



Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.

By

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Submitted in fulfilment of the requirements of the degree of Doctor of Philosophy in
Management Sciences in the Faculty of Management Sciences at the
Durban University of Technology

August 2019

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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 the effectiveness of current operational strategies in meeting FM business goals, particularly in developing market competitiveness. The lack of research in this area motivated this study which aimed to evaluate the effectiveness of business operational strategies that enhance competitive advantage for FM companies. This included conducting a SWOT analysis of current business operational strategies utilised by FM companies, determining the nature and extent of FM operational strategies evaluation and determining the extent to which clients of FM companies are satisfied with the business operational strategies of the FM companies they employ.

The study applied a qualitative methodology that was supported by a quantitative methodology. A sample of 10 Gauteng based FM companies was purposively selected from the SAFMA register of FM companies operating in Gauteng. In this sample, 6 of the companies were classified as large corporates and 4 as SMEs. From the sample of companies, a sample of 10 directors and 10 managers were conveniently selected. A further sample of 10 directors from companies that utilise the services of the FM companies (hereafter referred to as client companies) was also selected. Three different semi-structured interview schedules that were specifically designed for each group of sample elements were used to collect data from the respondents. The collected data was analysed using thematic content analysis and descriptive statistical methods.

In the research framework, it was accepted that the operational strategies that are applied by FM companies are a function of the internal and external environments that they operate in. It also emerged that the FM industry relied on models that were designed for strategic management purposes in the

evaluation of operational strategies because it did not have industry specific evaluation tools.

From the SWOT analysis, SAFMA membership, a strong brand reputation, a high BBBEE rating, pricing advantages and intact operational policies, systems and processes were considered as major organisational strengths for the FM industry.

From the primary research, the following challenges emerged with regards to the evaluation of operational strategies: disagreement on evaluation ratings between FM companies and clients, the use of outdated evaluation models and non-industry specific models reduced strategy evaluations to a mere formality as opposed to a developmental process and the manipulation of evaluation models by managers and supervisors to increase scores.

The major reasons for engaging the services of FM companies were to reduce operational costs and share or transfer risks. Clients were not satisfied with the process of service level evaluation conducted by the FM companies. Clients of FM companies generally agreed that they were able to realise certain benefits from utilising the services of a FM company. However the benefits derived differed amongst clients and from one FM company to another.

It was recommended that FM companies must maintain their registration with SAFMA as this enhances their reputation. FM companies must invest in branding, training of staff and in technology. FM companies must attempt to improve their BBBEE rating considering the importance of the government as a client to the FM industry. FM companies must regularly evaluate their operational strategies as this is necessary for identifying weaknesses and implementing measures that capacitate employees to adapt to the changing market conditions.

DECLARATION

I, Povendran (Julian) Naidoo do hereby declare that this dissertation is the result of my investigation and research and that this has not been submitted in part or full for any degree or to any other University.

_____	<u>3 APRIL 2019</u>
STUDENT	DATE

I, Professor Mohamed Saheed Bayat, declare that I have reviewed and supervised this thesis. It is now ready for examination.

_____	<u>3 APRIL 2019</u>
SUPERVISOR	DATE

ACKNOWLEDGEMENTS

Firstly, I would like to thank God, the Almighty, for having made everything possible by giving me strength and courage to undertake this research.

My appreciation goes to my supervisor, Professor Mohamed Saheed Bayat for his encouragement, guidance and suggestions to complete this research.

My deepest gratitude goes to my wife for all her support, guidance and encouragement during the long road in completing this PhD.

To my two sons and daughter, who serve as my inspiration and my driving force, I thank you for your belief in me. You three have inspired me to achieve my goal.

I am also indebted to my parents who have instilled in me great morals and values to stay focused in what I want to achieve.

My sincere appreciation and gratitude is extended to the directors, managers and clients of the facilities management companies who provided rich and indispensable information that enabled this study to reach its various conclusions.

I wish to thank Mr. Salesh Panday and Mr. Abisha Kampira for their support with editing and proof reading services.

Finally, I wish to express my appreciation to all my colleagues and friends, who have encouraged me through this journey in attaining my PhD.

DEDICATION

I dedicate this thesis to my family and to those people that stood by me in my most difficult times. You mean everything to me.

