



## OUTSOURCED FACILITIES MANAGEMENT (OFM) SERVICES TO CREATING GLOBAL COMPETITIVENESS

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### ABSTRACT

In a time of increasing globalization and fierce competition in the market, being competitive has become essential for companies in various sectors. Providers of Outsourced Facilities Management (OFM) services, which include everything from space management to security and maintenance, play a crucial role in helping businesses streamline their operations and focus on their core business. The strategic value of outsourcing Facilities Management services is gaining more attention and adoption as the business landscape becomes more complicated and complex. This increased adoption of OFM services creates opportunities, thus resulting in the presence of both local and global players in the industry. Local outsourced facilities management service providers are facing an increasingly competitive market in today's business environment. To assess and improve the competitiveness of local OFM service providers striving to gain market shares against global industry giants, this study explores the concept of critical success factors (CSFs). CSFs are crucial areas where a company must succeed to meet its objectives and outperform rivals. Understanding CSFs is essential for recognizing the unique factors that enable local OFM service providers to not only survive but also thrive in a complex network of markets. A mixed-method approach was utilized to provide a comparative assessment between a local and a global service provider through the use of Likert-scale questionnaires and semi-structured interviews to gather both quantitative and qualitative data. The results of this research offer a point of reference for evaluating competitive attributes. Thus, local outsourced facilities management service providers can assess their abilities, performance, and competitiveness in comparison to well-established global facilities management leaders present in the country. By comparing with these industry giants, local suppliers can establish a baseline and initiate further research to gain useful insights, direction, and positioning. This may help them improve their global competitiveness and ensure survival at least at the local industry level. This study examines the rationale for comparing a local supplier against the industry's critical success factors (CSFs) with global companies and emphasizes the potential advantages gained from conducting such a comparison.

*Keywords: competitiveness, outsourced facility management, property management, critical success factors, integrated facility management*



## INTRODUCTION

Outsourcing has quickly expanded as a strategic business strategy as a result of firms' rising demand for cost-effective solutions as the global economy continues to integrate (Atkin & Brooks, 2009). The efficient administration of facilities, buildings, and infrastructure is one of the essential elements of outsourcing operations that are successful (McKinsey, 2019). To ensure efficient corporate operations and boost overall productivity, physical assets including office premises, machinery, and support services must be effectively managed and maintained. As a result, the position of an outsourcing facilities manager has become more critical in recent years. The transformation of the facilities management services as a cost center now has been seen as value-adding to each organization and thus a very important component of a business.

The global facility management industry has experienced significant growth, with an increasing number of organizations outsourcing facility management services to achieve cost savings, operational efficiency, and improved service quality (Atkin & Brooks, 2009; Oduoza, C. F., & Anosike, A. 2016). The same trend of swiftly growing urban centers within the Philippines is observed. Demand for outsourced facility management (OFM) services has increased significantly as commercial and residential properties have increased (Cuervo-Cazurra & Dau, 2009; Dela Cruz & Hizon, 2016).

Limited research has been conducted in the context of the Philippines' properties to examine the unique challenges and opportunities associated with the competitiveness of the OFM local service providers in the presence of Global Integrated Facilities Management competitors. In addition, the Philippines real estate market lacks studies concentrating on outsourced Facilities

Management services here in the country and the current business competitive position of outsourced facility management services players whether local or global in classification.

Also, the regulatory changes from DO-18A to DO-174 in the Philippines have prompted manpower providers to diversify into outsourced facilities management (OFM), a move welcomed by the real estate industry. However, this shift presents challenges, as it requires new expertise and the ability to compete with established OFM providers. To succeed, these companies must develop distinctive strategies to stand out in this competitive sector. Therefore, the awareness of the critical success factors will be very important to evaluate their abilities, performance, and competitiveness research to gain useful insights, direction, and positioning.

This dissertation aims to explore the relevant key factors and activities needed for improving local outsourcing facility management service providers' competitiveness in the Philippines amidst globally recognized counterparts. This study aims to provide valuable insights into improving the awareness of local outsourced facilities management service providers on several factors to account for to thrive despite a very competitive OFM industry.

## OBJECTIVES OF THE STUDY

The research "Outsourced Facilities Management (OFM) Services to Create Global Competitiveness" aimed to (1) investigate the critical success factors (CSFs) that are key drivers in assessing the competitiveness of outsourced facilities management services, (2) evaluate an established local service provider against CSFs to serve as a benchmark for the actual capabilities that can be achieved, and (3) assess the strengths and weaknesses of local service providers in comparison with a global service provider to



determine if there is a significant difference in their service delivery.

By addressing these research objectives and referencing existing literature, the study will contribute to a better understanding of the competitive environment in the facility management industry in the Philippines. It will also provide local service providers with benchmarks for the critical success factors and guidance on how they can measure and navigate the competitive landscape in which the OFM services are situated.

## METHODOLOGY

The research has been conceptualized and facilitated to satisfy the achievements of the research objectives.

**Objective.** To determine the essential attributes of various global outsourced facilities management service providers in the Philippines.

