

Evaluating the Growth and Evolution of Facility Management in Innovating Integrating and Aligning Business Strategies to Achieve a Competitive Advantage

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ABSTRACT:

The South African Facilities Management (FM) industry has seen increased operational strategy complexity from single-site contractors providing basic janitorial services to highly integrated and bundled FM service providers. Despite these major changes, very little research has been conducted on evaluating the effectiveness of FM in innovating, integrating and aligning business strategies to afford FM companies and their clients a competitive advantage. The paucity of research in this area motivated this study which aimed to evaluate the growth and evolution of FM in innovating, integrating and aligning business strategies to achieve a competitive advantage for FM companies and their clients.

It is accepted that the business strategies employed by FM companies are a function of the internal and external environments that they faced with. In evaluating the business strategies adopted by FM companies, it emerged that the FM industry relies on established evaluation models that are designed for strategic management purposes, as the FM industry does not have industry specific evaluation tools.

In this article, the concept of FM is defined and explained. The emergence and growth of the FM industry globally is reported on. Special emphasis is placed on the South African FM industry. Established business strategies and conventional wisdom is tested against the backdrop of an emerging South African economy, within which the FM industry is still in its infancy. An empirical study that was conducted with FM companies based in Gauteng (South Africa) to determine the impact of FM in innovating, integrating and aligning business strategies to achieve a competitive advantage is reported on.

Keywords: *Facility management; Competitive advantage; Business strategies; Differentiation; Bundled service providers; Public-Private Partnerships (PPP), Total Facilities Management Models (TFM), Single-site models*

INTRODUCTION

Every industry, including Facility Management (FM), has a set of competitive advantages that companies attempt to develop to enhance their market positions. A company can clearly improve or erode its competitive position

within an industry through its deliberate choice of strategy (Goffin and Mitchell, 2016:29). Competitive strategies not only respond to the environment, but also attempt to shape the environment through positioning the company to

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cope best within its business environment and to influence that environment in favor of the company (Porter, 2008:104).

Competitive advantage refers to *'the superiority gained by an organization when it can provide the same value as its competitors but at a much lower price or it can charge higher prices by providing greater value through differentiation'* (Business Dictionary, 2017:1). Competitive advantage results from matching the core competencies of an organization to the available business opportunities (Ehmke, 2008:5).

Professor Michael Porter of Harvard Business School explains that the three primary ways that companies can achieve a sustainable competitive advantage are through cost leadership, differentiation and focus (Magretta, 2012:70). Cost leadership refers to providing reasonable value at a lower price. This may result in companies paying their workers less, using unskilled labor, reducing the labor force or employing contract labor (Tanwar, 2013:11; Scheele, 2014:2).

Magretta (2012:70) explains that differentiation refers to the ability of a company to deliver services better than its competitors do. A company can achieve differentiation by providing a unique or high-quality product, by delivering a faster service or by enhanced marketing of their services. Companies with a differentiation strategy can charge a premium price for their services, which usually translates into higher profit margins. Companies typically achieve differentiation through innovation, quality management and superior customer service.

Tanwar (2013:11) defines focus as a strategy that *'seeks a narrow competitive scope that selects a particular segment or groups of segment in an industry and custom its strategy to benefiting the industry to the exclusion of others.'* This type of strategy is acquired through differentiation strategies or cost leadership within a well-defined, sustainable niche market which allows a company to use a focused strategy to gain a sustainable competitive advantage.

Magretta (2012:70) and Tanwar (2013:11) adopt the view that the success of a FM company is multifaceted and dependent on the extent to which the business strategies successfully

accommodate innovation, differentiation, focus, quality and cost leadership.

Amaratunga and Baldry (2002:207) and Myeda (2013:3) believe that it is important to evaluate the business strategies implemented by FM companies for attaining competitive advantages in the market. The evaluation of these strategies will ensure that they have a better chance of succeeding. Myeda (2013:3) notes that while FM companies are aware of the need for effective evaluation of strategies; they are disadvantaged by, *'a lack of an appropriate set of performance measures that can be used by FM practitioners in the industry'*.

