

# Comparison and Reference of Typical Property Management Models in China and Foreign Countries

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**Abstract.** The rapid development of information technology provides strong support for service innovation, and needs more model innovation to promote industry development. This paper compares the property management models of residential districts in China and foreign countries through literature and interviews, summarizes the development characteristics of typical countries such as the United States from three aspects: service regulators, providers and recipients, and finds out the difference between the degree of democratic development and residents' demand awareness, which makes the government, industry associations, property companies and owners play different roles in it. Finally, according to the lack of management enthusiasm of the Chinese owners' committee and the limitation of the traditional way of contract responsibility system, the paper proposes to optimize the Chinese property management model through the use of "Internet +".

## Introduction

Property management model is the operating mechanism for certain organizations to carry out property service activities. The property management model of urban residential areas in China has experienced more than 30 years and gradually become market-oriented. It has become an important component of the model service industry. The revocation of the "two certificates"(Property Manager Qualification Certificate" and "Property Service Enterprise Qualification Certificate) indicates that the government's function has changed from control to guidance. The rapid development of the Internet has provided solid support for the innovation. It will accelerate the optimization and upgrading of property management model in China.

Through literature collation and interviews with relevant personnel of Beijing Municipal Housing and Construction Commission, this paper compares property management modes between China and foreign countries, uses advanced management modes for reference, explores the optimization path of property management modes in China, and finds a breakthrough for the continuous optimization of property management modes in China.

## Literature Review

In the management model, scholars summarize it from different angles. Yiu (2006) gets the framework model by analyzing service managers and service recipients [ 1]. Christudason (2008) selected two residential districts from Singapore for comparison and concluded that residential districts with similar structure and scale adopt different models of property management [2]. Xie Shouhong and Xie Shuangxi (2004) summarized the property management system and democratic participation of the United States, Singapore and Japan [3]. After that, most scholars such as Zhang Jinjuan continued their analysis direction [4, 5]. According to different management models, experts and scholars have also analyzed the relevant solutions [6]. Bowles (2002) believes that volunteers should be the main body to solve market failure in the community [7]. Zhang Nongke (2012) and others pointed out that the problem could be solved by emphasizing the owners' Congress [8, 9].

From the existing research literature, different scholars summarized the property management model through service managers and service providers, but the concept of property and property

rights are different among countries. Therefore, it is necessary to revise the model and add service recipients in order to build a property management model in line with China's development.

### Typical Property Management Models

Property management first emerged in Britain in the 1960s. First, it was to ensure and give full play to the use of property. This paper explores the property management models of several countries from three dimensions: service regulators, service providers and service receivers.

#### American-Owner Autonomy Model

American property management is not participated by the government. It follows market development more, residents are highly autonomous, and organizational structure is stable. Strict supervision and access and professional management help to form a complete residential self-government property management model (Fig. 1).

