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Incentives in Swedish Commercial Real Estate Companies: The property manager function

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Abstract

Purpose – The purpose is to identify factors on property management level for analysing incentives for an effective property management with focus on organising it in-house.

Design/methodology/approach – This research is based on an interview study of eleven firm representatives from the Swedish commercial real estate sector with in-house property management.

Findings – The study conclude that the property management organisation in the in-house setting is govern in an informal way with a large portion of freedom with responsibilities instead of regulations.

Research limitations/implications – The research in this paper is limited to Swedish commercial real estate sector

Practical implications – The insight in the paper regarding how decision-makers creates incentives for the property management organisation can provide inspiration to design incentives for effort.

Originality/value – It provides an insight regarding how the commercial real estate industry prioritise different work tasks and how incentives are created to enable effort.

Keywords – Property Management, Incentives, Decision making, Commercial Real Estate,

Paper type Research paper

1. Introduction

Property management is about managing large values. A central issue in owning real estate is “who shall do the management?” (Li & Monkkonen, 2014, Klingberg & Brown, 2006). Property management can be organised in two different ways; in-house or outsourced. In Sweden these two different organisational settings have been living side by side for several years. However, in the case of Sweden the larger commercial real estate owning companies all have its own management in-house (see Palm 2013). This raises the question how these companies have insured themselves an effective management.

In literature it is argued that the ability to link with their customers’ capabilities (Dean, 2004) and to develop a market orientation (Hunt & Morgan, 1995) generates advantages for a real estate business within the market. Oyedokun et al. (2014) emphasises that the property management organisations main task is to build loyalty among existing tenants while securing new ones through good service. Rust & Thomsson (2006) propose that a business’s ability to manage customer information and to initiate and maintain profitable customer relations is the key to establishing a competitive advantage. In contemporary property management, value is customer-driven in the sense that real estate in itself does not generate any turnover: it is the customer who pays the rent that generates turnover. This observation corresponds well with Basole & Rouse’s (2008) claim that value is customer-driven through use. At the same time, customers have become more demanding with respect to the services that they expect to be

delivered. Baharum et al., (2009) state that today's customer is more aware of the level of service they receive. Furthermore, buildings have become more complex, and contain high-level technology that requires very knowledgeable managers (Chin & Poh, 1999; Abdullah et al., 2011).

A strategic change towards a more customer-focused approach within the real estate industry will enforce changed circumstances on the individual property manager's everyday work, and a change in working procedures. Lindholm & Nenonen (2006) argue that real estate managers traditionally tend to adopt an operational-efficiency perspective, looking at maintenance instead of customer satisfaction. Lindholm (2008) however, concludes that service is the most essential task for a property manager to work with. This is an opinion that is shared by Kärnä (2004), who argues that the delivery of good service adds to customer satisfaction; something that leads to strengthen the customer relationship. Fundamental issues in a more competitive environment, as outlined by Williamson (1975), is how to organize the company so that senior management will get the *information it need* and create *incentives for effort* remain the same.

The main focus in this article is the property manager function in commercial real estate companies, her role and how she is motivated to perform in the in-house management setting. This article presents the result of an interview study with 3 large commercial real estate owning companies in Sweden and their property management organisations. The purpose is to identify factors on property management level for analysing incentives for an effective property management with focus on organising it in-house.

The paper is structured as follows: Section 2 presents the theoretical background. The first part outlines the transaction cost perspective in general and the second part incentive in property management and third the question of information in property management is outlined. Section 3 presents the research design and methodology for the study. Section 4 presents the findings where first a description of role and functions will be outlined before the findings regarding information sharing is presented. Section 5 contains the discussion of how incentives works and motivates property managers and enables the owners to insure an effective management to be carried out.

