

Facility Management in the Globalized Society*

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Facility management is the multi-disciplinary kind of work that covers a wide range of various activities, responsibilities, and knowledge. Facility management provides and manages a variety of support services in order to prepare all the organisational functions, putting the accent on an integration of primary activities in strategic, tactical, and operational levels. In the final decade of the previous century, facility management industry emerged as one of the fastest growing sectors at the international level. Nowadays, the importance of the facility management is readily acknowledged in many companies worldwide, which recognises the necessity of properly managing elaborate and expensive support facilities. The tasks are multi-disciplinary and cover a wide range of activities, responsibilities, and knowledge, because every aspect of an organisation may come under the competency of the facility management. The main aim of the paper is to point out the well-founded applicability of the global facility management in companies, which in order to achieve the competitive advantage correctly strengthened the corporate core business and shift the support activities into the management of a specialist in this field. The paper also covers the scope of the facility management in the international context, and also in the Slovak Republic, considering the specificities of individual countries.

Keywords: facility management, support process, corporate management, globalization

Introduction

An important part of the managerial activities is also facility management. Facility management aims to streamline the support processes in companies and to reduce their operating costs using an appropriate adjustment. It is a method of a mutual harmonizing of employees, working activities, and working environments, which includes the principles of business administration, architecture, humanities, and technical sciences (Janoskova, 2016).

In the past, the issue of the facility management was closely linked only to the operation and maintenance of buildings and realties. In practice, it includes various support processes necessary for the operation of all companies.

The aim of business management is to maximize the efficiency of the main activity, and therefore, the optimization of this activity is ongoing. In order to concentrate on the main activity, the organization has to decouple its support activities, managing them internally as a part of the corporate organizational structure, or

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externally, representing outsourcing or the company can use a combined form (Somorová, 2010). The form of provision of facility management services can be various:

- The integration of the facility management unit into the organizational structure;
- Outsourcing;
- Partial outsourcing.

If the facility management department belongs to the management of an enterprise, then it is the top management in terms of the specific component of the management of support activities. Through the facility management, the enterprise cooperates with other levels of the management creating systemic linkages between individual business activities and units of support activities. The purpose is to achieve strategic, tactical, and operational goals. Based on these objectives, the facility management sets strategic, long-term, tactical, and operational plans to manage support activities. According to Somorová (2006), outsourcing is the assumption of comprehensive responsibility for a coherent part of the activities from the entity to the contractor who provides facility management services. It should appropriately complement the main business activity to which the entity targets and exclude the support activities from the corporate management. The supplier is responsible for the quality of the services performed (Somorová, 2010). The most used form is the partial outsourcing, only few providers of facility management services are not able to comprehend the nature and details of the main activity of the business entity. And thus, support activities are provided by several providers of facility management services and their subcontractors.

The purpose of the paper is to reveal the scope of the facility management in the international context, and in the Slovak Republic, considering the specificities of individual countries.

The paper is divided into two main parts. The “literature review” summarizes the theoretical background and last surveys in the field of the facility management. The part devoted to the development of the facility management emphasizes the fundamentals and basic concept. The research of the facility management in the European countries and Slovakia, based on the secondary data, is depicted in the following section.

Literature Review

According to the *European Standard* STN EN 15221-1, facility management is defined as the integration of processes within the organization to provide and develop agreed services that support and increase the efficiency of the core activities of the organization. According to the standard, support services provide the organization’s core activities delivered by internal or external providers.

In the course of time, many authors worldwide have tried to bring the detailed definition and explanation of the facility management. According to Rydval and Rydvalová (2007), the basic principle of facility management is based on the creation of favourable conditions to fulfil the main activity of the company. Vyskočil (2009) defined facility management as a method that helps the company to reconcile employees, their working environment, and working content, as a method that contains the principles of business architecture, administration, and technical and humane sciences. Somorová (2010) analysed these interrelationships and describes them as a reinforcement of all processes in the society, whereby workers in their working environment perform optimally, resulting in economic growth and also in increasing the competitiveness of the company. Styblo (2011) defined the facility management as a field focused on optimizing support activities in terms of society and economy as a need to harmonize the working environment, workers, and work activities. Then, the goal is to create the best conditions for the fulfilment of the main productive business activity, which

shows that the facility management is involved in the management of supporting activities, resulting in a smooth running of the main activity. Kuda and Beránková (2013) claimed that the main aim of the facility management is cost saving without the need to limit the performance of the enterprise in any way. They consider better use of facilities, spaces, or a higher quality of working environment to be the top benefits of the facility management usage in the company. Štrup (2014) described facility management as a modern industry which is applied in building management and which helps save and optimize costs, resulting in higher profits. It does not consider only the temporary trend of corporate management but the way of professional management and management of corporate resources. Shi, Du, Lavy, and Zhao (2016) indicated that facility management is a multi-disciplinary profession, which aims to ensure a proper and functionally-built environment based on people, space, process, and technology. But Min, Morgenstern, and Marjanovic-Halburd (2016) determined that the perception of facility management only within the environment and the building is outdated and extend this way of managing of support processes, including purchasing, sale, development, quality, or activity related to the corporate finance. Wetzel and Thabet (2016) reported that facility management is a hybrid type of management discipline that combines the expertise in managing people, assets, and processes.