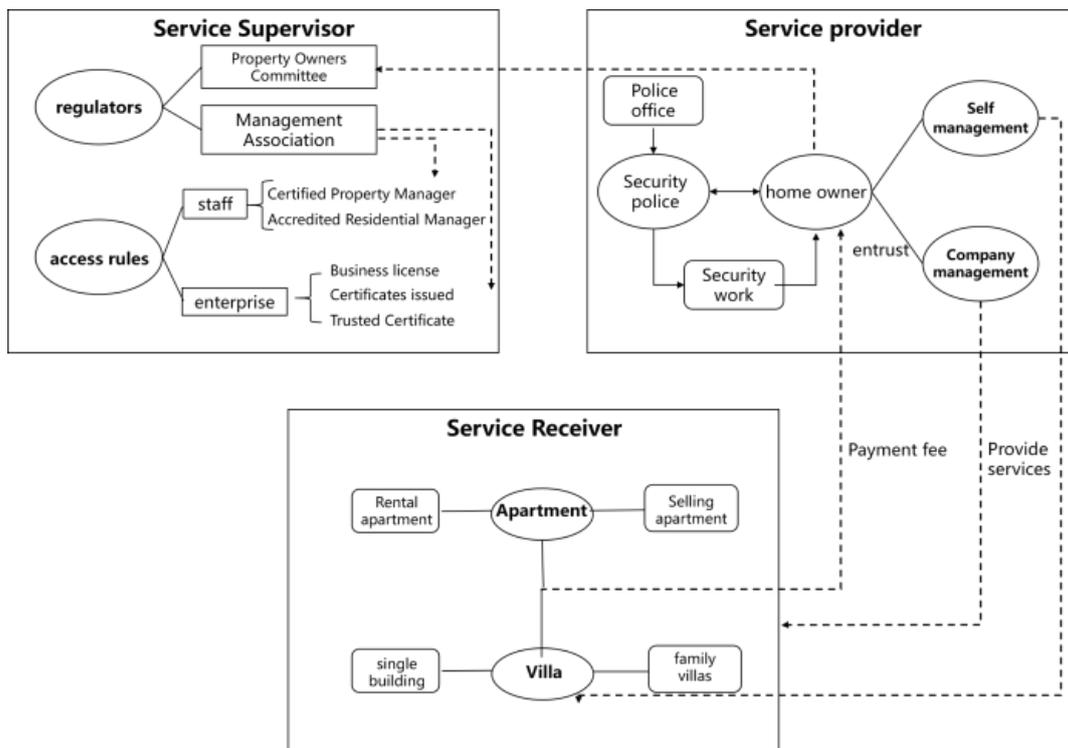


Fig. 1 Property management model of urban residential areas in the United States

#### Service Supervisor.

There is no special property management department in the American government administration. The industry management is undertaken by the National Association of Property Managers. It establishes a communication platform for owners and property management companies, and issues relevant qualification certificates for professionals (Certified Property Manager and Accredited Residential Manager). The certificates need to pass strict examinations [10]. Apart from municipal regulations, the Owners' Committee has the right to formulate and implement standards for property maintenance and decoration design. This organization is a non-profit legal entity that requires owners of all relevant property projects to participate in and pay dues compulsorily.

#### Service Provider.

Property service providers in the US can be divided into two types: business self-management and entrusted management by professional property service enterprises. About one fifth of small and medium-sized apartments choose self-management, and the industry committee manages the property on behalf of all owners. The owners' Congress implements the apartment manager

responsibility system, and the property company carries out the overall management of the residential area.

**Service Receiver.**

Apartment-style housing has two types: rental and sale. When the facilities in the apartment malfunction occurs, report to the management company for repairs and sends professional personnel to repair it at home. Villas are divided into single villas and family villas. Some owners of single villas employ property companies to manage courtyards, roofs and exterior walls. Owing to the owner's property rights and land rights at the same time, family villas usually undertake some basic maintenance and management work by themselves.

**Japan-Mixed Management Model**

Residential areas in Japan belong to the mixed management model. The government is not directly involved in supervision, only responsible for community planning and funding. Because of its social system, Japan attaches great importance to the distinction between property rights holders, which promotes respect for the rights of owners (Fig. 2).