2. Theoretical framework

This paper takes its theoretical standpoint in the classical approach to strategy. The view upon strategy as a rational process of well-analysed and deliberate choices. The overall aim of the process is to maximise the own organizations profits and benefits over time. Or as Ansoff (1984) describes strategy as a systematic approach for the management to position and relate the firm to its environment in a way to enable continued success. This viewpoint is essential when considering the design of structure for management organisation.

A business strategy usually consists of strategies in three levels: Corporate, Business and Functional (see for example Ali et al., 2008, Morrison & Roth, 1992, or Porter, 1981). Strategy on corporate level is generally defined as a company's overall direction in terms of its general plans for growth and product segmentation (see for example Morrison & Roth, 1992). This indicates that the main concern of corporate strategy is to select the areas in which the company will be present. This paper addresses the commercial real estate industry, and not the whole real estate industry therefore this level is left out. The level of business strategy is concerned with how the structure of the organisation matches between the

internal capabilities, resources, of the company and its external environment (see for example Porter, 1981). Strategies on a functional level are strategies made to support the ones on business level (Porter, 1981). This paper will concern especially the last two levels.

The Swedish model of organising the property management function in-house can schematically be illustrated as below.

Figure I Organisation of the property management (Translated from Palm, 2015)

As displayed in Figure I the property management organisation in Sweden is, in this case, a function divided organisation where the Head of property has the more comprehensive responsibility of both economic and technical area. This is then divided and a technical specialist, Technical manager, is responsible for maintenance and a property manager takes an economical and customer responsibility. The responsibility of new leases is on the other hand specialised in a function of its own. All of this can be viewed from the specialisation perspective as described by Abdullah et al. (2011).

In this perspective and within the field of real estate, the tenant is the customer, and the cost of obtaining new customers can exceed the cost of retaining present customers (Matzler and Hinterhuber, 1998; Li, 2003). If a satisfied customer can lease larger properties, there is an even greater incentive to work with retaining strategies. At the same time, it is very costly for a real estate company to have empty properties: the costs are there regardless, and the market value can be effected as well. There is, therefore, a strong incentive to have well-developed strategic plans outlining how to attract new customers. However, the most important task is to work with your present customers to prevent them from moving since the cost of retention is less than the cost of attracting new customers (Matzler and Hinterhuber, 1998; Li, 2003).

It is the property management team's task to work with these questions in an efficient way. Baldwin (1994) and Ling and Archer (2010) state that it is the property manager's task to supervise, coordinate, and control all activities related to the property. Loh (1991) and Wurtzebach et al. (1994) also include that the dimension of the property manager is to maximize returns by increasing rental income. These goals are divided by Abdullah et al. (2011) into two categories: short- and long-term objectives. The fulfilment of short-term objectives (like the task of maintenance, rent reviews, leasing, and customer relations) is a requirement that need to be fulfilled prior to ensuring long-term objectives (like increasing investment returns, optimizing property usage, and prolonging the functional life) are fully met. Abdulla et al. also conclude that the function of property management is a mixture of the achievement of financial objectives and practical management issues, which maintain investment on one hand and customer value on the other. Here the question of how to prioritise working tasks comes into play for the real estate manager and how to design the regulations from the decision maker's perspective.

2.1 The transaction cost perspective

Transaction costs usually refer to the direct costs that are involved in carrying out a business or a service exchange. This includes costs associated with contract formation, information retrieval and dissemination, and engagement in the service exchange. A *transfer* refers to both exchanges within the organisation and in relation to a customer or business partner. Williamson (1981) likens an organization and its relations to a machine. If it is a well-working machine, then the transfer will take place smoothly. But everything that causes friction in the mechanical system is the economic counterpart of transaction costs. Examples of transaction costs are costs associated with writing contracts, obtaining information, and engaging in exchange. But since a transaction can be subject to opportunistic behaviour, costs associated with misunderstandings, conflicts, and everything else that might interrupt the harmonious exchange of a service delivery are also considered as transaction costs.