Defining FM

FM is a relatively new profession that has gradually gained a footprint as a discipline within the property industry (Ventovuori, 2007: 26). FM has evolved into a broad operations management discipline that goes beyond the housekeeping activities that it was traditionally associated with. The objectives of FM now include improving efficiency in the management of space and related assets for people and processes as well as the optimization of the running costs of buildings so that the mission and goals of the client organizations are achieved with the best possible combination of efficiency and cost (Jones and Jowett, 2009:17). Atkins and Brooks (2015:16) associate FM with an integrated approach to operating, maintaining, improving and adapting the building and the infrastructure of an organization to create a conducive environment that strongly supports the primary objectives of the organization. Ay and Ooi (2001:357) define FM as an integrated management of the workplace which enhances the performance of the organization.

The above definitions indicate that there is a general agreement that the ultimate goal of FM is to enable an organization to attain its purpose, goals and objectives through the provision of facilities and the management of services related to the use and functionality of these facilities.

FM is also defined from a professional perspective. The South African Facility Management Association (SAFMA) defines FM as *'an enabler of sustainable enterprise performance through the whole life management of productive workplaces and effective business*

support services.’ (SAFMA, 2017:1). SAFMA also cites a definition of FM from the International Facilities Management Association (IFMA, 2019:1) which defines FM as *‘The practice or coordinating the physical workplace with the people and work of the organization through integrating the principles of business administration, architecture, and the behavioral and engineering sciences.’* (IFMA, 2019:1).

The professional definition of FM by SAFMA is in keeping with the definitions of Atkins and Brooks (2015:4) and Ay and Ooi (2001:358) as it aligns the FM discipline with the attainment of targeted organizational outcomes (goals, objectives and purposes). IFMA’s definition of FM adopts a multi-disciplinary approach. It associates FM with the social and behavioral sciences, business administration, architecture and the engineering sciences, and supports the association between FM and organizational output.

Strategic Management in FM

Strategic operational management practices focus on how organizations achieve the critical goals of efficiently and effectively providing goods and services to society. Effective operational management is indispensable in achieving organizational success and it involves the skill of bringing together many *‘resources such as finance, equipment, management, technology, and people, to create finished goods and services through a series of operations’* (Roper and Borello, 2013:38).

FM incorporates a wide array of strategic operational management functions. SAFMA (2017:3) lists various strategic management functions that have become incorporated into the product offerings of FM companies. These functions include project management, space management, procurement and maintenance work amongst others. In the current competitive business environment, FM companies map out plans on how to enhance profitability and market share through using strategic management processes. (Jones and Jowett, 2009:25). Among the many strategic management objectives of any

company, the objective of creating a sustainable competitive advantage is critical, as it enables businesses, including FM companies to grow in terms of revenue, assets, cash flows and operations thereby enhancing the company’s chance of survival (Walder, 2017:4).

Through providing a comprehensive package of product offerings, FM companies provide both their clients and themselves with a competitive advantage in their respective sectors. Grimshaw (2003:50-51) highlights the following services offered by FM companies:

- Technical or operational services which is the original function of providing practical services to businesses and is centered on maintenance work;
- Economic services which is based on the need to provide economic efficiency that includes the realization of benefits that are more than the cost of services offered;
- Strategic services which involves planning services aimed at managing change and risk for the client;
- Social services which are concerned with how the users of facilities perceive and relate to the services offered. The social services focus on whether users of a facility are comfortable with matters such as facility cleanliness, facility appearance and facility functionality.
- Support services refers to the ability of FM companies to attain a competitive advantage through providing quality support services, such as consultation on energy management; and
- Financial services which are concerned with the facility manager’s advocacy for their clients professional needs.

These services have to be effectively integrated into a particular business strategy or set of strategies that FM companies employ so as to attain and sustain a competitive advantage for both the FM companies and their clients. The figure below illustrates the growth and evolution of FM and the strategic role that FM plays in innovating, integrating and aligning business strategies to achieve a competitive advantage (Figure 1).