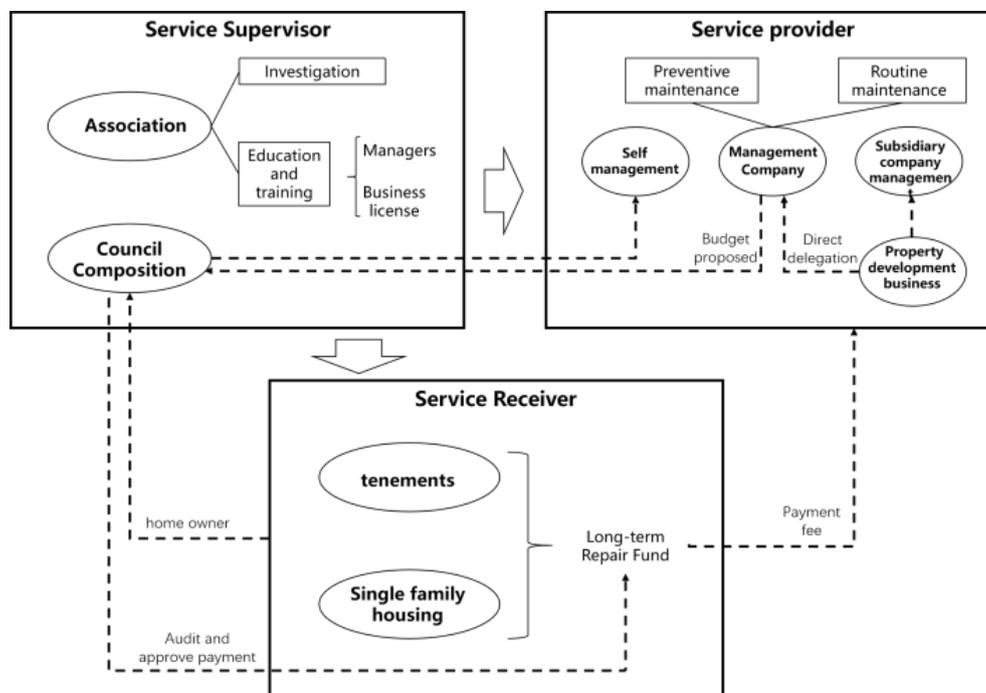


Fig. 2 Property management model of urban residential areas in Japan

**Service Supervisor.**

The government is responsible for providing funds for community construction and does not interfere with any property management in the community. The Council Composition is set up when the housing sales are completed, naturally composed of the owner. The management group is jointly elected by the residents. All members of the Council are represented to exercise their management rights [11]. The National Building Management Association is responsible for the technical and experience improvement of the property industry.

**Service Provider.**

Residential property management in Japan is provided by the self-management of the Council composition, the third party property company entrusted by the property development or the subsidiary company. After the establishment of the Council composition, a special public account will be opened in the bank, which will be responsible for the daily property expenditure. When self-management cannot be achieved, you can purchase services from property enterprises.

When property developments own their property subsidiaries, they will choose subsidiaries; otherwise they will choose professional property companies. The home owner has complete initiative in the game with the property company.

**Service Receiver.**

Housing is divided into single-family housing and tenements. The owners' Congress is responsible for the final decision-making. The council is elected to use the account funds, select and supervise the property companies to complete specific projects. Among them, property fees are based on cost and management company profits. Property companies need to clearly list profits in monthly statements, and property fee price increases need to be voted by all owners.

**Singapore-Government-led Model**

Singapore belongs to the government-led property management model. The Housing Development Board is responsible for overall planning. The government has built a complete legal system and emphasized infrastructure maintenance and quality assurance (Fig. 3).