The core of providing service delivery that is as smooth as possible lies with contracts. It is the contract that stipulates what is to be done and how it is to be done. However, contracts are incomplete, in practice. Complete contracts are not possible because all possible future contingences cannot be foreseen at all times. This contractual problem emphasizes the fact that everyone act under bounded rationality. Since all contracts are incomplete, in the sense that all future contingencies cannot be dealt with in a contract, then the possibility for opportunistic behaviour from at least one of the parties that are subject to the contract is an unavoidable assumption. According to Williamson (1975), it is essential that these two behavioural assumptions be made with respect to bounded rationality and opportunistic behaviour when one applies economic principles to the analysis of organisations.

The concept 'bounded rationality' is related to the fact that there are limitations in the knowledge that is available to the parties that enter into contracts with each other. Full details about the future are not possible to obtain, which results in uncertainty about the future. This limited information and attendant uncertainty entails that it is not possible to write up a 'complete' contract. No matter how well-written a contract might be, it will never be perfect, because many situations cannot be predicted and regulated for (Milgrom & Roberts, 1992).

The concept of 'opportunistic behaviour' relates to a situation when one party acts in their own interest and imposes costs on the other party that are larger than the gain that is due to the other party. This leads to inefficiency. The mere risk of opportunistic behaviour by either

party entails transaction costs, because the simple *reduction of risk* for opportunistic behaviour involves costs in the transaction process.

Williamson (1981) states that, in the study of organisations, transaction costs can be applied at three levels. The first is the overall structure of the firm. This level includes the operating parts of the firm and how they should be related to each other. The second level focuses on how the organisation is structured with respect to the functions that are to be performed within the firm, and the functions that are to be performed outside the firm, and the reasons why this distribution of functions is so made. The third level concerns how the human assets are organized within the firm.

‘Incentives’ is a central concept in transaction cost economics. The most popular model that is invoked to explain how individuals are motivated to perform is the ‘principal-agent’ model. In this model, the principal cannot perfectly monitor the agent, who might behave in an opportunistic manner at the expense of the principal (Williamson, 1975; and Eisenhardt, 1989a). This opportunistic behaviour is described as ‘the moral hazard problem’ (Milgrom & Roberts, 1992). A number of different strategies exist which can be used to reduce the moral hazard problem. (See, for example, Eriksson & Lind, 2015)

2.2 Incentives in property management

Building your organisation require both allocation of responsibilities and organisational routine, both considering information sharing and effort making. This is done by well-designed contracts relegating these questions (Milgrom & Roberts 1986).

The most popular model of incentive contracting trying to explain how individuals are motivated to perform is probably the classical principal-agent model. In this model the principal cannot perfectly monitor the agent who might behave in an opportunistic manner at the expense of the principal (see for example Eisenhardt, 1989a or Williamsson, 1975). This opportunistic behaviour is described as the moral hazard problem.

Klingberg and Brown (2006) states that the principal-agent problem is well recognised in real estate research due to the variety of topics covered. From appraisals (Downs and Güner 2012), brokerage contracts (Munneke & Yavas (2001), transaction process (Lindqvist, 2011), leasing of commercial real estate (Benjamin et al., 1998) to asset management (Sirmans et al., 1999). Also in the property managers everyday the real estate owner has monitoring problems at the same time, as the individual property manager is responsible of large values. There are risks of opportunistic behaviour in the sense that tasks that cannot be observed are neglected in favour of observable or quantitative tasks. The real estate owner stands in front of the same kind of setting as the pharmaceutical firms (see Cockburn et al., 1999) where the employer wants the employee to perform tasks that are both beneficial in the long term perspective for the firm but also tasks that are beneficial in the short term for the firm. In property management tasks that are beneficial, for the owner/firm, in a long term perspective ought to be customer relations and maintenance. Where tasks as renewing contracts and new leases should be considered as task beneficial in the short perspective (see for example Abdullah et al., 2011, and Lützkendorf & Speer, 2005, for long and short perspective).