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LIST OF ACRONYMS

BOO:	Build-Own-Operate
BOT:	Build-Own-Transfer
BPO:	Business Process Outsourcing
BRICS:	Brazil, Russia, India, China, South Africa
BSC:	Business Scorecard Framework
COO:	Chief Operating Officer
DBOM:	Design-Build-Own-Manage
DFBOT:	Design-Finance-Build-Infrastructure-Transfer
DBOT:	Design-Build-Infrastructure-Transfer
DFO:	Design-Build-Operate
FDI:	Foreign Direct Investment
FM:	Facilities Management
GDP:	Gross Domestic Product
Global FM:	Global Facilities Management
ICT:	Information and Communication Technology
IFM:	Integrated Facilities Management
IFMA:	International Facilities Management Association
M&A :	Mergers and Alliance
M&E:	Monitoring and Evaluation
MNC:	Multi-National Company
NDT:	National Department of Treasury
PESTEL:	Political, Economic, Sociological, Technological, Ecological, Legal

PPP:	Public-Private Partnerships
SA:	South Africa
SAFMA:	South African Facilities Management Association
SAPOA:	South African Property Owners' Association
SEZ:	Special Economic Zone
SWOT:	Strengths, Weaknesses, Opportunities, Threats
TFM:	Total Facilities Management
UK:	United Kingdom
US:	United States
USA:	United States of America

GLOSSARY

Bundled FM services model – a service package through which the facility management company takes over the management of a range of support services as part of a single contract. At least two different types of services are required to make a bundle.

Competitive advantage - the superiority gained by an organisation when it can provide the same value as its competitors but at a much lower price or the ability to charge higher prices by providing greater value through differentiation.

Differentiation – the process of developing a range of services or service attributes that are different from the general market offering. Differentiation can be achieved from developing various product features such as comprehensive customer service, higher durability, ease of use, engineering design, marketing, packaging, perceived value, status, and image.

Evaluation – the process of assessing the success of a company in achieving its business goals and objectives against a set of performance measures.

Facility management - an integrated approach to operating; maintaining; improving and adapting the building and the infrastructure of an organisation, for the purpose of creating a conducive environment which enhances the performance of an organisation.

Operational strategies - the processes and systems that form part of the company's business practices that are implemented to shape the business environment in favour of the company so that the company is placed in an advantageous position.

Outsourcing - the process by which an organisation hands over the responsibility for the provision of a service to another person / organisation.

Private-Public Partnerships models – a business model that entails a contractual agreement between private sector entities, which are generally FM companies and public entities. The private sector entities are contracted to provide certain agreed upon services in exchange for a fee.

Technology development - activities that pertain to the use of equipment; research and development and technical knowledge, that are utilised in the firm's transformation of inputs into outputs.

Total Facilities Management – an operational model whereby a facility management company provides all the facility solutions required by the client. It is the most comprehensive and long term form of facility management that requires a strong trust relationship between the facility management company and the client.

1 CHAPTER ONE: INTRODUCTION

1.1 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 in favour of the company (Porter, 2008:104). Porter (2008:104) states that the company's strategy must seek to position the company to cope best within its business environment and to influence that environment in the company's favour.

Competitive advantage refers to *'the superiority gained by an organisation 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 organisation's core competencies to the available business opportunities (Ehmke, 2008:5). Ehmke (2008:5) further states that competitive advantage is better understood when answering the question, *'Why should the customer purchase from this operation rather than the competition?'*

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

According to Magretta (2012:70), differentiation refers to the ability to deliver services better than 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 (Scheele, 2014:2; Kreitner, 2008:185). Companies typically achieve differentiation through innovation, quality management, or superior customer service (Magretta, 2012:70-71).

Tanwar (2013:11) defines focus as a strategy that 'seeks a narrow competitive scope that is narrow, selects a particular segment or groups of segment in an industry and customises its strategy to benefiting the industry to the exclusion of others.' This type of strategy can be acquired through differentiation strategies or cost leadership within a well-defined, sustainable niche market (Tanwar, 2013:12; Kreitner, 2008: 185). This niche market allows a company to use a focused strategy to gain a sustainable competitive advantage (Magretta, 2012:114).

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 operational strategies successfully accommodate innovation, differentiation, focus, quality and cost leadership.