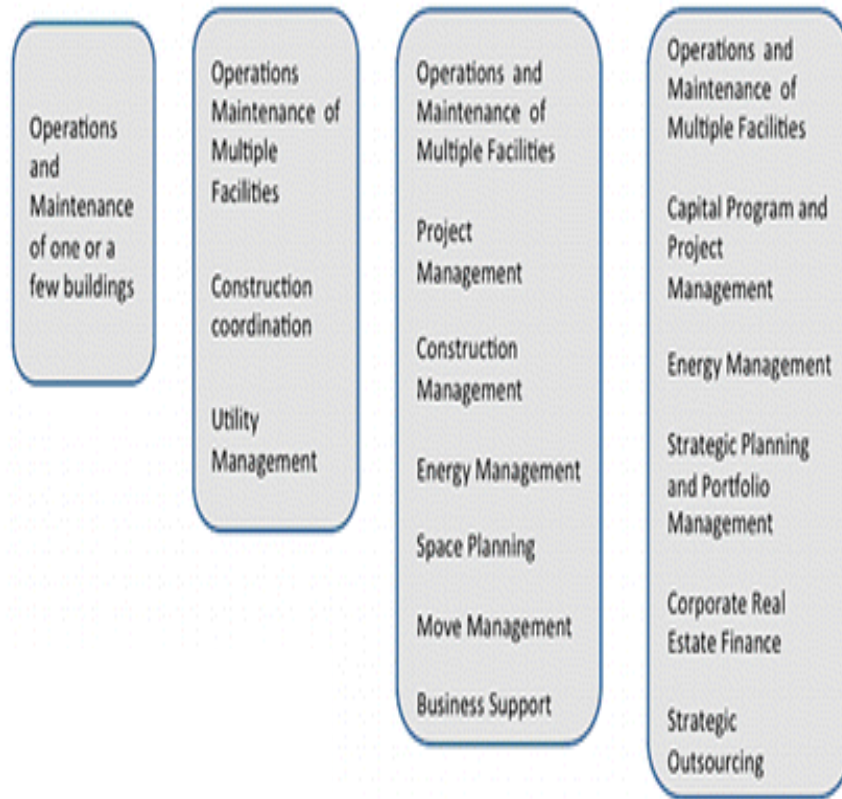


Figure 1: Evolution of FM functions over time, Souce: Elyna (2014:2)

Global Responses to FM

There is a debate regarding the place and the period of origin of FM. Wiggins (2014:34) traces the origins of FM to the early 1900s. During this era, there was a need for expansion of office space that was required to support the administrative functions that came with expanding factories. The expansions resulted in the need for operational solutions to manage the increased number of offices. Starner (2004:17) states that the origins of FM can be traced back to the 1950s when Dwight D. Eisenhower launched the federal interstate highway system in America. This heralded an unprecedented wave of residential and commercial development in the then undeveloped America. The pressure from commercial property developments created a

demand for external and independent management of these properties.

Atkins and Brooks (2015:171) argue that contemporary FM originated in the 1980s when companies in the USA conceived the idea of providing facility related services as opposed to providing buildings. Jensen (2008:491) argues that FM as a corporate discipline emerged in different parts of the world at different times, as a response to the need to manage expanding property portfolios. Levainen (1997:44-45) explains that FM has witnessed tremendous global transformation. FM entered Europe in the mid-1980s. FM entered the UK in 1984 and moved to Netherlands in 1986, the Scandinavian countries in 1992 and Germany in 1995. As a follow up to these developments, the IFMA was

established to incorporate associations dedicated to serving the FM profession. Currently, IFMA has members represented globally in over 60 countries thus depicting the growth and expansion of FM globally.

With the global growth and expansion of FM, FM practices are continually evolving. For the purposes of this article, FM practices in 4 countries, namely China, Brazil, Nigeria and the USA are elaborated upon. Brazil and China are discussed as they are emerging market peers of South Africa and are part of the BRICS grouping. Nigeria is discussed because it is South Africa's economic growth peer in sub-Saharan Africa and the USA is discussed because it has the largest FM market in terms of annual revenue.

CHINA

China is recognized as a rapidly emerging economy with the most attractive growth indicators and possibilities globally. China has a generally positive economic growth trend which has averaged 8% GDP per capita growth rate over the past 25 years. The Chinese economy is also undergoing transition from a command economy to a capitalist economy (IFMA, 2019:1).