For example, it might be more rational for the individual property manager (agent) to prioritise a lease before making a service meeting with a current customer. This behaviour can to some extent be regulated through different incentive schemes or contracts (Williamson,

1975) depending on what the real estate owner (principal) want the manager (agent) to prioritise. But as Azasu (2011 and 2009) state the property managers work is multidimensional and consist of both tasks that are measurable as well as non-measurable but still as important. This leaves us either with an incomplete contract or an incentive scheme. However, Ellingsen and Johannesson (2008), research concludes that employees in general dislike being monitored especially when it is linked to future rewards. Instead Ellingsen and Johannesson (2008) imply that fixed wage in many cases can be optimal in terms of performance.

2.3 Information in property management

Managing profitable customer relationships in a business-to-business environment requires complex information structures for an organisation to gather and evaluate customer information (Davenport et al., 2001). The fact that customer information in a business-to-business context relates to the customer both as a company and the people within the company. This also imply that the information comes from numerous sources and from different levels within the company's organisation (Rollins et al., 2012). Furthermore, information in this business-to-business environment requires customer information that is both qualitative and quantitative (Rollins et al., 2012). Quantitative customer information refers to information that easily can be reported in numbers, as leasing and rents statistics. Quantitative information is information that easily can be reported in different management systems (see for example Roberts and Daker, 2004). Qualitative customer information refers to information that is hard to report in numbers, as information regarding customer behaviour. This distinction imply that qualitative customer information are more difficult to report as it cannot be quantified. At the same time several researchers (see for example Rolling et al., 2012, Berger et al., 2005, Hertzberg, 2003) emphasises the importance of the combination of quantitative and qualitative customer information to enable a rigid business-to-business relationship. Hertzberg et al. (2010) also conclude that quantitative information are to be used to validate insights based on qualitative information and not the other way around.

Within the real estate industry required information is often qualitative information regarding the tenants. This information besides being hard to quantify and difficult to compare is also subject of interpretation from the individual manager (Stein, 2002). Together with the increased specialisation within the real estate sector the question about how to manage the real estate information is raised.

An agency problem arises in communicating information regarding the customers. The individual property manager will have non-verifiable information regarding the customers. Information obtained through the day-to-day contact with the customer. This qualitative information includes opinions that cannot easily be transmitted to a third party. Petersen (2004) concludes that this type of information must be collected in person to be fully understood/interpreted and that it is difficult to compare with other information. There have been several empirical studies regarding qualitative information especially within the banking industry (see for example Hertzberg et al., 2010, Berger et al., 2005, or Herzberg, 2003). In fact the property manager has several similarities with the loan officer in the bank. As the loan officer is responsible for managing the relationship with the customer so as to maintain high repayment prospects, the property manager is responsible for managing the relationship with the firm to maintain them as customer with strong lease payments. The loan officer is responsible for obtaining and reporting information about repayment prospects of the firm; the property manager is responsible for reporting the customers' prospect of future lease.

The similarities goes even further since both professions by authority has the power of making financial decisions that ties up their principals on long-term commitments. When we consider the bank officer, she act as the agent of the bank (principal) when accepting, or refinancing, a loan for a client. (In the client situation she is the principal and the client the agent). So in the case of the bank, bank officer has private, sometime tacit, knowledge regarding the client and are able to make decisions that in turn have long-term effects for the bank. The same goes for the property manager in the leasing situation. In her relationship with the owner/landlord she is the agent and possesses private, also here sometime tacit, knowledge regarding the tenant or the future tenant. The decisions that the real estate manager make has also here long-term consequences for the company she works for. All in all both parties have long extensive rights in the decisionmaking and many of their decisions are made form private or even tacit knowledge that is hard or almost impossible to quantify or transfer to a third party, in this case the real estate owner.

The questions regarding the decisions that are to be dealt with by the decision-maker relates to what Abdullah et al. (2011) categorise as long-term objectives. It is, more or less, the objectives of long-term strategic decisions as optimizing property value, decision to invest, purchase or sell a property. Other decisions that more relates to the daily care of the property and its customers are handled on property management level instead (see also figure I).