Last surveys, e.g., work of Pärn, Edwards, and Sing (2017) described facility management as an integrated approach to improve, maintain, and adapt business premises, supporting better and faster fulfilment of the corporate primary goals, or as a process that the company provides to create working environment of a good quality. Zavadskas, Turskis, Vilutiene, and Lepkova (2017) claimed that most of the existing management systems is primarily focused on gathering knowledge and information within one area, while the facility management requires the integration of different types of information and knowledge created by various members of the facility team building, such as maintenance records, causes of chain failures, control records, and so on. The same opinion is shared by Becerik-Gerber, Jazizadeh, and Li (2012) who asserted that facility management encompasses and requires multi-disciplinary activities, and thus, has extensive information requirements. Currently, the sustainability has a very high importance for the facility management companies, as depicted in the survey by Cadez, Wapelhorst, and Tiessen (2017). Especially, the identification of weak spots and the improvement of the corporate image are the main reasons of the sustainability of the facility management.

Methodology

To understand the nature and purpose of the facility management concept, it is necessary to know its origins, history, and development. The paper consists of theoretical research and conclusion, based on the literature research and theoretical paradigms. The analysis starts with the determinations of basic structure and principles of the facility management; the main emphasis is given to a detail view of the use of facility management in the European countries and in the Slovak Republic.

The beginnings of the facility management go back to the USA. In the seventies of the 20th century, the concept of the facility management was not familiar to ordinary people, and even facility managers did not perceive the importance of this profession. It is the result of conservative and inflexible business hierarchy. These managers were mostly called building managers or property managers, but it was not possible to unite these activities into a complex activity. In the United States of America, in May 1980, 47 participants attended the facility management meeting, resulting in the establishment of a new National Facility Management

Association (NFMA). Twenty-seven out of the 47 participants became its members. The conclusion of this meeting was that the NFMA had its own and specific regulations, plans, constitution, and members. A year later, in 1981 in Houston, an annual conference took place, attended by 27 lecturers and 87 listeners. During this conference, the association was renamed to the International Facility Management Association (IFMA). This step has resulted in the dynamic development of the facility management. Since that moment, IFMA has its members, organizations, or affiliated organizations around the world.

At the initiative of the Dutch Standards Institute in 2003, the Technical Committee CEN/TC 348 Facility Management was established to develop a European standard for facility management. The Commission cooperated with the national standardization bodies, which were also its members. The process of the standard formation lasted three years. The standard was approved in September 2006. *European Facility Management Standard* covers the operational, tactical, and strategic level of services provided for support activities of the primary process. Its goal is to improve competitiveness on the European market, improve the efficiency of primary facility management and its processes, improve transparency in tendering procedures, improve the quality of outputs, and develop new support programs and systems. The Technical Committee selected two main themes in the creation of the facility management standard: standardization in terminology and definitions of the facility management. The goal was to establish relevant terms and definitions for facility management and to define specific terms that should be used in contracts between the providers of facility management services and facility management clients (Vyskočil, 2009). The priority objective of the standard in this area was to focus on the scope of the facility management services and identify procurement choices as well as to promote mutual trade between companies in different countries within the European market and to establish a clear link between the client and the supplier of the facility management.

The benefits of the European facility management are economical and legislative. Economical benefits are allowed to communicate efficiently, clearly, and accurately. A substantial reduction in the cost of supporting activities can be achieved. Costs are difficult to compare if the cost base is different for different businesses or organizations. However, if companies or organizations use the same classification and definitions, they can be compared easily. Standardization in the classification of the facility management costs and in definitions related to the facility management help improve market transparency. Companies prefer to receive offers meeting the European standards, as they have the ability to compare different businesses with different price offers. Legislative benefits present the introduction of the European facility management standard helps increase the standardization and transparency of public tendering, supply, and purchase management of real estate market, business services sector, and other means used in the field of the facility management.