According to the Global FM Market Report (2018), China's FM industry contributes 1.6% to the country's GDP. FM experienced a 4.6% annual growth rate between 2016 and 2017. In the Chinese FM industry, 68% of customers manage their own FM needs internally while 32% engaged external FM companies. The market for FM services is mostly private in nature with 79.5% of customers coming from the private sector and the other 20.5% from the public sector (Global FM, 2018:83).

The Chinese FM market, like the Chinese economy, is described as rapidly emerging. Growth in FM companies and FM service providers is notable in the country's special economic zones (SEZs) of Shanghai, Beijing and Dongguan (IFMA, 2019:12). Hodge et al. (2015:10), states that in other parts of China, FM is at a very immature stage or non-existent. This is attributed to the entrenched cultural relationships between landlords and tenants across most of China whereby the landlords provide for the management of commonly share spaces used by the tenants and the tenants takes full responsibility for the interior of a building (Moore and Finch, 2004:7). The hiring of a third

party to manage the leased facility is a new and a foreign concept to China.

However, the opening up of the Chinese economy and the incorporation of Hong Kong into the Chinese economy has had a positive developmental effect on the Chinese FM industry (IFMA, 2019:1). The Hong Kong market with its highly westernized business concepts has established many joint ventures with mainland Chinese companies for the management of facilities (IFMA, 2019:1). Increasing foreign direct investment into the Chinese market has led to a demand for Global FM standards thereby encouraging the growth of FM companies in the SEZs of the country (Sercuda, 2017:1). Foreign multinationals that have come into China, have exposed the Chinese market to high FM standards. This has motivated Chinese FM companies to enhance their level of sophistication and to provide a wider array of strategically valuable FM solutions (Sercuda, 2017:1).

The IFMA (2019) report notes that the Chinese FM market has six levels of service specialization. These levels are Single Service Contracts, Packaged Contracts, Management Contracts, Management Agents, Total Facilities Management and Infrastructure Management. The first level consists of contracts for carrying out single, independent activities such as security, cleaning and landscaping. The second level consists of packaging these services into a package of service offerings such as adding cleaning services to a security contract. The difference between Management Contracts and Management Agents is quite subtle in the Chinese market. The former provides single or packaged services and managers these services themselves. The latter involves contracting independent companies that co-ordinates different service providers into providing the require FM solutions for a customer.

Chong, Wang, Shou and Guo (2014:48) explains that Management Agents do not provide any operational services and are only responsible for managing an array of contractors on behalf of a customer for a fee. Total Facilities Management (TFM) is a more developed and comprehensive service level agreement. With TFM, a FM company concentrates on delivering a total FM solution to customers and in so doing, may engage Single Service Contractors, Management

Agents and Package Service Contractors. The emphasis is on relinquishing the customer from the burden of managing their own FM services. TFM includes the general features of FM but adds another service layer through which an FM company provides the infrastructural requirements of the customer, for example the actual megastructure where the customers' operations will be based. TFM also offer non-traditional customer solutions that include human and financial management solutions amongst others.

Besides the economic growth and increasing foreign direct investment, Sercuda (2017:1) believes that the major driving force of the Chinese FM industry comes from the increasing need for environmental sustainability within the FM value chain. The Chinese market offers opportunities for FM companies to integrate environmental management and energy use with customers operations. The Chinese government has introduced certification programs (Three Star Green Building Certification) for environmentally sustainable buildings that carry a decreased cost burden. FM companies are expected to evolve towards becoming energy-use managers and green building compliance managers. Thus, FM companies that offer environmental management capabilities are expected to become key players within the Chinese FM industry as they will be able to provide a competitive advantage to their clients.

The entrants of foreign competitors through direct investment and through joint ventures with Hong Kong-based FM multinationals has increased competitive pressures on FM service providers in the Chinese SEZs (Global FM, 2018:83; IFMA, 2019:1). However, Sercuda (2017:1), is of the view that the growing Chinese economy will reduce the severity of competition intensity. Thus, China's economic strategic plan which focuses on the growth of economic sectors such as energy, health and ICT will directly result in the growth and expansion of FM services.

Competition in the lower end of the Chinese FM industry is fragmented (Global FM, 2018:83). Many native Chinese companies consider FM to be an unnecessary cost. Additionally the poor quality of buildings in most areas discourages owners from engaging the services of FM companies as the costs incurred in managing

these buildings is often proportionately higher than the incomes received (Global FM, 2018:83).