3. Research design and methodology

The base of this article is a case study of three commercial real estate companies. The concern of the study is to identify how the top-management has insured an effective organisation and the process to get crucial information to make sound decisions. This has been studied by interviewing both top-management representatives and the management teams. By investigating the top-managements view, and at the same time investigate the management team's perception of the top-managements requirement and the management team's incentives to share different information and to perform different tasks, an understanding of possible risks of post contract transaction costs has been able to pinpoint.

3.1 Data collection

A selection of three large commercial real estate owning companies was made. This selection was made, as defined by Patton (2002) and Eisenhardt (1989b), through a stratified purposeful sampling. The real estate company at hand should all have a full in-house property management service. Therefor the use of stratified purposeful sampling was the natural choice as to ensure suitable representation of firms.

From each company both the decision-maker and a selection of a property management team were made. The head of real estate, property manager and the technical manager representing the same area/division were interviewed. In total eleven respondents were interviewed as displayed in table I.

Table I Respondents positions in the companies

	Company I	Company II	Company III
Decision-maker	X	X	X
Head of property	X	X	*
Property	X	X	X

manager			
Technical manager	X	X	X
Total	4	4	3

* = This position does not exist in the company

The three companies included in the study are all large Swedish commercial real estate companies with a yearly revenue over € 1,000 million each. The first company is a listed company, the second is owned by the state through our pension funds, and the third is a real estate company owned by an insurance company. Together they represent almost 50% of the commercial real estate market in the region,

The design of the interview process was structured as semi-structured interviews (Kvale, 1995). Further on the design of the topics of the interviews were greatly influenced by Bonner & Sprinkles (2002) outline of categorized variables that are to influence performance. Even though Bonner & Sprinkles (2002) paper does not have a focus on the real estate profession these variables are of a more general character and were of great help designing the interview study. Also the structure of Fisher et al. (2003) study influenced the interview study although their study is of the quantitative nature. But even so it gave valuable insight basically because the study concerns budget based incentives and performance. Together with Azasu (2009) statement that the incentive plans in the Swedish real estate sector is accounted based and related to budget. This gave valuable understanding and perspective before the interviews.

3.2 Interview themes

The interviews with the decision makers had as their starting point a comprehensive question regarding the organisation of the property management function. As for the interviews with the individuals from the property management teams, Head of property, Property manager, and Technical manager, the starting point was the question regarding work tasks and her placement in the organisation.

The next theme for the interviews was information sharing. How is it reported-what are automate, in written, oral-and how is it documented and shared in the organisation? During the interviews with the decision makers, the focus was on what information they require and the purpose and use of this information. During the interviews with the management teams, the focus was, instead, on the reporting and documenting procedure in itself.

The third theme concerned regulations, first regarding the individual's role within the organisation and second regarding information sharing. During the interviews with the decision makers focus was on how and why these regulations are built-in in the organisation. With the management teams focus instead was in how they perceive these regulations and to what extent they work to motivate them in their daily work.

The last theme was more open as the respondents were asked to elaborate on their experiences from working within the organisation and if they thought any question had been neglected.

3.3 Data analysis

To enable sorting, interpreting, classifying and coding of the material all interviews was taped and the interviewer transcribed all of the material. This is a working procedure that is time consuming but is enabling a better overview and understanding of the material. At the same time it helps to secure the process and the respondents to be correctly quoted. Taping and

transcribing is also a working procedure that is considered essential when working with interviews (see for example Riessman, 1993).

4. Findings

This section presents the findings from the interview study. It is divided into three parts where role and function is first outlined before information sharing is displayed. Third, the incentives for effort and information sharing is outlined.

