Incentives in Swedish commercial real estate companies: the property manager function

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Abstract

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

Design/methodology/approach – This research is based on an interview study of 11 firm representatives from the Swedish commercial real estate sector with in-house property management.

Findings – The study concludes that the property management organisation in the in-house setting is governed in an informal way, with a large portion of "freedom with responsibilities" setup instead of regulations.

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

Practical implications – The insights into the paper regarding how decision makers create 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 prioritises different work tasks and how incentives are created to enable effort.

Keywords Property management, Commercial real estate, Incentives, In-house management

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 and Monkkonen, 2014, Klingberg and Brown, 2006). Property management can be organised in two different ways: in-house or outsourced. In Sweden, these two different organisational settings have been in existence side by side for several years. However, in the case of Sweden, the larger commercial real estate owning companies all have their own management in-house (see Palm, 2013). This raises the question how these companies have ensured themselves an effective management.

In literature, it is argued that the ability to link with customers' capabilities (Dean, 2004) and to develop a market orientation (Hunt and Morgan, 1995) generate advantages for a real estate business within the market. Oyedokun *et al.* (2014) emphasise that the property management organisations' main task is to build loyalty among existing tenants while securing new ones through good service. Rust and Thomsson (2006) propose that the ability of businesses to manage customer information and to initiate and maintain profitable customer relations is the key to establishing a competitive advantage. In the 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 and 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 they are expected to receive. Baharum *et al.* (2009) state that today's customers are 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 and Poh, 1999; Abdullah *et al.*, 2011).

A strategic change towards a more customer-focussed approach within the real estate industry will enforce changed circumstances in the individual property manager's everyday

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work and a change in working procedures. Lindholm and 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, which leads to strengthening of customer relationship. The fundamental issues in a more competitive environment, as outlined by Williamson (1975), are how to organise the company so that senior management will get the information it needs and create an environment where incentives for effort remain the same.

The main focus in this paper is on the property managers' function in commercial real estate companies, their role and how they are motivated to perform in the in-house management setting. This paper presents the result of an interview study with three 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, the second part states incentive in property management and the third part outlines the question of information in property management. 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 are presented. Section 5 contains the discussion on how incentives work and how they motivate property managers and enable the owners to ensure an effective management is carried out.

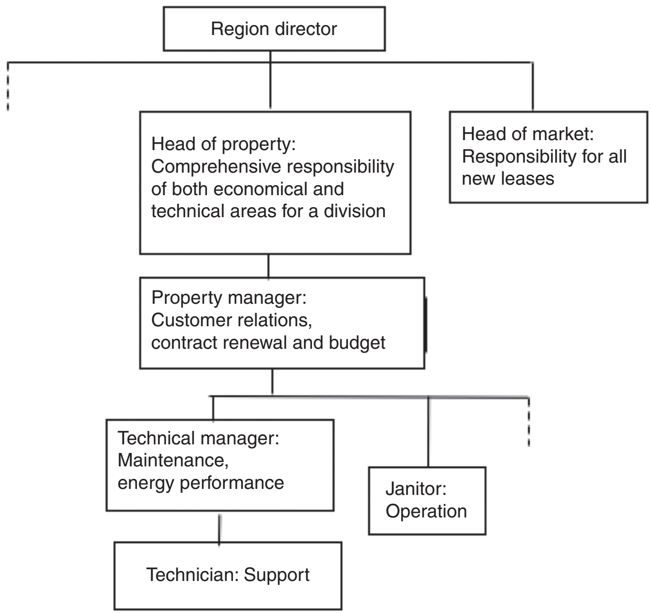
2. Theoretical framework

This paper takes its theoretical standpoint on 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 organisational profits and benefits over time, or as Ansoff (1984) describes, strategy is 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 three levels: corporate, business and functional (see, e.g. Ali *et al.*, 2008, Morrison and 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, e.g. Morrison and 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 strategy level is left out. The level of business strategy is concerned with how the structure of the organisation matches between the internal capabilities and resources of the company and its external environment (see, e.g. Porter, 1981). Strategies on a functional level are made to support the ones on a 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 shown in Figure 1.

