

Scopes of Work in Property Management Services: Perspective and Performance of Residential Property Managers



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Abstract In hope to improve the property management service performance, the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) Malaysia enforces the Register of Property Managers to regulate the practising property managers in Malaysia. However, various types of property management problems still exist, leading to the need of reviewing the existing standards practised by the property managers. Hence, this paper aims to examine the relevance of the scopes of work applied in the management of residential buildings. The identification of scopes of work in property management services was done via thorough literature review. Then, the questionnaire survey was conducted, and the data was analysed to compare the difference between importance and competency levels towards the scopes of work in residential property management services. The findings demonstrated that all the identified scopes of work were relevant to be applied in residential property management practice. However, the results revealed that the competencies of property managers in maintenance management and health, safety and emergency management required improvement. The research highlights the essential scopes of work to be focused on residential property management services. It serves as a guide to improve the competency of residential property managers.

Keywords Property management · Perception · Performance · Scope of work · Residential building · Malaysia

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1 Introduction

Nowadays, people demand a better living quality with improvements in housing conditions [1]. The quality of property management services is significant to the normal operation of the facilities and services [2]. In high-rise or stratified housings, outsourcing the property management services is common practice [3, 4]. Property management is defined as the administration and control of any land, building and related parts, in the interest of the proprietor for a fee and includes various responsibilities, such as the maintenance of the property [5]. Currently, the role of managing buildings is widely undertaken by the real estate sector in Malaysia [6], whereby the property management firms must register themselves under the Board of Valuers, Appraisers, Estate Agents and Property Managers (BOVAEP) Malaysia in order to conduct the practice of property management [7].

However, the BOVAEP [8] stated that only a registered valuer can practise as a property manager, who ensures that the building is well maintained. In fact, the nature and scope of work between a valuer and a property manager is different. The scope of work of a valuer emphasises on property valuation, while a property manager covers building and maintenance management, financial and administrative management, facilities management, etc. [9]. Hence, BOVAEP enforced the Register of Property Managers in 2018 to regulate the practising property managers in Malaysia. This follows the inclusion of property managers into the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (Act 242), which was gazetted on 2 January 2018 [10].

It is expected to improve the quality of property management services with the enforcement of Register of Property Managers. The latest statistic shows that there is a total of 2776 registered property managers in the market now [8]. The registered property managers are bound to obey the Malaysian Property Management Standards and the Valuers, Appraisers, Estate Agents and Property Managers Act 1981 (Act 242) & Rules in their practice. Unfortunately, various types of property management problems still exist, particularly the maintenance issues in residential buildings [5]. Therefore, there is a need to review the existing standards practised by the property managers. As such, this paper aims to examine the relevance of the scopes of work applied in the management of residential buildings.

2 Property Management in Residential Buildings

Despite the Malaysian government has put a lot of efforts towards building maintenance throughout the years, the maintenance of buildings remains to be ineffective. The building residents disregard the significance of maintenance and totally rely on the property management organisation to handle the maintenance works. Lateef [11] argued that building maintenance in Malaysia is reactive and is only considered when the budget is available. There is lack of planning in building maintenance.

Additionally, maintenance job is carried out only after the system flaw is detected [12]. Indeed, poor management of property management organisation is the key issue leading to poor maintenance outcomes [13]. Au-Yong et al. [14] also highlighted the poor financial management leading to the poor property management performance.

Malaysia has experienced rapid economic growth for decades. The rising of urbanisation and population urges the housing demand. Due to land scarcity, the increase of landed properties' price, the trend of new lifestyles in urban areas and better profit for housing developers, production of high-rise or stratified housing is highly demanded by the government, developers and people [1]. Anyhow, the building and its services require proper maintenance to upkeep their functionality for the enjoyment of the users. Thus, the role of property management organisations is of vital to prolong the life cycle of buildings [13]. Property management and building maintenance have raised their profile, which they are perceived as a right approach for realising increased sustainability in the built environment [15].

Nevertheless, the growth of property management in Malaysia is very slow [16]. The challenge for the property management organisations includes lack of local expertise, incompetent property manager and the disaggregated deployment of specialists, which cannot meet the demand of property management services in Malaysia [6, 17]. Currently, the demand of property management services is exceptionally high as the existing stratified housing stock achieves 2,477,719 units in 2021 [18], whereas the supply of property management services is limited. Malaysian Institute of Estate Agents [19] reported that there are only approximate of 6000 property managers practising in Malaysia, including those who are not registered under the BOVAEP Malaysia. The number of property managers is not equivalent to the number of stratified properties in Malaysia, which the latter is more. In other words, many buildings might not have an appropriate property management support, or they are managed by the incompetent property manager.