4.1 Role and function

Abdullah et al. (2011) outlines what task's that are included and performed in a general property management service. But how is the property managers mandate to perform these tasks designed and how is the individual property manager governed? Even if none of the three companies have any written or formalised job descriptions where the employee's tasks are specified they all have similar responsibilities. These responsibilities can be summarised as in table II.

Table II Responsibilities regarding position

Responsibilities	Head of properties	Property manager	Technical manager
Budget design	X	X	
Prognoses		X	X
Contract renewal	X	X	
Purchase	€ 100,000	€ 35,000	No, just consultative

First, in all these three cases the individual property manager has the full economic responsibility for both the income and the cost side for the properties she is managing. Furthermore, they have the full customer and operational responsibility as well. This is exposed in the budget-process where the property manager is responsible for developing a budget on property level for both the income and the cost side. The budget process is as follows. First the property manager is provided the framework regarding macro-data in terms of inflation and interest rates and other company collective input. There after the property manager construct a budget with income and expense prognosis on individual property level. She develops this from the customer knowledge she has and the technical information of the property. After this, there is a discussion with the decision-maker regarding levels in the budget. This might be if it is legitimate to make suggested technical investments this year or not or if it is reasonable that the vacancies will continue as forecasted. These discussions might cause minor adjustments in the budget before it is finalised. The full customer responsibility is from the moment the market division has signed a contract with a new customer. From there on it is the property managers task to have the full customer relation management and take care of all upcoming situations.

The three companies are all rather coherent regarding rules of purchase. The property manager has rather high limits, as far as the purchase is included in budget. Regardless of limit there is a rather informal procedure before decision upon purchase or investment. An investment decision is not proceeded by a formal investment proposal, instead it goes the informal way by keeping the superior updated by the coffee machine. This seems to be the case, as all three cases witnesses of it, of decision by the property manager, which limits are up to € 35,000. It is only when the manager is to request for investment over their mandate a written document is required. However, there are neither standardised document nor any

guidelines. Instead it is stated that you are to write whatever information that yourself think is relevant and that you would require yourself to make an informed decision in the case at hand.

When it comes to customer contact none of the companies has any work descriptions, checklists or interval concerning how and how often they are to meet their customers. Furthermore, customer meetings are not documented or followed up in any formal way, or controlled by the senior management.

4.2 Information sharing

Information can, as displayed earlier, be either quantitative or qualitative information (Rollins et al., 2012). But what information does the decision-maker request and what information does the property manager report and how?

All three cases gave a comprehensive image of information sharing within the companies. Generally, the decision-maker request three types of information from the property manager and her organisation. This requested information can be summarised as seen in table III.

Table III Reported information

Information	Electronical	In-written	Oral
Contractual status	X		
Vacancies	X		
Budget	X	X	
Market information			X

First, customer information in terms of contractual status and vacancies in the properties. This information is reported in the Customer Relation Management (CRM) system, where all contracts with their specific terms and conditions, are logged. The system also gives a heads up when it is timer for contract renewal and/or termination.

Second, accountancy information in terms of quarterly budget follow-up on individual property level. The decision-maker is able to follow-up the outcome electronically and monitor the outcome on property level, even if all three decision-makers witnesses on that this is seldom the case, they rather look at a aggregated level. The individual property manager however, constantly updates the system both regarding expenses and income adjustments. Even if it is the finance department that handles the invoices it is the property manager that is responsible to make adjustments if for example one customer is late with the rent or gets a temporary rent increase due to an extra investment.

Third, market information in terms of what is going on in respectively management district/area. This is reported or rather discussed during follow-up meetings weekly. However, these market information discussions are something that all respondents, both decision-makers and managers, state are something ongoing and not something that are only dealt with during follow-up meetings. Even if there are weekly follow-up meetings these are not documented instead they are rather informal.

The structure described above is similar between all the three cases. All three companies seem to have the same organisational routines regarding how customer information are to be reported and what kind of information that are required.