As displayed in Figure 1, 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 areas. This is then divided, and a technical specialist, technical manager, is responsible for maintenance, and a property manager takes on 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).



Source: Translated from Palm (2015)

Figure 1. Organisation of the property management

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 Hinterhuver, 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 exist regardless, and the market value can be affected 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 Hinterhuver, 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 maximise 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 needs to be fulfilled prior to ensuring long-term objectives (like increasing investment returns, optimising 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. These include 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 organisation 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 emphasises the fact that everyone acts under bounded rationality. Since all contracts are incomplete, in the sense that all future contingencies cannot be dealt with in a contract, the possibility of 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 entail 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 and Roberts, 1992).

The concept of "opportunistic behaviour" relates to a situation when one party acts in its own interest and imposes costs on the other party that is 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 focusses 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 organised 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; Eisenhardt, 1989a). This opportunistic behaviour is described as "the moral hazard problem" (Milgrom and Roberts, 1992). A number of different strategies exist which can be used to reduce the moral hazard problem (see, e.g. Eriksson and Lind, 2015).

2.2 Incentives in property management

Building an organisation requires 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 and 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, e.g. Eisenhardt, 1989a; Williamson, 1975). This opportunistic behaviour is described as the moral hazard problem.

Klingberg and Brown (2006) state 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 and 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 work, the real estate owner has monitoring problems, 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 similar settings as the pharmaceutical firms (see Cockburn *et al.*, 1998) where the employer wants the employee to perform tasks that are beneficial to the firm not only in the long term but also in the short term. In property management, tasks that are beneficial, for the owner/firm, in a long-term perspective ought to be customer relations and maintenance, whereas tasks such as renewing contracts and new leases should be considered as task beneficial in the short-term perspective (see, e.g. Abdullah *et al.*, 2011; Lützkendorf and Speer, 2005, for long- and short-term 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) wants the manager (agent) to prioritise. But as Azasu (2011 and 2009) states, the property manager's work is multidimensional and consist of tasks that are measurable as well as non-measurable but still 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 is 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 implies 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 can be easily reported in numbers, such as leasing and rents statistics. Quantitative information is the information that can be easily reported in different management systems (see, e.g. Roberts and Daker, 2004). Qualitative customer information refers to information that is hard to report in numbers, such as information regarding customer behaviour. This distinction implies that qualitative customer information is more difficult to report as it cannot be quantified. At the same time, several researchers (see, e.g. Rollins *et al.*, 2012; Berger *et al.*, 2005; Herzberg, 2003) emphasise 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 to be used to validate insights is 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 to 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, which is an 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, e.g. Hertzberg *et al.*, 2010; Berger *et al.*, 2005; Herzberg, 2003). In fact, the property manager shares 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 go even further as both professions by authority have the power of making financial decisions that tie up their principals on long-term commitments. When we consider the bank officer, she or he acts as the agent of the bank (principal) when accepting, or refinancing, a loan for a client (in the client situation, he or 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 is 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 his or her relationship with the owner/landlord, he or 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 managers make also have long-term consequences for the company they work for. All in all, both parties have long extensive rights in the decision making, and many of their decisions are made from 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 relate to what Abdullah *et al.* (2011) categorise as long-term objectives. It is, more or less, the objectives of long-term strategic decisions such as optimising property value, decision to invest, or purchase or sell a property. Other decisions relate more to the daily care of the property, and its customers are handled on property management level instead (see also Figure 1).

3. Research design and methodology

The paper is based on a case study of three commercial real estate companies. The concern of the study is to identify how the top management has ensured 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 management's view, 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 postcontract transaction costs has been able to be pinpointed.

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. Therefore, the use of stratified purposeful sampling was the natural choice as to ensure suitable representation of firms.