Whilst effective operational strategies are important for a company to survive and to sustain itself within a competitive environment, they are not a guarantee for success (Dragnic, 2014:119). Vrontis and Pavlou (2008:290-291) and Ekhme (2008:2) discuss various factors that can disrupt companies from reaching their strategic and operational goals. Ekhme (2008:2) cites internal issues such as poor leadership abilities, inadequate resources, poor relations with clients and a poor service mix as intervening factors in the realisation of a sustainable competitive advantage. Vrontis and Pavlou (2008:290-291) cite external factors such as changing client needs, the global and local economic environment, a negative political climate, regulatory forces, the intensity of competition and disruptive technologies as external factors that may result in businesses failing to realise their competitive goals.

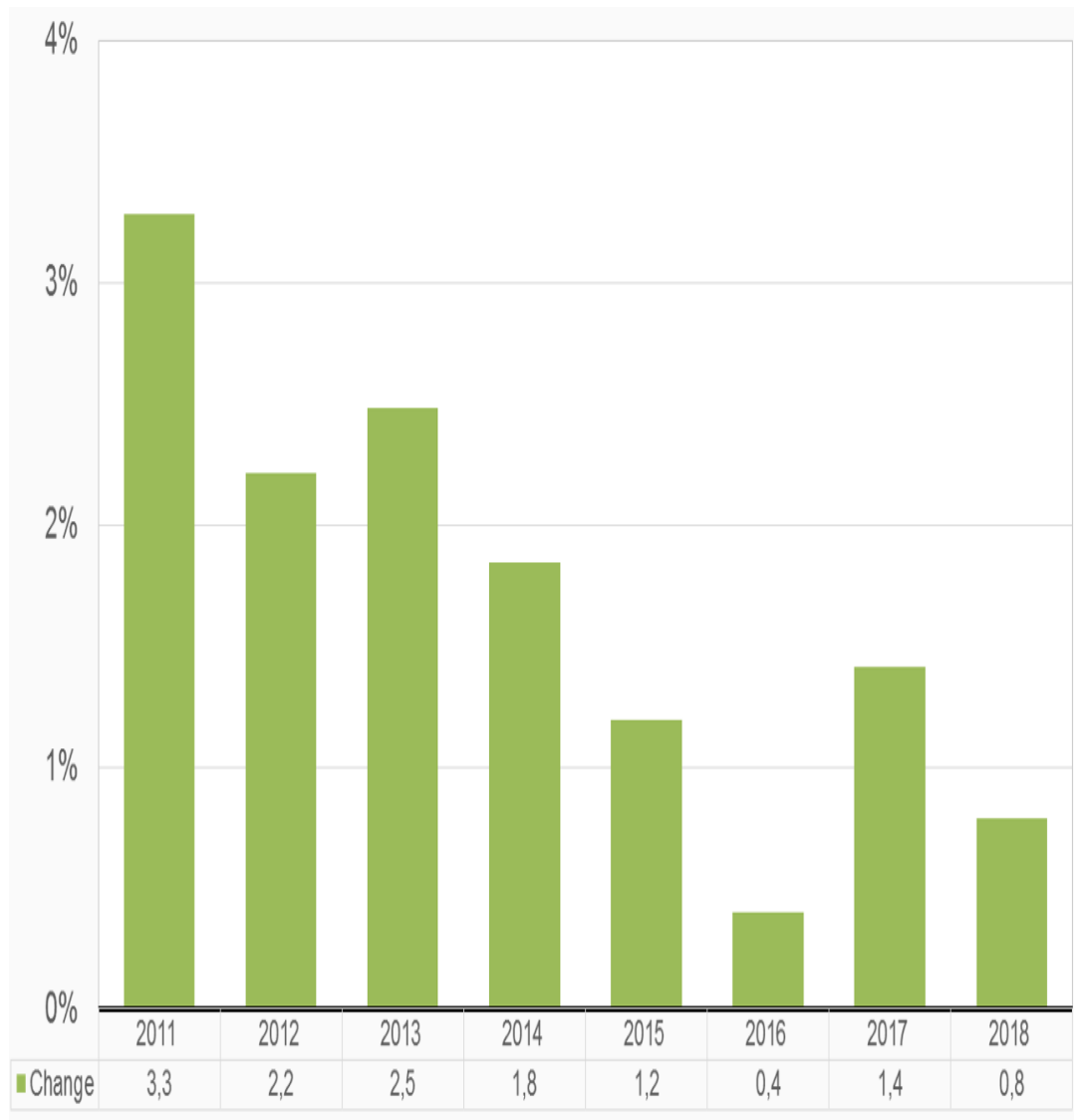
Amaratunga and Baldry (2002:207) and Myeda (2013:3) believe that it is important to monitor and evaluate the performances of operational strategies implemented by FM companies for attaining competitive advantages in the market. The monitoring and evaluation of these strategies will ensure that they have a better chance of succeeding. Myeda (2013:3) also notes that while FM companies are aware of the need for effective monitoring and 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*'. The assertions above highlight the need for FM companies to monitor and evaluate their operational strategy as an important determinant in the success of the company.