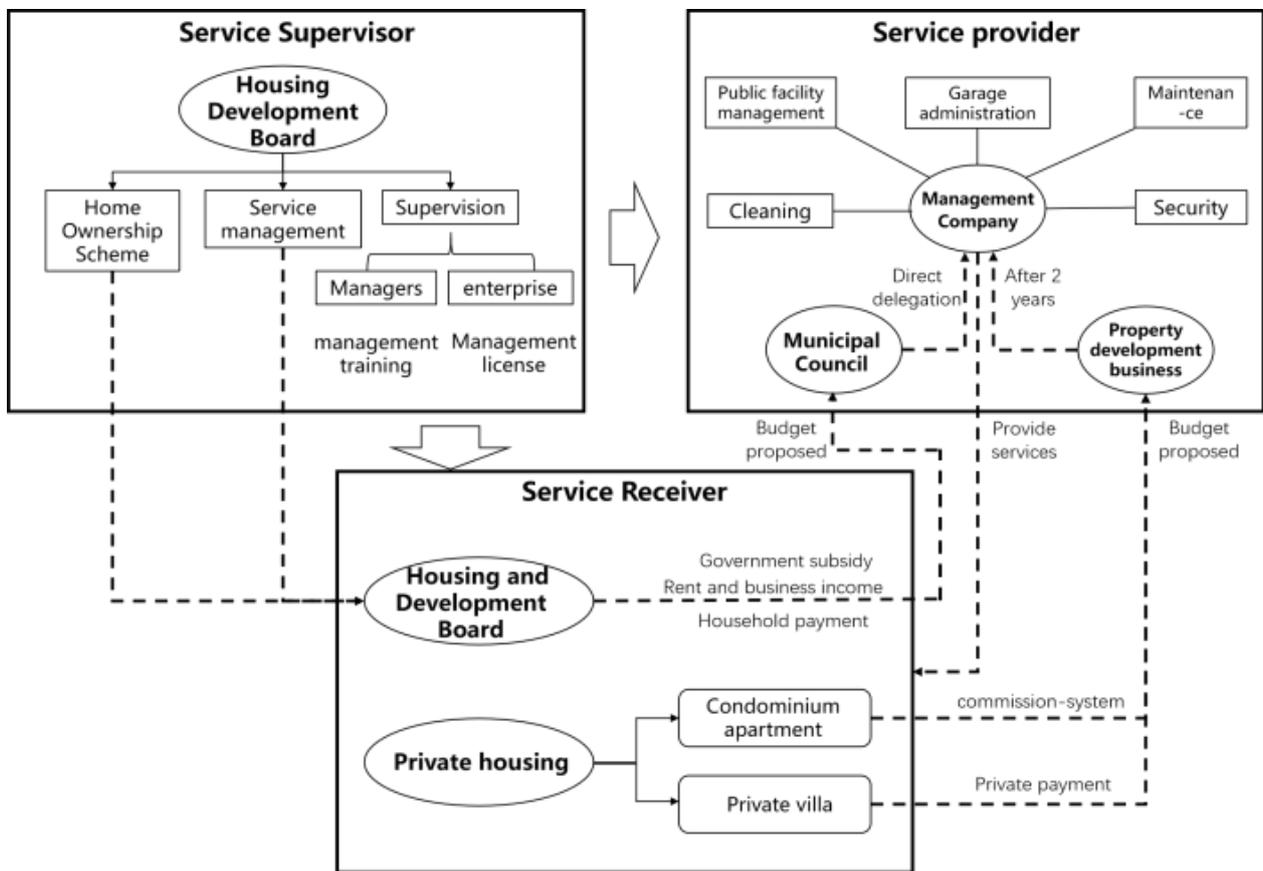


Fig. 3 Property management model of urban residential areas in Singapore

**Service Supervisor.**

The Singapore government has made legal planning for property management related matters. Residents and property companies consciously abide by the law under the legal framework [5]. The Housing Development Board is the main management agency, planning the construction of new towns, responsible for the renovation of old residential areas [12].

**Service Provider.**

The property management of the HDB is unified and coordinated by the Town Council, and the Community Council is responsible for the specific implementation. Although the Town Council has the characteristics of a political party, it is essentially composed of local owners and belongs to the

owner's self-management. While promoting the communication between the government and the residents, it also plays the role of a property company and provides market-oriented services.

**Service Receiver.**

Singapore's housing structure is dominated by the Housing Development Board, supplemented by the private housing market. The Housing Development Board is similar to China's indemnificatory housing. The government subsidizes property fees and supplements them with shop rent and business income. Condominium apartment belongs to private residence, employing Property Company through commission-system, determining property cost through consultation between Property Company and residents. Private villas are managed by real estate companies with private payments.

**China-"Trinity" Model**

The main driving force of China's property market-oriented process comes from the government. Especially since 2003, the market-oriented process has been accelerated obviously. Through the process of breaking up, struggling and expanding, China's property management model has been continuously developing under the impetus of government, enterprise development, management technology innovation, social governance and other aspects, gradually transforming from the "integration" model to the "trinity" model (Fig. 4).