The Global FM's and IFMA's analysis of the Chinese FM market identifies three levels of competition. These are the low-end competition which is described as being fragmented and first level in nature. The second level refers to competition amongst global competitors that operate within the TFM and Infrastructural Management modes and third level of competition is between FM companies and businesses that utilize in-house FM management.

The Chinese FM sector is characterized by increasing expectations of FM companies by their clients. Clients are constantly demanding more and expecting more from their FM service providers. This requires FM companies to focus on balancing high client satisfaction requirements whilst working within set budgets. This is proving to be a challenge to many FM companies and poses a major risk to the sustainability of FM companies operating in China (Chong et al., 2014:50).

NIGERIA

In 2017, the FM industry in Nigeria contributed 1.9% to GDP and the sector grew by 6.7%. FM practices in Nigeria are still in their infancy, in comparison to the rest of the world. However, strategic management practices as well as the general uptake of FM services are growing amongst Nigerian companies and government departments (Adewunmi, Omirin and Koleoso, 2017: 135). FM business practices are evolving from the operational and maintenance-oriented mode, to a strategic management-oriented mode. The oldest and perhaps the biggest component of FM services in Nigeria, in terms of market size, is the provision of janitorial services which is over 5 decades old (Ikediashi,2014:19). It is acknowledged that the spread of FM from the US and Europe into Nigeria has been driven by globalization (Adewunmi et al., 2016:140).

Ojo (2016:9-10) states that FM practices in Nigeria have seen a steady growth in recent years with a wide range of applications. The drivers of this growth are centered on the world's major multinationals investing in integrated business resources, infrastructural projects and the management of facilities (Adewunmi et al., 2009:135). The private sector makes up 56% of

the outsourced FM services market, with the public sector making up the remaining 44% (Global FM, 2018:76).

Of recent, government agencies, corporates and non-governmental organizations in Nigeria, have realized that the use of internal organizational structures to manage their facilities is not the most efficient. According to Ojo (2016:9), some practical examples of where FM has been adopted in practice by both the private and public sectors within Nigeria include NAL Towers, Investment and Banking Trust Corporation buildings, Mobil, Chevron, Ibadan Sports Complex and the National Theatre amongst many others. Due to increasing competitiveness and globalization, FM service providers have had to embrace the acquisitions and the development of innovative skills that facilitate the effective delivery of services in an ever-changing world (Noor and Pitt, 2009:211).

The FM sector in Nigeria also faces various strategic and operational challenges. Strategic challenges include capitalization and financing deficiencies and the lack of adaptive strategic planning and implementation (Odediran, Sunday and Gbadegesin, 2015:5). On the operational aspect, challenges faced in some sections of the Nigerian FM sector include the dilapidation of facilities and the lack of technological innovation resulting in the industry lagging behind. This is especially evident amongst FM companies managing tertiary educational institutions (Odediran, Sunday and Gbadegesin 2015:5). On a macro-environmental level, the depressed economic situation that is characterized by low growth and low demand as well as power outages and a poor regulatory environment, negatively affects the FM sector in Nigeria. (Adewunmi et al., 2016:140).

BRAZIL

Brazil is South Africa's BRICS peer. Brazil, like South Africa is classified as a developing nation. According to the Global FM Market Report (2018), the Brazilian FM industry contributed 0.8% to GDP in 2017. In the same year, it grew by 7.1% in terms of revenue resulting in total industry revenue of US\$16.4billion. In Brazil, 42% of FM services are outsourced and the remaining 58% are provided in-house. The private sector accounts

for 53% of FM business and the remaining 47% is provided by the public sector (Global FM, 2018:30).

Hodge et al. (2015:10) foresee high FM industry growth prospects for Brazil. They believe that the increasing rate of outsourcing in Brazil as well as the increasing complexity of FM contracts, from single-service contracts to intergrated services, creates opportunites for intense growth that mimic those of FM giants like the United Kingdom, Germany and the USA.