1.2 Background to the study

The South African FM industry has grown and evolved from a janitorial and maintenance, single-sited service industry, into a strategic and highly integrated business service industry that has seen FM become an integral part of a client's business process management solution (Wallbanks, 2018:1; Toe, 2015:44). The South African Facilities Management Association (SAFMA, 2017:8) confirms this growth and acknowledges that the complexities associated with businesses attempting to self-manage their facilities are driving industry towards employing integrated FM service providers that offer bundled FM services. Single-service oriented contractors are still present in the market and continue to survive as contractors in their own right or by sub-contracting for larger FM service providers.

The performance of the FM industry has been affected by the general outlook of the South African economy (SAFMA, 2017:3). South Africa's economic performance over the last 6 years has exhibited a declining trend, as depicted in Figure 1.1 below that shows the low and fluctuating Gross Domestic Product (GDP) from 2011 to 2018.

Figure 1.1: Fluctuating Gross Domestic Product of South Africa



Source: Statistics South Africa (2019:1)

In 2018, the South African economy grew by 0.8% which is the second lowest growth rate since 2011. In 2016, South Africa experienced its lowest growth rate of 0.4%. The graph shows that the greatest decline in GDP occurred from 2011 to 2012 when GDP fell from 3.1% to 2.2%. This was a massive decline of 1.1% in the GDP of the country. Although GDP recovered slightly in 2013, it declined again for the next 3 consecutive years and South Africa has not been able to replicate the GDP of 3.3% achieved in 2011.

The declining GDP trends have affected operations, strategies and competition in the FM industry (Olivier, 2017:10). The industry's customers have responded to the declining economic trends through engaging in cost cutting measures such as outsourcing fewer services and/ or seeking cheaper substitute service providers (SAFMA, 2017:20). As business dwindles in the FM sector, increasing competition amongst FM service providers puts a strain on revenues and profit margins. The economic underperformance in South Africa, coupled with an inflationary environment, has resulted in the increase of operational costs of FM companies. The chief driver of the increased costs is employment costs which are highly regulated and increase yearly. The increased labour costs are a bone of contention between employers and unions (SAPOA, 2017:2,3,6).

In a publication by Servest Group in collaboration with SAFMA, it was found that clients indicated that they would reconsider their FM contracts in the wake of poor economic performance.

'Over half the respondents (54%) say they will return to in-house management and service provision or absorb facilities services into broader business process outsourcing (BPO). Service quality, access to technical expertise and reducing costs are the top three most important factors that will drive outsourcing.' (Safma and Servest, 2017:201).

The above citation highlights how the economic environment has affected business in the FM industry.

FM companies need to respond positively to the low growth economic environment with strategies that appealed to customers who are also facing the brunt of low growth and increasing costs. Individual FM companies need to respond with strategies that are better than those of their rivals in order to create and maintain a competitive advantage in the market. As stated by Porter (2008:104), companies can influence their strategy so that it matches the

unique challenges of the operating environment for the purposes of both growth and survival.

Olivier (2017:10) in a SAFMA presentation entitled '*SAFMA – The South African Facilities Management Landscape. The factors that shape our business environment*', related the economic growth rate of South Africa to the growth rate in the FM industry. Table 1.1 below shows the relationship between the GDP growth rate and the growth rate of the FM industry. As highlighted earlier, a low and declining GDP growth rate has a negative impact on the FM industry's annual growth rate.

