

# Primary Investigation of Small-medium cities' Property Management Charging Difficulty

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**Abstract**— As property management fee is the blood guaranteeing normal operation of property management activities, as well as a big issue involving the immediate interests of owners and real estate users, it receives great concern by owners and real estate management companies. In addition, it is a common phenomenon in the industry that property management fee collection is difficult. Directly related to the survival and development of real estate industry, it will also influence residential owners' comfortable housing and stability of residential area construction.

**Keywords**— *property management, charging difficulty, residential owner, comfortable housing.*

## I. INTRODUCTION

Modern property management and services can bring favorable social, economic and environmental benefits to the housing estate. Property service companies provide paid services to owners and they should be charged accordingly. However, in actual operations, due to various reasons, some companies collect insufficient fees, which have affected their normal business and operation. Many companies have failed to pay or even have serious losses. Meanwhile, property management charging issue will soon become a one of the "bottleneck" restricting the development property management industry.

## II. MAIN REASONS OF PROPERTY MANAGEMENT CHARGING DIFFICULTY

### 2.1 Property developer

#### 2.1.1 Advertising commitments are hard to be fulfilled

With the improvement of people's living standard in small-medium cities, owners are setting higher requirements for property management. To meet consumers' demands and guarantee real estate marketing, developers usually take exaggerated advertising measures and make unrealistic promises. But owners after checking in and living usually find far from the truth. Property companies cannot fulfill the commitments made by them, so some owners express their dissatisfaction by not paying property management fee.

#### 2.1.2 Hardware facilities are defective

Some of the developers' building engineering problem have directly led to the inadequacy of property management, and caused non-fulfillment of property services. For example, monitoring system engineering cannot be put into use due to quality problems, which seriously affects the property company's management of the housing estate security. Project phased development results in the phenomena of check-in and construction simultaneously, so that property companies cannot effectively manage the housing estate, making the pre-planned green space fail to meet the standard and resulting in the malfunction of parking lots. Construction units conduct construction not in accordance with the design requirements, lay out the sewage pipelines of different depths, which often lead to serious blockages. Therefore, owners sometimes feel dissatisfied or even have antagonistic emotions when being charged service fees.

### 2.2 Property

#### 2.2.1 Service quality problem

Many property management companies anxious to realize corporate profits neglect to improve their own service quality. For example, the quality of the property staff is poor, service awareness is weak, and service skill level is low, which finally result in three main service quality problems, "inadequate service", "delayed maintenance" and "irregular charging". It is also the focus of conflicts between owners and property companies. In many small and medium-sized cities, the phenomenon that property management companies emphasize charging but ignore management, overcharge and quality does not conform to the price can be found everywhere, which has made property owners feel strongly dissatisfied.

### **2.2.2 There is no financial transparency**

The management fees collected by property management companies and their use condition should be regularly announced to the owners and supervised by the owners. Periodically publicizing the income and expenditure of property management services and enhancing the transparency of the income and expenditure of property management services are an important manifestation forms of respecting the right to know of the owners. However, some companies lack transparency in their financial operations without willing to publicize the income and expenses of management fees to owners. The owners will feel psychologically imbalanced when paying property fees but seeing no expenditures from property companies, thus they will refuse to pay property management fee.

### **2.3 Poor communication ability**

Property Management Company as a producer of public goods cannot effectively promote their products without a series of scientific and effective promotion means. It is of course important for property management companies to display themselves in market competition. However, more important thing in front of developers is how to display ourselves after taking over the property and how to publicize ourselves so that our public product, service, can earn owners' recognition. However, one of the reason why owners refuse to pay property management fee is because of their incomprehension of the staff cost and the cleaning and maintenance of the public areas.

There are a lot of types of owners who refuse to pay property management fee, so multiple channels and means are required to deal with charging difficulty.

### **2.4 Owner**

#### **2.4.1 There are some misunderstandings of owners' consumption concept**

Some property owners with no awareness that property service is a kind of consumer behavior regard property management companies as housekeepers taking care of everything in the housing estate. So they attribute leakage and noise caused by neighbors to the property management companies' poor service quality, which is also used as an excuse for them to pay no fees. Zhenghong Property Management Co., Ltd. is an example. Some specific owner asked the company for pipeline dredging when sewer is blocked and ask for facility maintenance when damaged. However, the owner refused to be charged as the owner believes that the property fee has been paid and they should not pay again. Therefore, there will be a certain loss of property material costs and labor costs.