Whilst Brazil, like South Africa, is an emerging economy, its growth prospects are generally higher and more promising (Hodge et al., 2015:10). Despite the projected growth prospects, the Brazilian FM industry is filled with various operational and efficiency challenges (Quinello and Nascimento, 2013:549). These challenges emanate mainly from the relative newness of FM and includes challenges such as skills shortages, limited academic training offered to FM professionals, the lack of established industry norms and the high cost of operating FM entities (Quinello and Nascimento, 2013:548). Another major risk associated with the Brazilian FM industry is the negative perceptions on FM outsourcing. These perceptions include the inherent fear of losing control of the facilities, the high risk of contracting incompetent FM companies, high FM transaction costs and organizational cultures that are too conservative for outsourcing (Ecobusiness, 2016).

Like China, Brazil's FM industry is heavily influenced by the presence of multinational companies (MNCs) investing in its cities mainly Sao Paulo. MNCs bring a FM culture from their countries of origin and this leads to evolving FM services being offered to meet the demands of customers (Global FM, 2018:30). Like in China, sustainability and environmental certifications of business premises and operations are driving the demand for FM services. FM service providers are perceived to have a better capacity to comply with national environmental regulations (Ecobusiness, 2016).

In Brazil, the Leadership for Energy and Environmental Design (LEED) certification and its tax reduction implications for complying companies, is an important incentive that drives businesses towards engaging the services of FM companies in the hope that this will enhance

environmental and sustainability ratings (Global FM, 2018:30). This initiative is similar to the Three Star Green Building Certification in China.

UNITED STATES OF AMERICA

There are various arguments that support the view that FM as a discipline originated in the USA in the 1970s (Nor, Mohammed and Alias, 2014:6-7). Nor et al. (2014:6), argue that the USA developed its own version of FM that is '*more process oriented*'. In the USA, the focus of FM is on planning and coordinating activities. They contrast FM practices in the USA with that of Britain. The British FM practices place emphasis on the quality of the environment and on the provision of good support services. Thus the British version of FM is more general and is open to one's creative interpretation with less dependency on predefined work processes. They therefore view the FM industry in the USA as being more process focused at the expense of being socially-focused.

The '*Global FM Market Report 2018*' by Global FM (2018:26) places the US FM industry as the world leader in terms of revenue and contribution to Gross Domestic Product (GDP). In 2017, the US FM industry contributed 1.6% to GDP. This was higher than the global average contribution of 1.51%. However, the growth rate of the FM sector in the USA was 6.3% which was lower than the global growth rate of 7.72%. The report points to the US market as exhibiting a strong growth potential due to increasing construction activity in the US economy and the adoption of smart FM technologies (Global FM, 2018:20).

Hodge, Poglitsch and Ankerstjerne (2015:8-15) discuss 5 major trends that are destined to drive the growth of the US FM industry in the medium-term. These trends are:

- An increasing desire for outsourcing of FM services for better efficiency;
- Positive customer perceptions on FM;
- Increasing internationalization of FM contracts;
- Increased demand for integrated services; and
- Regulatory pressures, particularly those related to safety, health and the environment (SHE).

Sullivan, Georgoulis and Lines (2010:91) argue that the FM sector in the United States is suffering from a high attrition of professionals and this phenomenon could have a negative impact on the growth of the FM sector. Sullivan et al (2010:96) believes that the US academic system is not churning out the required numbers of professionals who possess the requisite skills in FM and in addition, it was not supporting the FM industry through developing a suitable FM curriculum. Thus the major challenge that the US FM industry is faced with, is skills-related.

SOUTH AFRICAN RESPONSE TO FM

Like in the countries discussed in the previous section of this article, the South African FM industry has its own drivers, challenges and growth characteristics which influence how the industry responds to competition. Business strategies that are commonly used to gain a competitive advantage within the South African FM sector include Public-Private Partnerships (PPP), Bundled FM Service Models, Total Facilities Management Models (TFM) and Single Site Models.

Madikizela (2014:4-7) traces the history of the FM industry in South Africa to the 1950s. Increasing demand for industrial products motivated companies to seek effective organizational structures that enhanced productivity while reducing operational costs. Increasing competition required organizational structures that were lean and flexible enough to respond quickly to competitive forces. Companies responded to the challenge by identifying non-core activities within their organizational structures and outsourced these to external companies.