Table 1.1: FM industry performance versus economic performance

Year	GDP (Formal economy)	GDP Growth Rate	FM Industry Size	FM Industry Growth Rate
2011	R2 833.93	3.1%	R24.35	11.4%
2012	R2 904.78	2.5%	R26.97	10.8%
2013	R2 968.68	2.2%	R29.80	10.5%
2014	R3 013.21	1.5%	R32.71	9.8%
2015	R3 052.38	1.3%	R35.83	9.6%
2016	R3 079.86	0.9%	R39.12	9.2%
2017	R3 116.81	1.2%	R42.64	9.0%
2018	R3 160.45	1.4%	R47.08	10.4%

Source: SAFMA (2017:10)

In 2011, the FM industry's growth rate was 11.4%. From 2011 to 2017, the growth rate of the FM industry experienced a steady decline from 11.4% to 9.0%. This decline correlates with the decline in GDP (SAFMA, 2017:10).

The South African FM industry faces competition on two levels. The first level involves competition from substitute services mainly in the form of in-house services. The second level is intra-industry competition amongst rival FM companies (Chapman, 2018:1). Irrespective of the level of competition that a company faces, companies require effective operational strategies that meet customer expectations on costs, service quality and innovation (Wallbanks, 2018:1).

According to Sullivan, Georgoulis and Lines (2010:95) FM companies in South Africa should think strategically with regard to their core business activities if they are to do more than simply survive in today's increasingly competitive marketplace. FM service providers have a pivotal role to play in supporting organisations to conduct their business activities. FM service providers must therefore align their service offerings with the demands of client businesses and organisations so that the clients can focus on their core activities (Toe, 2015:10-11). Developing and sustaining a competitive advantage is at the core of the success or failure of FM companies in South Africa.

SAFMA (2017:16) highlights one of the major challenges in the industry as increasing competition caused by the influx of new competitors into the FM industry. Increasing competition puts FM companies at a risk of losing business to each other and secondly to substitute service providers. This threat, coupled with the declining GDP, highlights the urgency for developing operational strategies that confer a competitive advantage to the FM company thereby ensuring the survival and sustainability of existing FM companies.

1.3 Problem statement

The South African FM industry is dynamic and undergoing major changes related to its structure, size and impact on the economy (Wallbanks, 2018:1). The industry has seen increased complexity from single-site contractors

providing basic janitorial services to highly integrated and bundled FM service providers, who provide a wide array of services that go beyond the operational scope of previous years (Booty, 2009:257).

The rapid transformation of the structure and size of the FM industry in S.A. and the resultant effects of this transformation needs to be monitored and evaluated for the purposes of crafting operational strategies that are fully responsive to the changes in the market and industry at large. Vrontis and Pavlou (2008:290-291) hold a view that effective environmental scanning facilitates the drafting of business and operational strategies that respond appropriately to changes in both the internal and external business environments. These views are supported by Chapman (2018:1), who expresses the need to evaluate business operational strategies in response to competition-related forces.

Despite undergoing such deterministic and huge changes that have an impact on operational strategies and the realisation of business strategic goals, very little research has been conducted on monitoring and evaluating the effectiveness of business operational strategies that enhance the competitive advantage for FM companies. This creates information gaps relating to the effectiveness of business strategies applied in FM. The filling of these gaps is necessary for developing and implementing operational strategies that create a competitive advantage against substitute services in the form of in-house services and against intra-industry competition amongst rival FM companies.

Filling the information gaps will also provide valuable information on whether customers are being positively impacted by the operational strategies and whether changes to the operational strategies are required to cater for the changing needs of customers, economic pressures and changing regulations and technologies (Wallbanks, 2018:1; SAFMA, 2017:16).

1.4 Aim of the study

The purpose and aim of this study are to monitor and evaluate the business operational strategies of FM companies in Gauteng and to assess the effectiveness of these strategies in producing a competitive advantage.

To achieve the aim, this study will assess the various operational strategy monitoring and evaluation tools including the Porter's 5 Forces Model, the Mckinsey's 7S models the balanced scorecard model and Porter's Value Chain Analysis Model amongst other models. Their effectiveness in operational strategy monitoring and evaluation will be critiqued with the intention of enhancing the reliability of strategy evaluation processes.

This study will analyse feedback on the strengths, weaknesses, opportunities and threats (SWOT) that face the FM industry as a way of assessing the effectiveness of business and operational strategies in meeting the internal and external opportunities and challenges that FM companies are exposed to. It will also assess the factors that contribute to the successes and failures of operational strategies implemented by FM companies'.