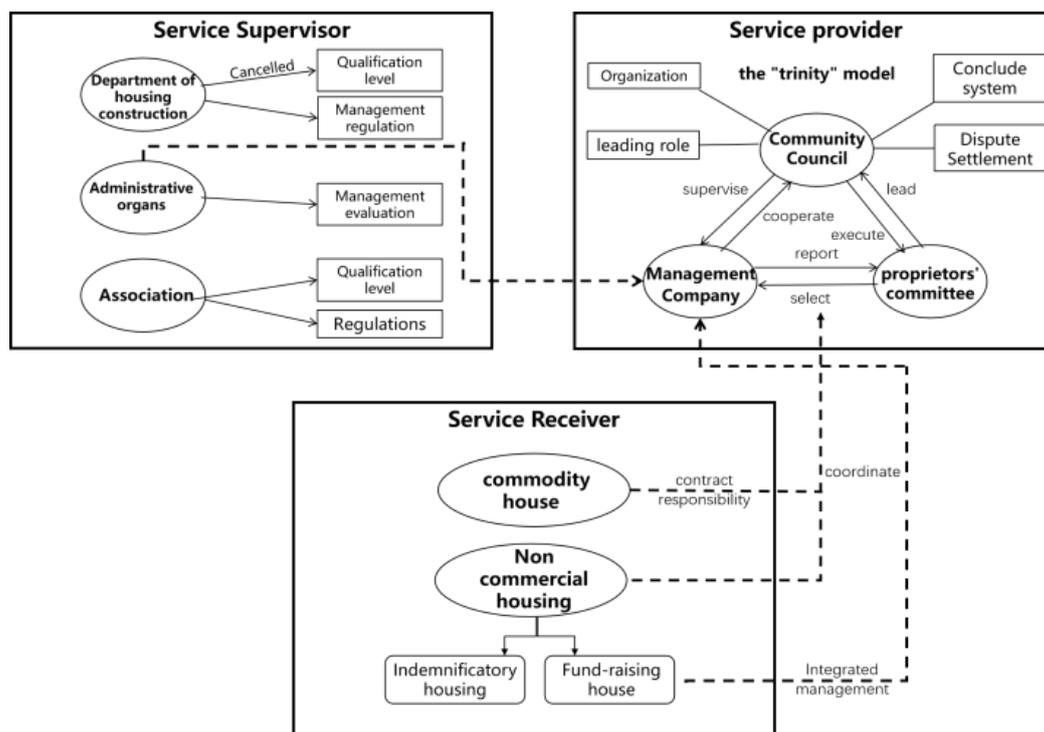


Fig. 4 Property management model of urban residential areas in China

**Service Supervisor.**

China's property management regulators have three main bodies: the Department of housing construction, administrative organs at all levels, and industry associations. The Department of housing construction is the main supervisor of the owner, and the revocation of "the two certificates" means that it should shift from control to guidance and pay more attention to the market. Local governments and administrative organs at all levels are objectively and impartially assessed from the perspective of the third party. Association mainly assists in implementing the spirit of national laws, regulations and policies.

**Service Provider.**

With the continuous promotion of the marketization and the implementation of property law, the management model gradually transforms to the "trinity" model from the "integrated" mode. The community residential committees and owners' committees begin to play an important role in property management.

Community committees play a leading role in the "trinity" model and play an organizational and coordinating role. As the executive body of the owners' congress, the Proprietors' committee concretely implements the resolutions [10]. Property Company is the main body of service, but in the "trinity" and "integration" model, there are obvious differences between service items and the degree of supervision. At present, the owner's Congress and Proprietors' committee employ the management of property companies mostly by contractual system.

**Service Receiver.**

Service recipients can be divided into three types: commodity house, fund-raising housing and Indemnificatory housing. Commodity housing is the best service recipient to enforce the "trinity" management model, and its charges are determined by the government's guidance price so that charges are relatively expensive. Fund-raising housing belongs to affordable housing. The state allocates land to it and reduces or exempts taxes and charges. The Workers of the State-owned Enterprises raise funds and acquire final property rights. Indemnificatory housing usually has the characteristics of large floating population, multiple residents with low income, and the government property guidance price is relatively low.

**Comparison of Property Management Models**

According to the comparison, the difference between the degree of democratic development and residents' demand consciousness makes the government; industry associations, property companies and owners play different roles in it, thus forming the operation mechanism and effect characteristics of the country (Table 1).