**Method-** Literature review

To establish the critical success factors (CSF) that are essential key drivers in the assessment of competitive outsourced facilities service providers.

**Method:** A Literature review

To evaluate an established local service provider against CSFs to serve as a benchmark for actual capabilities that can be achieved.

**Method:** Survey and semi-structured interview

The research used mixed methods to gather and validate data from targeted respondents and sources. The targeted respondents of forty-six (46) of the combined Facilities and Property management professionals who have a decent number of years of practical experience were surveyed and asked to measure the performances of a local service provider and a

global service provider with the same set of critical success factors. The CSFs identified have been adapted from a previous study by Dahlan and A. Zainuddin (2018). A few more CSFs were added to update the list, considering that the time of the previous survey was needed to capture the evolving needs of the facilities management industry thereafter. Succeeding studies made it evident that they should merge it for an up-to-date comprehensible assessment of the current competitiveness evaluation of these OFM providers serving the Philippines FM industry. Furthermore, the researchers ensured the protection of the information entrusted to her and complied with all pertinent ethical regulations.

## RESULTS AND DISCUSSION

### 1. Attributes of the Global OFM Providers

An attributes comparative table of the giant foreign OFM providers that are present in the Philippines has been created to be a reference or a benchmark for the analysis of their differences, strengths, and weaknesses. It shows each respective extent of global presence in major markets, cash positions, expansive scopes and capabilities, talent pool, subject matter experts, technology, etc., which are part of the qualities of their competitiveness.

### 2. Identification of the Critical Success Factors for Outsourced Facilities Management

Using the F M Dahlan<sup>1</sup>, A Zainuddin study methodology of developing critical success factor groups for FM organizations resulted in the identification of 30 CSFs and grouped into five (5) categories which are used in this study as an instrument to measure the competitiveness



differences between OFM service providers whether global or local. Eventually, it also followed the theoretical frameworks which are (1) balanced scorecard and (2) dynamic service innovation capability.

The five categories are identified as follows: (1) Financial, (2) Customer, (3) Internal Business Process, (4) Learnings & Growth, (5) Emerging Technologies and Innovation.

### 3. Evaluation of a Local Service Provider against the CSF

**Table 1**  
*Local Service Provider's Performance Means Against the Critical Success Factors*

Item	Critical Success Factors (CSFs)	Mean
<b>1</b>	<b>Financial</b>	
Q1-1	Cost efficiency/ value for money	3.70
<b>2</b>	<b>Customer</b>	3.78
Q2-1	Communication between the organization and customers	3.67
Q2-2	Relationship with customers	3.57
Q2-3	Customer expectation	3.89
Q2-4	Reliability of service	3.72
Q2-5	Quality standards/ certification	3.96
Q2-6	Quality resources	3.76
Q2-7	Responsiveness to incidents	3.89
<b>3</b>	<b>Internal Process</b>	3.81
Q3-1	Top management support	3.91
Q3-2	Clear policy, strategy & planning	3.91
Q3-3	Experience in maintenance business/familiarity with maintenance & other maintenance plan	4.04
Q3-4	Adequate resources/dedicated resources	3.54
Q3-5	Appointment of a capable manager	3.54
Q3-6	Staff qualification & experience	3.52
Q3-7	Reference to industry guidelines/standards	4.00
Q3-8	General training & awareness for suppliers & other stakeholders	3.54
Q3-9	Necessity & usage of audits/monitor performance/quality assessment	3.87
Q3-10	Document control system (hard or soft version)/ IT & Technology	3.80
Q3-11	Company reputation/certification	4.15
Q3-12	Member of professional organizations	4.02
Q3-13	Working conditions/effective working practices/good communication	4.02
Q3-14	Contract and risk management	4.02
Q3-15	Lesson learned	3.28
<b>4</b>	<b>Learning &amp; Growth</b>	3.31
Q4-1	Employee training	3.20
Q4-2	Cultural changes/innovativeness	3.41
Q4-3	Learning from other organizations' experiences and benchmarking	3.33
<b>5</b>	<b>Innovation and Emerging Trends</b>	3.80
Q5-1	Software platforms	3.13
Q5-2	Environment, Social, and Governance ESG efforts	3.91
Q5-3	Sustainability	3.89
Q5-4	RA11285 Energy Management	4.28

Table 1. Provides the weighted mean scores of the established local service provider against the 30 CSFs identified. These 30 CSFs fall into five major categories as mentioned above. This presents how well this service provider performs and provides an impression of the quality of their service delivery execution.

The known local service provider scored Good (4) for most of the categories which tells of a competitive standing if pitted against the Critical Success Factors. The Financial, Customer, Internal Process, and Innovation respectively have mean (x) scores of 3.70, 3.78, 3.81, and 3.80.

The learning and growth however exhibit as the area for opportunities to grow with distribution skewed to an acceptable mean performance of just 3.31.

### 4. Comparison of a Local vs. a Global Service Provider against CSFs.

Table 2. Provides a significant difference measure between the local service provider as opposed to one of its global counterparts providing the same services in the Philippines.

The table shows all the 30 CSFs and the corresponding p-value and t-test value to know what are the items that have a significant difference thus rejecting the null hypothesis of this study.