The study will also obtain feedback from customers of the FM companies as a way of confirming if the operational strategies adopted and implemented by their FM service providers are effective in meeting their service level expectations. Finally, the study will provide researched based practical recommendations that FM companies can apply to address various monitoring and evaluation deficiencies as a means of improving the effectiveness of operational strategies used in attaining a competitive advantage.

1.5 Objectives of the study

This study aims to achieve the following objectives:

- a) To conduct a SWOT analysis of current business operational strategies utilised by FM companies.

- b) To determine the factors that contributes to the success or failure of the business operational strategies.
- c) To determine the nature and extent of FM operational strategies evaluation.
- d) To determine the extent to which clients of FM companies are satisfied with the business operational strategies of the FM Company that they employ.
- e) To make recommendations to improve the business operational strategies of FM companies.

1.6 Research questions

The research questions that guided this research are:

- a) What were the strengths, weaknesses, opportunities and threats (SWOT) of the current business operational strategies utilised by FM companies?
- b) What are the factors that contribute to the success or failure of the business operational strategies?
- c) What is the nature and extent of operational strategy evaluations undertaken by FM companies?
- d) To what extent are clients of FM companies satisfied with the business operational strategies of the FM Company that they employ?
- e) What recommendations can be made to improve the business operational strategies of FM companies?

1.7 Significance of the study

This study is significant to FM companies, the FM industry customers and the academic community. To FM companies, the study will provide important information on the internal and external forces that affect the effective execution of operational strategies. The findings and recommendations of this study are based on data that was collected from FM practitioners and their

clients. The FM practitioners were selected from the larger FM companies operating in Gauteng and who were affiliated to SAFMA.

Andersen (2013:167) argues that strategy formulation processes often suffer from information inadequacies resulting in estimation being used for decision-making. Chapman (2018:1) states: ‘ *The Business sector needs analysis, benchmarking, and economic development as critical factors which must be pursued and improved, to ensure that every potential client has access to a pool of Facilities Management experts*’

In view of the above assentation's, this study is significant in that it collects information drawn from industry experts as a basis for making findings and recommendations that will address the information gaps highlighted in the problem statement.

This study will help to identify important customer concerns on how services in the FM industry are delivered. This information is important to the industry as a whole given the increased levels of competition from in-house services due to the deterioration in the economy, cost concerns and the need to reduce business expenditure, whilst still delivering quality services. The feedback obtained from clients is important as it can be effectively used by FM companies when crafting their operational strategies so as to gain a competitive advantage in the FM sector. With adequate knowledge of customer perceptions on the services provided, FM companies will be in a better position to craft strategies that appeal to customers and conform to best practices in the FM sector.

Finally the study is of significance to the academic body. There is a paucity of research on the effectiveness on operational strategies in relation to South Africa. Most sources on the subject are based on studies that were conducted abroad. This study is therefore a pioneering study into the effectiveness of operational strategies from a South African perspective. It addresses FM related challenges specific to the South African situation and provides findings, conclusions and recommendations applicable to the South African FM sector.

1.8 Format of the study

This study report consists of seven chapters as outlined below:

Chapter One: Introduction.

This chapter provides an introduction to the FM sector and to monitoring and evaluating business operational strategies of FM companies. The motivation and rationale for pursuing the study is presented. The aims, objectives and key research questions that inform this study are stated and linked.

Chapter Two: Literature Review - Theoretical Frameworks of FM.

This chapter presents the first part of the literature review. Reviews of the theoretical frameworks that underpin FM are presented. Strategic management models discussed include Porter's generic strategies, Porter's Value Chain, Porter's Five Forces, The Balanced Scorecard and the Business Environmental Model (PESTEL).

Chapter Three: Literature Review- Global responses to FM

This chapter describes and discusses the global responses to FM. The transformation of the FM industry globally is discussed. The growth and development of FM and the operational strategies used in China, Nigeria, USA and Brazil are discussed.

Chapter Four: Literature Review- South African responses to FM

This chapter describes and discusses the South African response to FM. A history of the emergence of FM in South Africa is provided. A comparison between the global and the South African responses to FM is included. Competition and industry drivers relevant to the South African FM industry are discussed. Operational strategies used in the South African FM industry are highlighted.

Chapter Five: Research Design and Methodology

Chapter Five focuses on the research design and methodology that was applied when conducting this study. This chapter presents the methodology used to collect data. Issues with regards to the study population, sampling, measuring instruments, data analysis, pretesting, delimitation, validity and reliability, anonymity and confidentiality and ethical considerations for the study are discussed.