Table 1. Comparison of main characteristics of different community management models.

model feature	Owner Autonomy	Mixed Management	Government-led	"Trinity"
Background	with legal system and democratic tradition, developed market economy	influenced by bourgeois ideology, the process of democratization accelerated	perfect legal system and citizens' high trust in the government	market economy is not perfect, the concept of democracy is weak
Regulatory mechanism	association and Owners' Committee	owner autonomy and government funding	government's high leadership	government-led, Association-assisted
Form of employment	remuneration system	remuneration system	remuneration system	contract responsibility system mostly
Residents' Consciousness	extremely strong	Stronger	normal	weak

**The Background of Model Formation**

The emergence of different models is related to the construction of civil democracy and legal framework. With the increase of democratic consciousness, residents gradually pursue autonomy. The United States has a tradition of legal system and democracy, and has a high level of economic and social development. Influenced by bourgeois ideology, Japan has accelerated its democratization process and pursued more owner autonomy. Singapore, under the leadership of the government, has established a sound legal framework, thus gaining the high trust of the residents and is willing to join the municipal councils to realize its democratic rights. Under the background

of imperfect market economy and weak democratic concept in China, government-led property industry has created conditions for healthy development in a certain period of time.

### **Regulatory Operation Mechanism**

Regulatory mechanism is usually composed of government, market and residents. Market supervision is mainly represented by trade associations. Different democratic developments bring about different regulatory mechanisms. The American and Japanese governments do not participate in property management, mainly rely on the market, the association is responsible for supervision; but the government of Japan provides construction funds. Singapore belongs to the government-led model, and the government manages property management in a unified way. The Singapore government has unified management of property management and has not established industry associations. China has developed under the leadership of the government, and the formulation of guided property prices has a great impact on the development of the industry. However, with the revocation of the "two certificates", the government of china will gradually change from rigid control to flexible guidance.

### **Form of Employment**

Apart from China, several countries adopt the remuneration system in the form of employment, which is directly related to the development of property companies and residents' awareness of participation. The employment system in China adopts the contract responsibility system rather than the remuneration system, because proprietors' committee is less motivated to participate.

### **Participatory Consciousness of Inhabitants**

The owner committee's rights and owner's participation consciousness show obvious positive correlation. Owners in the United States and Japan have shown more enthusiasm in property management. the American Owners Committee and the Japanese Council Composition play the regulators, having the characteristics of full participation and compulsory participation, and responsible for choosing property companies and supervising the services of property companies. Although the Town Council of Singapore has the characteristics of a political party, it is essentially composed of local owners and belongs to the owner's self-management. The proprietors' committee of China has the function of choosing property companies in the "Trinity" model, but the residents' awareness and enthusiasm of participating in property management are less.

### **Summary and Discussion**

With the rapid development of enterprises and the improvement of owners' awareness of rights protection, a series of deep-seated problems hidden under the rapid development of property management industry are gradually exposed.

In the report of the Nineteenth National Congress of China, "social governance" was formally replaced by "social management". By building a "demand-oriented" system, we can ensure the functions of the owners' congress, promoting the upgrading of the service level.

### **Accelerating the Construction of the Right Mechanism**

It is the basis of industry progress that property owners' Congress can choose property enterprises independently. Through the legal system, the government improves the market-oriented environment of the property industry, grants the owners' Congress a unified social credit code and opens bank accounts, so that it can sign contracts with property service enterprises on an equal footing. Associations actively participate in providing property service enterprises to the government on a regular basis, making them becoming one of the benchmarks of enterprise ranking.

### **Building Information Platform to Enhance Participation of All Parties**

The information construction makes the property management closer to the owner, and also provides more intelligent property services. Firstly, the owners pay attention to the public number or APP of property management. After real-name authentication, the owners can express their

personal ideas through the information platform, participating in the management of community public affairs. Secondly, basic information such as property contract filing can be made public to owners through information platform. Thirdly, building the owner evaluation system and incorporating the results of owner evaluation into the ranking of the city.

### **Exerting Elimination Mechanism to Promote Industry Development**

In property evaluation, we should distinguish objective and subjective indicators. Apart from the scale and profits of property enterprises, the owners' experience and feelings in receiving property services should also be taken into account. By sending questionnaires to the owners through Wechat or APP, the administrators summarize the data to get the satisfaction of the owners about the service level of the property enterprises, and put it into the calculation of the ranking of the enterprises according to the scientific weight. Property enterprises with poor service level and low technology level will be gradually eliminated by the market driven by the owner's own choice, thus promoting the development of the industry.

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