From each company, a selection of both the decision maker and a property management team was made. The head of real estate, property manager and the technical manager representing the same area/division were interviewed. In total, 11 respondents were interviewed, as displayed in Table I.

The three companies included in the study are all big Swedish commercial real estate companies with yearly revenue of 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 per cent of the commercial real estate market in the region.

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

3.2 Interview themes

The interviews with the decision makers started with 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 its placement in the organisation.

The next theme for the interviews was information sharing: How is it reported? What are automated, in written or oral? 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 the 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, the focus instead was on how they perceive these regulations and to what extent they work to motivate them in their daily work.

Table I. Respondents positions in the companies

	Company I	Company II	Company III
Decision maker	X	X	X
Head of property	X	X	[a]
Property manager	X	X	X
Technical manager	X	X	X
Total	4	4	3

Note: [a]This position does not exist in the company

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 were taped, and the interviewer transcribed all of the material. It is a working procedure that is time consuming but enables 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 are also considered essential when working with interviews (see, e.g. 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 are outlined.

4.1 Role and function

Abdullah *et al.* (2011) outline what tasks are included and performed in a general property management service. What is the property managers' mandate to perform these designed tasks and how is the individual property manager governed? Even if none of the three companies have any written or formalised job descriptions, they all have similar responsibilities. These responsibilities are summarised in Table II.

First, in all these three cases, the individual property manager has the full economic responsibility of both the income and the cost sides of the properties he or she manages. Furthermore, the property managers have the full customer and operational responsibilities 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 sides. The budget process is as follows: first the property manager is provided with a framework regarding macro-data in terms of inflation and interest rates and other company's collective input. Thereafter, the property manager constructs a budget with income and expense prognosis on the individual property level. It is developed on the basis of customer knowledge and the technical information of the property. After this, there is a discussion with the decision maker regarding the levels in the budget. This might be regarding 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 comes into existence from the moment the market division signs a contract with a new customer. From there on, it is the property manager's task to carry out the full customer relation management (CRM) and to take care of all the upcoming situations.

The three companies are all rather coherent regarding rules of purchase. The property manager has rather high limits on the amount as far as the purchase is included in the budget. Regardless of limit, there is a rather informal procedure before decisions on purchase or investment are made. An investment decision does not proceed through a formal investment proposal instead the superior is updated informally. This seems to be the case, as all three cases showed such procedure in existence, of decision by the property manager, with limits up to €35,000. Only when the managers request for an investment over their mandate, a written document is required. However, there are neither standardised documents nor guidelines in existence. Instead it is stated that the managers are to write whatever information they think is relevant and they would themselves be required to make an informed decision in the case at hand.

When it comes to customer contact, none of the companies have any work descriptions, checklists or interval concerning how and how often the managers 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 (Rollins *et al.*, 2012). But what information does the decision maker requests and what information does the property manager reports and how?

All three cases gave a comprehensive image of information sharing within the companies. Generally, the decision maker requests three types of information from the property manager and his or her organisation. This requested information is summarised in Table III.

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

Second is the 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 witness on that this is seldom the case. Instead they rather look at an aggregated level. The individual property manager, however, constantly updates the system regarding both expenses and income adjustments. Even if the finance department handles the invoices, it is the property manager who is responsible for making adjustments, for example, if one customer gets a temporary rent increase due to an extra investment.

Third is the market information in terms of what is going on in the respective 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 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 is to be reported and what kind of information is required.

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

Table III. Reported information

Information	Electronic	Written	Oral
Contractual status	X		
Vacancies	X		
Budget	X	X	
Market information			X

4.3 Incentives for effort and information sharing

Azasu (2011) presented incentive plans in Swedish real estate companies. Ellingsen and Johannesson (2008) state that people are motivated by both monetary and non-monetary incentives to perform. It can be through a bonus for reaching a goal or through a possibility of getting a promotion within the company. So, how is this designed for the property manager and how is he or she motivated?