Chapter Six: Discussion of Findings

This chapter analyses data collected and presents the findings of this research. The findings are discussed in relation to the literature reviewed. This chapter is presented under key themes that emerged from the data collected. The data is presented through the use of tables and graphs. Detailed discussions of the findings are presented.

Chapter Seven: Conclusion and Recommendation

This chapter summarises the study and draws conclusions pertaining to the research questions based on data collected. Conclusions and recommendations are made with the purpose of bridging the knowledge gaps identified. Areas for future research are identified.

1.9 Conclusion

This study will monitor and evaluate the business operational strategies of facilities management companies in Gauteng, in order to assess the effectiveness of business operational strategies in producing a competitive advantage. Thus, it is envisaged that this study will contribute to national and international debates on the monitoring and evaluation of business operational strategies of FM companies and the extent to which these strategies produce a competitive advantage.

This chapter serves to introduce the study through presenting the background, aim, objectives, research questions, study significance and study format. The next chapter will focus on a discussion of literature relating to FM and operational strategies.

2 CHAPTER TWO: LITERATURE REVIEW – THEORETICAL FRAMEWORKS OF FM

2.1 Introduction

Jesson, Matheson and Lacey (2011:9-10), explain that a literature review is a written appraisal of what is already known about a topic under investigation. Vos, Strydom, Fouche and Delport (2014:109), explain that the purpose of a literature review is to establish a theoretical framework for a study. Through undertaking a literature review, researchers are able to specify where a study fits into the broader academic discussions and are able to justify the significance of a study against the backdrop of prior research.

This chapter reviews various sources of literature that discuss FM from an academic and professional perspective. Concepts related to the research topic are examined from both a scholarly and a professional perspective. Some of the concepts discussed include definitions of FM, the role of FM in operational management, monitoring and evaluation (ME), operational strategies and competitive advantage. Various FM operational models, management strategies, modes of implementation and evaluation tools that are used by FM companies globally are discussed. In conducting the literature review, priority was given to reviewing published literature with special emphasis on articles from peer-reviewed journals.

2.2 Definitions of FM

FM is a relatively new profession, which has gradually gained a footprint as a discipline in 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 on running costs of buildings so that the mission and goals of the client organisations is 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 organisation to create a conducive environment that strongly supports the primary objectives of the organisation. Ay and Ooi (2001:357) define FM as an integrated management of the workplace which enhances the performance of the organisation.

The above definitions indicate that there is a general agreement that the ultimate goal of FM is to enable an organisation 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 organisation through integrating the principles of business administration, architecture, and the behavioural 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 organisational outcomes (goals, objectives and purposes). The IFMA's definition of FM adopts a multi-disciplinary approach. It associates FM with the social and behavioural sciences, business administration, architecture and the engineering sciences, and supports the association between FM and organisational output.

2.3 The role of FM in operations management

Operations management strategy focuses on how organisations achieve the critical goals of efficiently and effectively providing goods and services to

society. Effective operations management is therefore an indispensable ingredient in organisational success (Roper and Borello, 2013:38). Production 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). Hayes, Pisano, Upton and Wheelwright (2006:39) explains that there are diverse types of operations that organisations apply in producing different types of output. Regardless, the operations management function will directly affect an organisation's competitive position by:

- Establishing the level of quality of the goods or services;
- Influencing the overall cost of production; and
- Determining whether sufficient products and services are available to satisfy consumer demand.

FM incorporates a wide array of operation management functions. SAFMA (2017:3) lists various operation 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. These operations are offered under various operational models as explained below.

2.4 Strategic Management in FM

In the current competitive business environment, FM companies map out their plans on how to enhance profitability and market share in competitive markets using strategic management processes. (Jones and Jowett, 2009:25). The various operational modalities of FM generally occur as part of a specified strategic dispensation (Roper and Borello, 2013:37; Barrett and Baldry, 2009:46-89). Among the many strategic management objectives, the objective of creating a sustainable competitive advantage has been identified as critical (Walder, 2017:4).

A sustainable competitive advantage enables businesses, including FM firms to grow in terms of revenue, assets, cash flows and operations thereby

enhancing a business's chance of survival. The next section discusses the various strategic management tools and concepts in relation to FM firms and their need to create a competitive advantage in the market (Barrett and Baldry, 2009:46-89).