Although the Malaysian Property Management Standards had been established and enforced in 2010 and revised in 2016, the compliance to the standard is still questionable, whereby disproportion of number of registered property manager and number of existing stratified buildings is obvious [8, 18]. As a result, majority of the property managers in the industry are inexperienced or incompetent, especially those from subsidiary companies established by the developers [16]. Furthermore, Tiun [16] argued that most of the property managers are not familiar with the relevant Acts and skill associated to management and maintenance of facilities. This is in contrast with the Act 242 and Malaysian Property Management Standards, where maintenance management and facilities management are parts of the job scope of property manager [7, 9]. Thus, there is a need to investigate the current property management practice to the compliance of the Act 242 and Malaysian Property Management Standards. Meanwhile, it is essential to determine the issue of lack of competent manager and review measures to tackle the issue.

3 Scopes of Work in Residential Property Management

Act 242 stipulated that a person cannot involve in property management practice unless he is a registered property manager under the Act [20]. The Act also listed the property management practice as follows:

- (a) Administering the terms of contracts and other agreements relating to the property.
- (b) Formulating budgets and upholding the fiscal accounts for the property.
- (c) Monitoring expenditures for the property and making payments out of the income from the property.
- (d) Advising on sale, purchase and letting decisions.
- (e) Guiding on insurance matters.
- (f) Recommending the chances for the realisation of development or investment prospective of the property
- (g) Managing and maintaining the building and facilities attached to the building
- (h) Making or checking of inventories of furniture, fixtures, trade stocks, plant or machinery or other effects.

Thus, unregistered property manager is considered incompetent and illegal to practise any property management activities. Then, BOVAEP formulated the Malaysian Property Management Standards, stipulating that a property manager is liable of various scopes of work [9].

A proper handling and taking over of the property is the crucial step in the delivery of property management services [9]. It ensures that all related assets, documents and records on the maintenance and management of the property are properly handed from the developer to the management committee. The handing and taking over are necessary in the event of change of property manager too [21]. The related matters include administrative office (management office), money, accounts, records and documents for maintenance and management, plans and drawings, contractors and suppliers, warranty, manual and guidelines, schedule of parcels, as well as insurance.

Building management encompasses the duty of property manager to formulate an effective strategy for management and maintenance of the property and its assets [9]. Astarini et al. [22] defined building management as the general procedure of managing and monitoring a building in line with the client's goals. The success in setting up an organised building management and maintenance enhances the facilities and services' operation at optimal costs.

Then, BOVAEP [9] highlighted that maintenance is the main task of property management to ensure the building and facilities being retained in good condition and acceptable operating standard. Hence, the property manager must be able to plan and implement an effective maintenance management plan in line with the client's goals and demands. Meanwhile, the design and construction of modern residential buildings have evolved to be more complex in order to achieve more comfortable and safer living [14]. Therefore, the demand for comprehensive maintenance management escalates to meet the expectations of building users and to assure that the building can be functionable as expected.

Financial management is another essential scope of property management services. The property manager is obligated to keep proper account in any financial matters related to the property [9]. The financial management tasks are crucial to ensure the healthy cash flow. Besides, effective financial management helps to prevent poor implication like deficient maintenance fund that leads to awful impact on the management and administration of property [5].

Besides that, general administration is a part of duties of the property manager. The tasks comprise helpdesk and customer services jobs, upkeep of precise and updated plans, drawings, services agreements, servicing and equipment maintenance records as well as tenant, contractors and consultants contact details, application and renewal of licences, permits and certificates and handling of petty cash [9]. Ahmad Baharum et al. [7] highlighted that administrative management encompasses regular monitoring of outgoings, income and expenditure from the property. Furthermore, the legal contextual enforcement of the term of leases, licences, contracts and other agreements relating to the property is anticipated.

Meanwhile, the property manager must be knowledgeable on the insurance coverages of property. The property manager is liable to procure sufficient insurance cover to safeguard the importance of the client and property [9]. It is the liability of the property manager to advise the client or proprietors on the insurance matters [7]. Commonly, the property manager should aware of acquiring Master Policy insurance that covers vandalism and vindictive, fire, lightning, windstorm, exposure and strikes [5].