Results

Facility Management in the European Countries

In Europe, the facility management started to be used in 1990s of the 20th century. The first countries were France, Great Britain, the Benelux, and the Scandinavian countries. Approximately five years later, this term was spread to German-speaking countries. Each of these countries established its own association for the facility management (Vyskočil, 2009). England was one of the first countries in Europe where a national branch of IFMA was established. It operates in companies that provide a wide range of facility management services. They focus on building management, asset management, spatial planning and design, maintenance, work safety, relocation for various organizations, and cleaning services (Vyskočil & Štrup, 2003).

Maliene, Alexander, and Lepkova (2008) focused their survey on the development of the facility management in Europe. They find out that for instance, in the case of France, there is no comprehensive concept of the facility management and the facility manager profession is not specifically described. The French facility management market is rather focused on providing real estate services, while the Italian facility management sector is characterized by innovation and dynamics, which includes a wide range of trade unions. In Hungary at the beginning of 1990, foreign investors, especially from Austria and France, organized the first transfer of knowledge about facility management to manage Hungarian buildings. It was a prerequisite to find the first Hungarian facility management association in 1991. Nowadays, the Hungarian facility management market is mainly focused on the provision of services.

Scandinavian countries use different definitions and forms of facility management depending on the organization and objectives of the country. Management and service organizations use their own definitions of the facility management in the area of marketing and promotion of their services on local markets, and typical tasks of the asset management are often included into the facility management services. Based on research can be claimed that each Scandinavian country has some peculiarities regarding the organization of the facility management which a cause of local laws and traditions. Norwegian facility management is the least developed of all Scandinavian countries and for many Norwegian companies the quality of service is much more important. Sweden has the second largest share of the facility management (Denmark is first in the ranking) depending on the degree of its development. During the past years was a significant development leap in the facility management. Many globally known organizations did not join the Finnish or Norwegian markets but merged with Swedish companies.

A few years later, facility management spread to surrounding countries. The first post-communist country where the facility management association was established was Hungary, where in 1998 the National Union of Facility Managers (HUFMA) was formed. A little later in 2000, the Czech Republic joined IFMA (IFMA CZ). Today, IFMA has approximately 18,000 members in 60 countries around the world, with around 130 branches.

In the Czech Republic, the offer of separate, individually specialized services, such as protection, repair, cleaning, catering was promoted. But in the course of time, suppliers who offered complex of facility services, appeared on the market. These supplies were rather closer to the partnership-integrated facility management than to a regular sale of services. Facility management, as a field, links to the history of the development of services of individual secondary activities (Vyskočil & Kuda, 2011).

Table 1

Development of the Facility Management

| Own sources | Contractual service | External sources | Integrated facility management | Infrastructural management |
|-------------|---|---|---|---|
| 1970-1980 | 1980-1990 | 1990-1995 | 1996-1998 | 2000-present |
| cleaning | cleaning guarding catering maintenance land | contractual services + postal services telecommunication IT, print, FM administration | external services + training property project management consulting | capital suggestion construction equipment accounting integrated FM |

Source: Vyskočil and Štrup (2003).

Currently, the Czech Republic is in the third stage of the development (external sources). There are many suppliers on the market, who provide facility services in a high quality and at a favourable price level. Many companies offering facility services transform to companies providing integrated facility management. Companies prefer ordering a full service, but they do not require a unified data administration (Somorová, 2006). The results are that providers can modify these data to meet their requirements. When the facility management moves to a higher level, it is clear that the facility management provider begins to cooperate with the facility manager of the business, and thus, they form a team that can provide strategic information at any time, which helps to shift to next level of the provider of the complex facility management services. The company providing a complex of facility management services does not offer only the grouping of the given services, but it also cooperates with a team of well-established experts and facility managers. Firstly, the group of people assesses the current state of the company, and then, finds appropriate solutions and options for improvement. In addition, the company providing the support services has technical facilities to carry out all the needed activities.

Facility Management Standards in Slovakia

The concept of facility management was slowly coming to the awareness of the Slovak population due to a growing number of foreign companies and corporations on the market. These large companies bring to the Slovak market not only the capital, but also the managerial know-how of support services. In our conditions, the application of the facility management is quite demanding for several reasons. It is known that more than 10 years ago the facility management began to be used in the Central European countries. It was a period of the global economic crisis, but according to statistics, relatively good results were achieved in the development of the facility management.