#### **2.4.2 Owners' service satisfaction is lack**

Due to no uniform regulations and inspection standards issued by the government for property management services, there are no uniform requirements on how much property management fees are paid, what kind of property service standards should be reached, and how to achieve quality-price parity, which result in a large gap in understanding of property service standards between the owners and property management companies. Property management companies can only provide relevant property service based on the interests of both parties according to the property management charging situation.

However, in actual management, problems such as inadequate service, untimely maintenance and irregular charging prevail among many property management companies, which directly affect the public image of the entire property management industry among ordinary people. This also makes owners complain the property management company. Therefore, they refuse to pay property management fees.

#### **2.4.3 Owners are not clear with the management scope**

As owners are not professional property management staffs, they cannot fully understand the property management as a systematic paid service behavior without in-depth cognition of property management. At present, the owners generally believe that the main work of the property management company includes clean-keeping, security and a forestation. At the same time, it is also believed that the property management company shall be responsible for all the quality problems of the housing. Therefore, once there is a quality problem in the house, it is used as an excuse for them to refuse to pay property management fees, to pay less, or pay fees overdue. They do not know that these problems were caused by the developer or their own improper decoration. This is not the responsibility of the property management company and this does not belong to the responsibility range of the property management company.

### **III. EFFECTIVE MEASURES TO SOLVE PROPERTY MANAGEMENT CHARGING DIFFICULTY**

Property management charging difficulty is the most prevalent problem in this industry. According to statistics, very few housing estates can reach a 100% of property management charging rate. Therefore, it is very important to research relevant measures to solve the charging difficulty.

#### **3.1 Improve citizens' property management consumption awareness**

To establish a good and harmonious relationship between the owner and the property management company, solve the property management charging difficulty, the competent authorities, the media and the real estate shall strengthen the publicity of property management knowledge among owners. Property service enterprises, government sectors and industry associations should widely propaganda, enhance the social cognition degree of the property industry among owners and customers from the aspects of industry laws and legal knowledge by adopting a variety of methods by virtue of various media so as to help owners to understand the advantages and necessity of implementing market-oriented, professional, and socialized property management, and understand the importance of property management in maintaining and increasing the value of the property and improving the quality of life, for the purpose of establishing residents' correct consumption concept of "pay for services".

#### **3.2 Change the charging attitude and means**

In the past, property charging personnel used to collecting fees at the home of owners regularly, which made the charging timeliness rate and collection rate not high. With a large number of charging points and a wide range of fees, charging personnel with high labor intensity will inevitably have indifferent, cold, and tough attitude, which could hardly achieve smooth communication with owners and result in the owners' dissatisfaction to the property management company and their unwillingness to pay property fees. For this problem, the property management company should take some measures based on the actual situation, change the working methods and charging attitudes, carry out electronic payment, and mobilize the majority of the owners to accept this scientific, convenient and electronic payment method of property services that is in line with the modernization of the city.

#### **3.3 Strengthen Property Company's self-construction**

To improve the owner's satisfaction, the property management company should find reasons from themselves. Property management companies should strengthen their own construction, establish correct service concepts, work hard to improve service quality, adjust internal mechanisms, strengthen management, establish rules and regulations, formulate service standards, standardize codes of conduct, and continuously improve service quality so as to satisfy owners' demands and receive their recognition and satisfaction.

#### **3.4 Perfect laws and regulations**

Public maintenance fund utilization methods, regulations on the management of elevator charges, administrative provisions charging water and electricity to end-users, and standards for charging commercial properties should be issued urgently. In addition, at present, some laws and regulations have been established from the perspective of the property management industry, but regulatory documents from the consumer's aspect are not enough. Therefore, relevant law and regulation system should be established as soon as possible to clarify the responsibilities, rights and interests of housing consumers during the process of housing consumption.

The most basic characteristic of a market economy is to act according to contracts. Real estate service companies must operate in accordance with current laws and regulations, which is the basic and most important countermeasure to solve current charging difficulty. Therefore, no matter what project a company takes over, it must sign the contract with the power of attorney in accordance with the relevant laws and policies. In addition, the contract text should clarify the relevant parties' responsibilities, rights, and interests. The type, standard, time, payment requirements, expense range and delinquency fees for service charges, liability for breach of contract for non-payment, and solutions shall be specified at length. This is the basis for carrying out entrusting work and charging work. The property management fee should be paid by each owner who enjoy property service. If property owner fails to fulfill the payment, property service companies or other agencies should be legally authorized to take necessary measures to solve the problem.

#### IV. CONCLUSION

Solving property management charging difficulty can help to normally carry out property management work and improve urban civilization level. With deepening reform of Chinese housing system and further prosperity of market economy, strengthening to solve property management charging difficulty and promoting property management to develop in a healthy and scientific way has realistic significance.

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