Health, safety and emergency management is also the scope of property manager. Every property possesses the risks of incidents and accidents that may cause injury to the occupants or residents in the property [9]. Enforcing and monitoring health and safety measures in property management activities are compulsory [7]. According to Au-Yong et al. [17], the management and maintenance of property should prioritise on the health and safety aspects of the occupants.

On some occasions, tenancy and lease management might be a scope of property management practice. The tasks of tenancy and lease management encompass the billings, collection and payment of rents, tenants' liaisons, coordination between contractors, management of utilities and services and monitoring reinstatement of premises upon termination or expiry of the tenancy or lease [9]. For residential building with retail spaces, the property manager is responsible to manage the rental of such spaces.

Lastly, BOVAEP [9] included facilities management as the scope of property manager under the Malaysian Property Management Standards. The property manager plays the role to control and manage all building management and maintenance functions except for the collection of rentals, maintenance charges and other charges on behalf of the client. This scope of work usually refers to the property manager who manages the non-residential property.

4 Research Method

This study used a quantitative method, as implemented by Au-Yong et al. [17]. The method encompassed an extensive literature review to obtain the secondary data and a questionnaire survey to acquire primary data. Prior to the primary data collection, the extensive literature review was done to identify the scopes of work in property management services.

The questionnaire survey was widely used in social science research to gather respondents' perceptions, experiences, behaviours or practices in related subject matters [23]. Since the research targeted to compare the perception and competency levels towards the scopes of work in residential property management services, questionnaire survey was fit to be adopted. A close-ended questionnaire was designed using multiple choices and Likert scale based on the literature findings.

During the questionnaire distribution process, the questionnaires were randomly distributed to the prospective respondents that have experience or are currently managing stratified residential building. The simple random sampling method could offer higher precision of sample selection randomly as it included all requirements in the population [24]. The population requirements were the property management staff at managerial level and working in Malaysia. As reported by Malaysian Institute of Estate Agents [19], there were approximately 6000 practising property managers in Malaysia. About 2776 of them were registered property managers, and the remaining ones were unregistered [8]. A total of 361 questionnaires was distributed, and 110 completed responses were collected for analysis, establishing a response rate of 30.5 per cent. The response rate of 30 per cent in the questionnaire survey was adequate to generate reliable and valid results [25].

In the analysis stage, mean score analysis and Wilcoxon signed-rank test were performed to compare the difference between importance and competency levels towards the scopes of work in residential property management services. These analyses were suitable to analyse ordinal data [26, 27]. The Z-score of Wilcoxon signed-rank test can be evaluated using the following equations:

$$\mu_T = \frac{n(n+1)}{4} \quad (1)$$

$$\sigma_T = \sqrt{\frac{n(n-1)(2n+1)}{24}} \quad (2)$$

$$Z = \frac{T - \mu_T}{\sigma_T} \quad (3)$$

where n = sample size

T = total ranks for either + or - differences, whichever is less.

In order to check the reliability of the data and assess the consistency of the scale of data, reliability analysis test was adopted, namely Cronbach's alpha coefficient test [28]. The test showed the coefficients of 0.925 and 0.952 for the variables from

respondents' perception (importance level) and respondents' competency (competency level), respectively. The results were promising, as coefficient of 0.70 and greater demonstrates good reliability.

5 Findings and Discussion

Nine scopes of work in property management services were determined to be applicable in residential property management practice upon the extensive literature review. Then, the mean score analysis was conducted towards the importance and competency levels of the scopes of work to examine their relevancy in residential property management practice. The analysis result was tabulated in Table 1 with minimum and maximum mean score values of 1 and 6, respectively.

Surprisingly, all the scopes of work were deemed important by the property managers in residential property management practice. The mean scores of the importance of scopes of work ranged from 4.94 to 5.54, signifying them as the important to very important scopes of work. Thus, the finding validated the relevancy of the Malaysian Property Management Standards. It also supported the stipulation of BOVAEP [9] that the practising property managers must be competent but not limited to these scopes of work.

Anyway, the tenancy and lease management recorded the lowest mean score ($\bar{X}_1 = 4.94$) as compared to other scopes of work in residential property management practice. The reason was that tenancy and lease management was only applicable when the residential property owned a retail or commercial space for rental purposes. Nevertheless, many of the residential properties in Malaysia were not provided with

Table 1 Mean score analysis towards the importance and competency levels of the scopes of work in residential property management practice

Item	Scope of work	Importance level, \bar{X}_1 (n = 110)	Competency level, \bar{X}_2 (n = 110)
1	Handling and taking over	5.35	5.25
2	Building management	5.52	5.39
3	Maintenance management	5.54	5.33
4	Financial management	5.39	5.28
5	Administrative management	5.36	5.30
6	Insurance management	5.16	5.10
7	Health, safety and emergency management	5.41	5.25
8	Tenancy and lease management	4.94	4.92
9	Facilities management	5.38	5.25

the retail or commercial space due the limited business opportunity. For example, the customers of the business were mostly the residents of the property with limited access to the outsiders. The result was in line with the statement of Astarini et al. [22], where the tenancy and lease management possessed its importance only when there was business interest in the property.