4.3 Incentives for effort and information sharing

Azasu (2011) witness on incentives plans in Swedish real estate companies and for example Ellingsen & Johansson (2008) state that we are motivated by both monetary and non-monetary incentives to perform. It can be by a bonus for reaching a goal or the possibility to get a promotion within the company. So how is this designed for the property manager and how is she motivated?

First, none of the companies, in the three cases, have any monetary bonus on individual nor management area level. However, all three have collective bonuses for the whole of the company that are equally distributed to all employees. These company bonuses are in all three cases tied to two different parameters: economical outcome and customer satisfaction.

The economical outcome is in two of the cases measured by company performing 1% better than SFI (Swedish real estate index), and in the third case by increased revenue for the company. The customer satisfaction parameter is linked to some kind of Satisfied Customer Index (SCI), either an internal survey or the yearly national survey, where the company are to perform better SCI than last year.

Second, non-monetary incentives are more common. Even if all three companies have flat organisation with a non-hieratic organisation, as the rest of the Swedish real estate industry, they all have outspoken policies for internal promotions. If there are a position vacant it will first be announced internally, before going public. One reflection is that two of the companies during the last two years has reorganised their management organisation, introducing one more level, e.g. a middle manager, in their organisation. I asked about it specific and the decision-makers stated that it was to be able to promote appreciated co-workers which they had not been able to do to any larger extent before. One decision-maker explained that they had experienced a loss of a couple of highly appreciated property managers some years ago, and they made this re-organisation to prevent that from being repeated.

The management organisation respondents all see this internally promotion as motivating as they know that they can be promoted or be able to change work tasks within the company. The possibility to be able to change from example the work tasks of the property manger to the market side working with new leases instead, or the other way around, is by the respondents appreciated.

5. Discussion

This section is divided in three, first the findings regarding property manages role and function is discussed before information sharing by the property manager is discussed. Last, incentives for the property manager to perform and share information are discussed.

The individual property manager has large mandate in the budget process, as displayed earlier, where the decision-maker more or less has delegated the full authority of the process to the property manager. After the budget process the property manager has full responsibility to manage the customers and houses tied to her area, within the framework of the budget, a budget that she herself has established. A procedure that witnesses of a great deal of trust from the decision-maker on her co-workers and that the individual property manager's employment is characterised by freedom with responsibilities.

This freedom with responsibilities as outlined above is something that is evident throughout all of the interviews both with the managing directors and the property management respondents. Two of the managing directors stated that they want their property managers to act and think like they are the owners of the properties, because they then think their co-workers will make decisions that benefit the company in the long run.

At the same time as the property manager has a large freedom under responsibilities, the interviews with the decision-maker's witnesses of a genuine interest in the property managers everyday work. The interviewed decision-makers all talk about how they interact, asks, and continually discusses everyday questions with the property managers. Not that there are scheduled meetings, but by the coffee machine or as one stated, it is so easy just to ask how this or that is going in the open office landscape. Another decision-maker elaborated about how he could hear when his property managers are talking on the phone, in the office landscape, and sometimes has been able to correct or confirm information directly. This witness of two things, first, the freedom with responsibilities is somehow monitored by the decision-maker even if there are not any checklists or formal decision-making process. The open office landscape, all three companies sit in open landscape, provides the decision-maker possibility to monitor in a subtler way. Second, there are a genuine interest in property management question from the senior-management and decision-makers. One explanation might be the fact that they all have a long background in real estate, working their way up in the industry and thereby have an understanding of the property managers everyday work tasks and the importance of the performance.

This interest must not be mistaken for a direct involvement and control over the property managers works tasks and performance from the decision-maker. The property manager still has her mandate to perform her work from her own approach. One of the managing director stated, when he was asked about how he follow up on customer contact; "That is details, I don't involve in details I trust my property managers to manage that in best possible way, otherwise I wouldn't have employed them originally". With other words on interest in their work but delegated authority and freedom to handle her assigned remit.