**Table 2**

*Local Service Provider vs. Global Service Provider Counterpart's Performance Means Against the Critical Success Factors*

Item	Critical Success Factors (CSFs)	P Value	T Value
<b>1 Financial</b>			
Q1-1	Cost efficiency/ value for money	0.49	-0.70
<b>2 Customer</b>			
Q2-1	Communication between the organization and customers	0.00	3.38
Q2-2	Relationship with customers	0.00	4.21
Q2-3	Customer expectation	0.18	-1.35
Q2-4	Reliability of service	0.32	-1.00
Q2-5	Quality standards/certification	1.00	0.00
Q2-6	Quality resources	0.18	-1.35
Q2-7	Responsiveness to incidents	0.10	1.70
<b>3 Internal Process</b>			
Q3-1	Top management support	0.01	2.84
Q3-2	Clear policy, strategy & planning	0.42	-0.81
Q3-3	Experience in maintenance business/familiarity with maintenance & other maintenance plan	0.49	0.70
Q3-4	Adequate resources/dedicated resources	0.00	-3.60
Q3-5	Appointment of a capable manager	0.00	-4.21
Q3-6	Staff qualification & experience	1.00	0.00
Q3-7	Reference to industry guidelines/standards	0.57	-0.57
Q3-8	General training & awareness for suppliers & other stakeholders	0.00	-4.90
Q3-9	Necessity & usage of audits/monitor performance/quality assessment	0.08	-1.77
Q3-10	Document control system (hard or soft version)/ IT & Technology	0.00	-3.08
Q3-11	Company reputation/certification	0.57	-0.57
Q3-12	Member of professional organizations	0.57	-0.57
Q3-13	Working conditions/effective working practice/good communication	1.00	0.00
Q3-14	Contract and risk management	1.00	0.00
Q3-15	Lesson learned	0.00	-6.57
<b>4 Learning &amp; Growth</b>			
Q4-1	Employee training	0.00	11.29
Q4-2	Cultural changes/innovativeness	0.00	-6.15
Q4-3	Learning from other organizations' experiences and benchmarking	0.00	-5.20
<b>5 Innovation and Emerging Trends</b>			
Q5-1	Software platforms	0.00	11.15
Q5-2	Environment, Social, and Governance ESG efforts	0.01	-2.60
Q5-3	Sustainability	0.02	-2.34
Q5-4	RA11285 Energy Management	0.00	7.03

**Table 3**

*Local Service Provider vs. Global Service Provider Counterpart's Performance Means Against the Five (5) Major Categories*

Item	Critical Success Factors (CSFs)	P Value	T Value	Interpretation
1	Financial	0.4855	-0.70321	Accept Ho
2	Customer	0.0556	1.965365	Accept Ho
3	Internal Process	2E-06	-5.4556	Reject Ho
4	Learning & Growth	2E-12	-9.51173	Reject Ho
5	Innovation and Emerging Trends	0.0039	-3.04061	Reject Ho

The local and global service providers under study against the CSFs showed no significant difference in terms of Financial and Customer categories. However, the Internal Processes, Learning and Growth, and Innovation showed statistical differences among the respondents.

Statistical differences where local service providers have been better against the global service providers are in the areas of communication, relationship with customers, top management support, sustainability implementation, and RA11285 adherence. Global service providers on the other hand are better in areas such as adequate resources, employee training, innovations, benchmarking, and software platforms. Unexpectedly, pricing and value for money do not have significant differences.

## CONCLUSION

The attributes of all the global OFM service providers are impressive starting with the resources available at their disposal. Their presence in several markets around the world positions them uniquely in some opportunities such as responding to regional and global biddings. The resources such as cash, strategic partnership, training programs, innovations,



software, etc. that are available to Global Facilities Management services providers are their huge advantages. However, some CSFs can be better delivered by local providers offsetting such.

The study has identified the critical success factors that can be used as a reference to measure and compare competitiveness in several areas of Outsourced Facilities Management.

The local service provider who has been in the industry for a while and fighting tooth and nail with foreign counterparts pitted quite well in the measure of critical success factors measuring mostly good and rest as acceptable. This shows that with proper adjustments of strategies, and positioning better competitiveness can be achieved.

It has been established that as of the time of the study, there is no significant difference in the financial and customer categories in the comparison of the local against the global counterparts on the critical success factors. However, internal processes, learning and growth, and emerging trends and innovations do.

For further due diligence, however, looking into individual CSFs of the internal processes, for example, which are composed of 15 CSFs in itself provides more appreciation that there are CSFs that have no significant differences but more of the 15 CSFs have therefore once averaged it will show that there is a significant difference overall.

## RECOMMENDATIONS

Competitive strategies change from time to time. It is prudent that service providers check their perceived competitiveness periodically to know their current competitiveness status on each of the CSFs.

Further study can be done to identify the weight of importance of each critical success factor. This study assumes that

everything is of the same value which may not be true.

Increasing the samples can be done in the future to create better and more accurate measurements of the CSFs and the competitive standing of the provider being assessed.

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