Considering the conditions in our country, the development of facility management is closely linked to the Slovak Institute of Technical Standardization, which issued a new standard of STN EN 15221 Facility Management in 2007. The standard consists of two parts: "STN EN 15221-1 Terms and Definitions" and "STN EN 15221-2 Instructions" for the preparation of management arrangements. Since then, the application of the European Standard STN EN 15221 Facility Management in practice has enabled companies and organizations providing facility management services to increase their competitiveness on the domestic as well as on the European market, to streamline the primary and support processes and to improve the quality of the services provided. Using the standard allows organizations to offer facility management services to increase their segment of the market presence. The new European standard permits organizations to trade internationally. A single European standard for facility management is an important factor for the future development of the facility management in the European Union. The Slovak Association of Facility Management (SAFM) was established in 2009. Its main idea is the introduction and support of the facility management in the process of decision-making and management at all corporate levels, strategic, tactical, and operational. It also provides the exchange of practical experience and information among facility management specialists. Slovakia is one of the countries that are still lagging behind other European countries in the area of the facility management.

The reason of poor usage of this relatively new method of managing supporting activities is that it was presented with some time lag. It may be caused by the fact that both the owners and the tenants of the buildings do not have the requested amount money. Within the building management, only the most important cash resources are spent to provide the most necessary operational and building management administration. However, the problem is a lack of cooperation between facility management and project management in the

process of planning and design of buildings, industrial halls, complexes, production parks, etc. An important feature is also an unprofessional approach of the building operators in securing and managing the smooth running of the building, which is the result of low awareness and lack of commitment. We can also point to the fact that the constant change in the use of individual buildings leads to their deterioration, even in places with developed tourism (Somorová, 2010).

Despite these facts, the use and application of the facility management in the Slovak market is growing remarkably. The most frequently used form of provision of facility management services is outsourcing (Vetrakova, Potkany, & Hitka, 2013). Practical utilization and application of outsourcing is frequent and very popular in many industries of all developed countries as it brings many positive effects. In our country it is used by large and important companies, such as Johnson Controls International, KIA Slovakia, COFELA, but also some banks (Tatrabanka, VUB Bank), and many other business and entertainment centres.

Outsourcing facility management or a complex of facility management services are also used by various state administration bodies, such as the Ministry of the Interior of the Slovak Republic or the Tax Directorate, but also cities and municipalities.

One of the business process outsourcing leaders (BPO), operating on the Slovak market, are the service centres of a large number of companies from the USA and Western European countries. The largest providers, employing several hundred employees are: IBM Service Centre, Accenture IT Support, procurement outsourcing, financial accounting, Dell taxation, financial accounting, analysis, information support, sales service, AT&T telecommunication, Siemens, Lenovo, and Slovak Telecom. In Slovakia, business process outsourcing providers gather mainly in Bratislava, which offers, besides a large number of foreign-speaking university graduates, a huge number of companies, businesses and offices, as well, most of the organizations that benefit from the facility management facility located in our capital.

Establishment of the facility management is an effective way of activities ensuring (user comfort, better processes, costs decrease, etc.) for a user who can devote to the core activities of their business. Thus, the benefit of facility management can be summarized: reduction of operating costs, competitive advantage; establishment of support processes by one agent of facility management; modification of the organizational structure, new possibilities of the building using; greater awareness of top management; improvement of the overview about the processes in the company and their control; as well as of the working environment quality.

Sound management of organizational resources improves the overall efficiency of organization. From the perspective of facility management, it means to deal with the optimal allocation of available resources, which are mostly used when setting up supporting processes in organization (Kral & Bartosova, 2016). The maturity of facility management over the past 35 years indicates time for more connection between research finding and their adoption into practice (Roper, 2017).

Conclusion

The facility management is a field that develops very dynamically, as evidenced by the growing number of companies focused on the facility management. Present results persuade more and more companies to leave all support services to professionals so they can only deal with their core business activities.

The trend of the last years is that clients do not use services of small local businesses that are only able to offer partial facility management services. Companies are turning to big suppliers who provide all the services anywhere in the whole country.

Based on the experience of many experts, up to 90% of manufacturing companies using outsourcing support services have almost every service from another supplier. However, letting the more services to the single supplier brings the greatest savings.

Currently, the most common situation is when companies implement facility management in their full operation. Facility manager takes over the support services from current suppliers and optimizes their functions and economy. On the other hand, it is important for new projects to think about the operating costs already at the early stage of the project and invite the facility manager to work with the developer. The mutual collaboration with designers is very important because it influences the level of the costs in the future.

Facility management focuses on support activities which aim is to reduce costs, increase efficiency of management, and improve quality. A company that completely transforms its processes can shift some functional area to an external organization, which conducts the activity at a professional level. Decision about using the outsourcing services or not is a subject of a detailed analysis of corporate activities in terms of its importance to society, as not all outsourcing activities may contribute to the overall efficiency of the business.

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