Madikizela's (2014:7) is of the view that the 1990s brought a new wave of industrial competition and structural change to the South African business environment. Companies in their need to respond to market challenges such as increasing global and local competition, the increased urgency to manage costs and the increased need to enhance flexibility, started to go beyond outsourcing basic FM services and began to get involved in partnerships that saw more services being outsourced to FM service providers. In the late 1990s, more comprehensive

FM service providers that adopted the TFM model began to appear. The emergence of these FM companies was encouraged by the new wave of Public-Private Partnerships (PPPs) between the South African government and FM companies. The new millennium saw the South African FM industry slowly evolve to encompass strategic FM as part of its industry portfolio. This was accompanied by an increase in PPPs and private sector customer engagements with the FM industry (Shole, 2016:21-23).

SAFMA, in its 2017 survey entitled *South African Facilities Management Industry Study* found that the FM industry in South Africa was growing and transforming from an operations and maintenance focused service provider to a provider of strategic solutions (SAFMA, 2017:6). However, evolutionary challenges whereby a significant section of the industry was still focused on operational rather than strategic aspects of FM were noted (Nkala, 2015:4).

The South African FM industry faces both operational and strategic challenges that are industry specific and macro environmental in nature (SAFMA, 2017:26-27). The cost of basic infrastructural facilities like electricity, transportation, and water are high and this drives up the costs of the FM service provider and has a direct impact on the cost of the FM services rendered. Due to the increased costs, some clients believe that it is not cost effective to outsource FM services. Practitioners operating within the outsourcing sector are finding it difficult to get the desired levels of patronage because the general business community in South Africa prefers to manage FM services in-house (Nkala, 2015:3; Toe, 2015:12). There is also notable resistance to FM outsourcing amongst trade unions and political parties hold an antagonistic view that outsourcing is a form of exploitation of workers (SAFMA, 2017:16; Nkala, 2015:12).

Despite the challenges facing the South African FM industry, Servest (2018:1) reports that the industry has strong growth potential. This potential is buoyed by increased outsourcing penetration and improvements in the quality of services offered due to competition and diversity in the industry. Global FM (2018:83) confirmed South Africa's positive FM growth prospects and reported that in 2017, the South African FM industry outperformed the USA and China in terms of the annual industry growth rate. Its

performance was however below that of Brazil and equal to that of Nigeria. In terms of GDP contribution, the South African FM industry contributed 2.6% to GDP. This was greater than the contribution of the Chinese, American, Brazilian and Nigerian FM industries to their respective GDP's.

Several drivers have been noted as being behind the growth of the South African FM industry. Increased operational costs associated with insourcing has been identified as the key driver in the outsourcing of FM services within the South African market (SAFMA, 2017:20). Major operational costs cited include rising labor and employment costs, security costs and maintenance costs.

While Nkala (2015:3) is of the view that high outsourcing costs were discouraging customers from outsourcing FM services, SAFMA (2018:20) present an opposite view that sees outsourcing of FM services as a cost-cutting solution. The National Department of Treasury (NDT) concurs with the view of SAFMA and cites the growing use of integrated FM companies in public services as being driven by the need to cut costs (National Treasury Department, 2017:159).

Olivier (2017:44) summarizes the major industry drivers in the South African FM industry as legislation, cost of services, developing positive employee and customer experiences, enhancing internal sustainability, effective ICT, data management and developing superior market and industry knowledge.

South African FM companies engage various operational models and business strategies in delivering service to their clients. Some of the strategies employed with the South African FM sector include Private-Public Partnerships Models, Bundled Services Models, Total Facilities Management, Task Management and Contract Management Models, Single Site and Multi Site Models and International Models that involve partnering with offshore outsourcing vendors who have the requisite knowledge and ability to integrate services in terms of language and legislation in the country concerned. The ability of a company to adopt strategies that meet the requirements of the market better than a competitor enhances the company's ability to create a competitive advantage for themselves and their clients.