Besides determining the relevancy of the scopes of work, the competency levels of the residential property managers towards the scopes of work were examined and compared with the importance levels via Wilcoxon signed-rank test. The test suggested significant difference when the p -value is less than 0.05 [17]. The comparison outcomes between the competency and importance levels towards the scopes of work were shown in Table 2.

In this analysis, it was expected to have no significant difference between the competency and importance levels of the scopes of work. Ideally, the competency level should be equivalent to the importance level of each scope of work to reflect the compliance of the Act 242 and Malaysian Property Management Standards by the practising property managers. However, the analysis output revealed that the competency levels were lower than the importance level towards the scopes of work in property management practice, as indicated by the negative Z -scores. The mean scores as shown in Table 1 also demonstrated lower competency levels compared to importance levels. The outputs raised the question on the issue argued by Tiun [16] again, where majority of the property managers in the industry were still inexperienced or incompetent.

Specifically, the scope of work on maintenance management logged significant difference between the competency level and importance level with $p = 0.006$. In fact, this scope of work was the most important one ($\bar{X}_1 = 5.54$) as compared to others as shown in Table 1. Nevertheless, the competency level was lower in its mean score, $\bar{X}_2 = 5.33$. Though the mean score of competency level in maintenance management

Table 2 Wilcoxon signed-rank test towards the importance and competency levels of the scopes of work in residential property management practice

Competency–importance of scope of work	Z -score	p -value
Handling and taking over	– 1.168 ^a	0.243
Building management	– 1.911 ^a	0.056
Maintenance management	– 2.738 ^a	0.006
Financial management	– 1.536 ^a	0.125
Administrative management	– 0.923 ^a	0.356
Insurance management	– 0.903 ^a	0.367
Health, safety and emergency management	– 2.021 ^a	0.043
Tenancy and lease management	– 0.220 ^a	0.826
Facilities management	– 1.814 ^a	0.070

a Based on positive ranks

b Wilcoxon signed-rank test

was relatively high, the maintenance issues occurred in residential properties still existed [5]. Furthermore, the fast-growing and advanced construction technology implicated the more sophisticated maintenance requirement, leading to the need of continuously updating the maintenance skill and knowledge [14].

Besides, health, safety and emergency management recorded significant difference with $p = 0.43$, between the competency level and importance level. This scope of work was ranked third highest among the scopes of work with mean score, $\bar{X}_1 = 5.41$. Nonetheless, the mean score, \bar{X}_2 , of competency level was lower at 5.25. The poor conditions of buildings and inappropriate operation or maintenance might lead to unwanted accidents because of the safety and health risks. For instance, improper cleaning and maintenance of floor may expose to accidents like tripping or slipping [29]. Hence, Ahmad Baharum et al. [7] highlighted the necessity of imposing safety and health measures in operation, maintenance and management of the buildings.

By combining all the results, the research summarised that the current property management regulations and standards are fit and relevant to be complied in the residential property management practice. Anyway, certain extents require improvement, including the competencies of property managers in maintenance management and in health, safety and emergency management.

6 Conclusion

The enforcement of Register of Property Managers is expected to improve the performance of property management services by regulating the practising property managers. Various regulations and standards are imposed to be complied by the practising property managers. The literature review highlights that the property managers are liable to competently practise the scopes of work listed under the Malaysian Property Management Standards in order to provide the quality property management services. The findings of the research demonstrated that the scopes of work listed under the Malaysian Property Management Standards are fit and valid to be applied in the residential property management practice. However, through the Wilcoxon sign-rank test, it is argued that the competencies on maintenance management as well as health, safety and emergency management require improvement. The result accurately reflects the reason of the maintenance issues occurred in the residential properties. Consequently, various actions are suggested to tackle the issues, including the penalty towards unregistered property managers, revision on the application process as the registered property manager, opportunity seeking to recognise other academic programme graduates to be the qualified property managers and establishment of mandatory CPD programmes.

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