The discussion of freedom with responsibilities is also resembled in the information sharing process from the property manager to the decision-maker. Assuredly the property manager is to report the financials in the financial system and updates regarding customer contracts in the CRM-system. But otherwise, as all communications, and/or information sharing, from scheduled meetings to informal talks, are documented by neither by the property manager nor the decision-maker. In conclusion there are no systematic follow-up system more than the budget and leasing level. The rest of the daily property management tasks and information regarding customers, buildings and market is not documented or reported in any systematic way.

These lacks of documentation do risk rendering in a brittle organisation. If one or more co-worker become ill and will be indisposed for a longer period the organisation and the decision-maker face the risk to suffer from a lack of information in the decision making process. It will also leave the decision-maker in a weaker position towards the property manager in terms of information asymmetry. The property manager will have private information regarding the customers as well as the buildings, information that the decision-maker do not have access to. To make this work the decision-maker must have a great deal of

confidence in the property manager to, without asking, share also this kind of private, soft, information.

If the decision-maker can build a culture where the co-workers all work for the greater benefit of the company. That they all act from the perspective as if they are the real estate owner themselves and do use the freedom with responsibility in that manner the information asymmetry will not be any issue. The property manager will in that case be keen to share both hard and soft information for the benefit of the organisation and the company as whole. But, as mentioned, it is a fragile system and builds upon trust and that the property manager is motivated to do a good work, that they are motivated for effort making.

The fact that there are no monetary incentives on individual level for the property manager is somewhat in contradiction to Azasu (2009). However, this might depend on the position studied, the property manager. The individual monetary bonus does not reach the property manager and/or the collective bonus in the companies impacts the Azasu study. Never the less there are no clear line of sight from the individual property manager and this monetary bonus, therefore it must be considered as weak in terms of motivation.

The non-monetary incentives in terms of chances of internal promotion must also be categorised as somewhat weak due to the relatively flat organisations with fairly low chances of promotion regardless of how well you perform. However, Herzberg (2003) does recognize responsibility as a driving factor leading to job satisfaction and motivation for effort making. In terms of responsibilities, the property manager does have wide responsibilities and large mandate to perform and this freedom ought to be a driving factor motivating the property manager to perform.

6. Conclusions

The apparent freedom with responsibilities in the property manager role are monitored, just not in the traditional way through written task specifications, checklists and written reports. Instead it is monitored through the decision-maker's presence and, interest in the individual property managers' everyday situation that are expressed by interested questions tied to the everyday work life.

There are a clear disadvantage with the property managers freedom with responsibilities for the property manager as she risk to feel "left on her own" in the organisation without knowing how to act or what tasks to prioritise. In this perspective some routines or checklists would promote the property manager in her work and without interfering with her freedom provide a better platform to perform and enhance an effective management.

There is also a clear advantage with property managers' freedom with responsibilities as, if handled right, decision paths will be short. Additionally, the customer will feel that their comments will be listened to and adhered by an authority with influence to make decisions.

As all bonuses and the non-monetary incentive of internal promotion are to be considered as weak in terms of motivation, the industry should consider the possibility to enhance clear line of sight between the bonus and the individual's performance as discussed by Azasu (2009). The monetary bonus depends upon economic outcome for the company and customer satisfaction, numbers that are also delivered on individual property level, which makes it easy for the company to actually ground the bonus on regional or even lower organisational level.

This ought to be a change that actually would enhance the property managers motivation and ensure an even more effective management.

7. Implication for further research

Is it possible to develop a system where information are reported in a systematic way, without introducing on the property managers authority and without “stealing” too much time from other tasks? What would the benefits be and would it be possible to catch the right information in such a system? The question is if it n be possible to catch the right information in such a system? The question is if it can be possible to develop a system to make the organisation less brittle but without constraining the property manager.

Furthermore, how is the property managers’ everyday workday? A study where it would be possible to participate in the property managers’ work studying how she performs and how she reasons regarding what to prioritise would be fruitful.

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