Reporting on the Empirical Study

An empirical study was conducted with FM companies based in Gauteng (South Africa) to determine the impact of FM in innovating, integrating and aligning business strategies to achieve a competitive advantage. The population of FM companies was identified from SAFMA's membership directory. A sample of 10 FM companies was purposively selected as the sample population. Members of SAFMA were selected because SAFMA is widely recognized as the largest and most visible association for facilities managers nationally. SAFMA is widely cited by academia on issues relating to FM thereby indicating a sense of leadership within the FM sector and of reliability in data generated by the organization. The use of sample companies belonging to SAFMA instilled confidence in the reliability and validity of the data collected. Purposive sampling was used so as to select the larger FM companies who had a greater market share of the FM sector in Gauteng. The selection of the larger FM companies was based on the reasoning that managers and FM specialists from the larger companies would be able to respond more meaningfully to the research efforts.

A summary of the findings of the study are listed below:

- Membership of SAFMA enhances the reputation of a FM company and instills confidence in the credibility of the FM company employed.
- FM companies with a strong brand reputation are viewed as being more reliable and more likely to provide a higher quality of service.
- FM companies that have a high BBBEE rating are rewarded with government contracts. Given the changing political landscape in South Africa, a high BBBEE rating is therefore necessary to secure and maintain a competitive advantage.
- FM companies must be competitive in the pricing of their services. When companies price their service offerings better than their competitors, they gain a competitive advantage and are more likely to secure a greater market share of the business.
- FM companies must have functional and operational policies, systems and processes that facilitate the effective management of the day to day operations of the company.
- Through implementing the latest operational strategies, FM companies enhance their reputation and brand amongst existing and potential clients. When staff members are capacitated and knowledgeable about the latest business operational strategies, the service levels offered increase and the reputation of the company is enhanced, thereby conferring a competitive advantage to the FM company and their clients.
- A diverse work force adds to the BBBEE rating of a company thereby increasing the competitive advantage of the company in securing government contracts.
- A diverse workforce promotes social cohesion amongst employees and assists the company in complying with employment equity quotas.
- A highly skilled workforce allows FM companies to have a greater array of internal capacities amongst its staff members. This allows the FM company to take on a greater number of service provisions and overcomes the need to contract outside specialists.
- Through having a national footprint, the company's brand becomes widely advertised and the status of the company is enhanced. This enhances the reputation of the FM company thereby providing the company with a competitive advantage.
- A national footprint also implies that the FM company is expanding and facilitates tendering for national contracts.
- FM companies that offer a wide variety of services are able to offer bundled FM service packages and engage in TFM thereby making the company more marketable and giving it a competitive advantage over its peers.
- FM companies must develop business operational strategy documents that must be available to staff and clients. The business operational strategy documents must be workshoped with all staff and must be used for training during induction programs for all new employees.
- FM companies must conduct regular evaluations of their business operational strategies to identify weaknesses and to put in place measures to capacitate employees and to adapt new strategies to cater for changing market conditions.

➤ Given the technological advancements of the world and the digital era that we live in, FM companies must incorporate the use of technology into their business operational strategies to avoid the risk of becoming obsolete. Companies that embrace the use of latest technologies will become more innovative and will adhere to industry best practices, thereby maintaining their competitive advantage.

➤ Regular training workshops must be conducted with all staff so that all staff become well versed with the business operational strategies of the FM company.

CONCLUSION

This study highlights the need for different frameworks of FM practices globally as countries face different operational and strategic challenges pertaining to FM. The regional differences and challenges are suggestive of the need for implementing different business strategies to afford FM companies and their clients with a competitive advantage.

Despite the slow growth of the South African economy, the South African FM sector is growing and maturing into a provider of strategic solutions to meet the demands of the developing economy. Various strategies are utilised by FM companies as a means of innovating, integrating and aligning business strategies to achieve a competitive advantage. FM companies promote business efficiency and contribute to economic growth. They are an important source of employment and provide opportunities for the previously disadvantaged population groups to enter the formal economic sector as service providers. The further growth of the South African FM sector, like its global peers, is dependent on a strong and growing economy. In a developing country like South Africa, the FM sector has high potential for further growth.

Globally the FM industry is poised for growth as it plays a pivotal role in supporting and capacitating businesses to focus on their core business activities. As a relatively young and emerging industry, FM needs to be supported, developed and capacitated as an industry that promotes the economic growth of nations.

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