First, none of the companies, in the three cases, have any monetary bonus at the individual or management area level. However, all three companies have collective bonuses for the entire company which are equally distributed among all employees. These company bonuses are in all three cases tied to two different parameters: economical outcome and customer satisfaction.

The economical outcome in two of the cases is measured by company performing 1 per cent 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 is to perform better on SCI than the last year.

Second, non-monetary incentives are more common. Even if all three companies have flat organisation with a non-hierarchic structure, as the rest of the Swedish real estate industry, they all have outspoken polices for internal promotions. If there is 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 have reorganised their management organisation and introduced one more level, e.g. a middle manager, in their organisation. I asked about its specifics, and the decision makers stated that it was to promote appreciated co-workers, which they had not been able to do so to a larger extent before. One decision maker explained that he or she had experienced a loss of some highly appreciated property managers some years ago, and therefore made this re-organisation to prevent that from being repeated.

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

5. Discussion

This section is divided into three parts: first, the findings regarding property manager's role and function are 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 managers have the full responsibility of managing the customers and houses tied to their area, within the framework of the budget, which has been established by them. A procedure that witnesses a great deal of trust from the decision makers on their co-workers and that of the individual property manager's employment is characterised by freedom with responsibilities.

This freedom with responsibilities setup as outlined above is something that is evident throughout all of the interviews 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 that 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 makers present a genuine interest in the property manager's everyday work. The interviewed decision makers all talk about how they interact, ask and continually discuss everyday questions with the property managers. There are no scheduled meetings but informal ones 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 talk on the phone, in the office landscape, and sometimes he has been able to correct or confirm information directly. This states two things: first, the freedom with responsibilities setup is somehow monitored by the decision maker even if there are no checklists or formal decision-making processes. The open office landscape, all three companies sit in an open landscape, provides the decision maker a possibility to monitor in a subtler way. Second, there is a genuine interest in property management questions 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 manager's 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 managers still have a mandate to perform work from their own approach. One of the managing directors stated, when he was asked about how he follows up on customer contact, "Those are details, I don't get involved in details I trust my property managers to manage that in best possible way, otherwise I wouldn't have employed them originally". In other words an 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, all communications, and/or information sharing, from scheduled meetings to informal talks, are neither documented by the property manager nor the decision maker. In conclusion, there is 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 are not documented or reported in any systematic way.

These lacks of documentation do risk rendering in a brittle organisation. If one or more co-workers become ill and will be indisposed for a longer period, the organisation and the decision maker face the risk of suffering 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, the 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, where they all act from the perspective as if they were the real estate owners themselves and do use the freedom with responsibility in a manner the information asymmetry will not be any issue, the property managers in that case would be keen to share both hard and soft information for the benefit of the organisation and the company as whole. However, as mentioned, it is a fragile system and is built on trust and that the property managers are motivated to do a good work and 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 as in the Azasu study. Nevertheless, there is no clear line of sight from the individual property manager, and this monetary bonus, therefore, 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 organisational structure, with fairly low chances of promotion regardless of how well you perform. However, Herzberg (2003) does recognise 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 is monitored. It is monitored just not in the traditional way through written task specifications, checklists and written reports, instead through the decision maker's presence and interest in the individual property manager's everyday situation, which is expressed by interested questions tied to the everyday work life.

There are clear disadvantages with the property managers' freedom with responsibilities setup, as the property managers might feel as if being "left on their own" in the organisation without knowing how to act or what tasks to prioritise. In this perspective, some routines or checklists would help the property managers in their work without interfering with their freedom and providing a better platform to perform and enhance an effective management system.

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 ability 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 a clear line of sight between the bonus and the individual's performance as discussed by Azasu (2009). The monetary bonus depends on 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 is 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 would be possible to catch the right information in such a system? The question is if it would 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 work? In this regard, a study where it would be possible to participate in the property managers' work studying how they perform and how they reason regarding what to prioritise would be fruitful.

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