree	Neutral	Disagree	Strongly disagree	Mean
Income						
< 30	3	9	15	12	0	3.08
30-40	9	30	15	12	3	3.43
40-50	24	39	12	6	0	4.00
>= 50	15	18	3	0	0	4.33

Source: Compiled from survey results

Because the author focuses on research in mid-range apartments, households with incomes from 30 to 50 million VND/month are the main ones, accounting for 66.7%. And through the survey results show that the higher the income, the higher the willingness to pay for the services, the important thing is the quality they receive.

5. Conclusions and recommendations

Based on qualitative methods (through the research, synthesis, comparison of previous studies), methods of investigation, interview, visual observation, comparison, analysis, evaluation.... The author has found 4 groups of factors affecting the willingness to pay for apartment building management and operation services, including: Service quality; Perception of fairness in service prices; Trust in service providers; Some other factors such as age, income. According to research results, currently, the service quality in apartment buildings in Nam Tu Liem district - Hanoi is above average. Service prices are higher than in other areas and service quality is not commensurate with service prices. Residents' trust in service providers is not high, so the author has some suggestions as follows:

- For apartment building management and operation service providers, it is necessary to improve the service quality of their units based on groups of criteria reflecting service quality; study and determine service prices suitable to the service quality and the area under management; and need to build trust with residents
- For the management board and the resident community, it is necessary to clearly agree on the price and quality of service and the sanctions to handle if there is a breach of the contract with the service provider; Specifying the contents of the internal regulations on management and use of the apartment building;
- Each apartment building has a written regulation on management and use of the apartment building. In which, it is necessary to clearly state the rights and responsibilities of the owners for the use of private areas, common areas, equipment, etc.
- For the investor, it is necessary to arrange an area for the common space, for common equipment and fire protection standards right from the time of designing and constructing the buildings.
- One of the problems of service quality that residents want to improve is the lack of common living space, the lack of play areas for children, the lack of parking space, etc. All these can be avoided if the owner Investment attention from the beginning, included from the design.
- For state management agencies, should consider promulgating quality standards for management and operation of apartment buildings; Develop a mechanism to allow apartment building owners collective to choose service

providers even if a management board has not yet been established; Completing legal documents related to apartment building management services.

Compliance with ethical standards

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Disclosure of conflict of interest

The authors declare no conflict of interest.

Statement of informed consent

Informed consent was obtained from all individual participants included in the study.

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