2.4.1 Reasons for strategic FM

The literature reviewed is awash with reasons why businesses globally utilise the services of FM companies. There are both strategic and operational benefits that businesses expect to harness through using FM service providers (Elyna, 2014:1). Elyna (2014:1) cites Grimshaw (2003:50-57) who discusses the facets or concepts of FM. These concepts can be used to benefit both the businesses that utilise the services of FM companies and the FM companies themselves. Through providing a comprehensive service package of product offerings, FM companies can provide both their clients and themselves with a competitive advantage in their respective sectors. Grimshaw's (2003:50-51) highlights the following concepts of FM:

- The technical or operational concept which is the original function of providing practical services to businesses and is centred on maintenance work;
- The economic concept which is based on the need to provide economic efficiency that includes the realisation of benefits that are more than the cost of services offered;
- The strategic concept which involves planning services aimed at managing change and risk for the client;
- The social concept which is concerned with how the users of facilities perceive and relate to the services offered. The social concept focuses on whether users of a facility are comfortable with matters such as facility cleanliness, facility appearance and facility functionality.
- The service concept refers to the ability of FM companies to attain a competitive advantage through providing quality support services to clients, such as consultation on energy management; and

- The financial concept which is concerned with the facility manager's advocacy for their clients professional needs.

These concepts have to be effectively integrated into a particular operational strategy or set of strategies that FM companies use. The next section discusses models and theories related to these strategies.

2.5 Strategic management theories and models

In FM various strategic and operational models, theories and frameworks are used to assess the effectiveness of strategies in attaining competitive advantages. Models are also used to guide the strategic management process of FM service providers in the competitive and regulatory environments (Jensen, 2011:4). This section discusses common theoretical models from the strategic and operational management fields that have gained widespread use in FM. The section starts with a discussion of Porter's generic strategies in relation to the FM industry before discussing various other operational and competitive strategy monitoring and evaluation concepts.

2.5.1 Porter's generic strategies and the FM industry

The purpose of Porter's generic strategies is to establish, sustain and grow a company's competitive advantage over its competition (Magretta, 2012:9; Scheele, 2014:2). Together with the competitive analysis model, the market positioning and competitive advantage model and the value chain model, Porter provides a comprehensive strategic approach for a company to sustain and maximize its profitability (Magretta, 2012:9). Porter's generic strategies can help place a company in a strategic position that would enable it to sustain its competitiveness (Walder, 2017:3-4).

2.5.1.1 Cost leadership strategy

The cost leadership strategy uses the lower production unit price as a strategic key element to gain a bigger market share or higher profits than the

competition, which could potentially drive some competitors out of the market (Scheele, 2014:2). The cost leadership strategy's key competitive advantage is the lower price offered in comparison to other competitors in the market and therefore appeals to cost-conscious or price sensitive industries and consumers (Magretta, 2012:114).

In an FM environment, cost leadership is attained through developing the ability to reduce costs without compromising services. Wiggins (2014:77) states that bundled services and TFM create a better capacity for charging lower fees due to the effects of economies of scale, because unit costs are spread over a wider operational space. Cost containment is one of the key reasons why companies outsource FM (Atkin and Brooks, 2015:151; Booty, 2009:390). As a result, a FM firm that is able to give clients affordable services has a remarkable chance of developing a competitive advantage that is cost driven (Pitt, 2013:39).

In the South African FM industry, cost leadership is considered an important and practical strategy particularly for FM companies targeting the competitive bidding side of the market. SAFMA (2017:10), states that low cost advantages are the FM industry's highest-rated bidding competitive advantages with public and private sector clients alike. SAFMA (2017:3) therefore perceives cost-related and cost-driven competitive strategies as most likely to dominate strategic and operational trends in the local FM industry as a result of the increasing importance of managing costs of outsourcing among clients. Toe (2015: 12) suggests that focusing too much on costs may negatively affect differentiation-related advantages in the South African FM market as cost, rather than quality may take over as the most important industry value.

2.5.1.2 Differentiation Strategy

FM firms can also rely on Porter's differentiation strategy to develop a competitive advantage (Scheele, 2014:2-3). Differentiation involves developing a range of services or service attributes that are perceptually

different from the market offering (Magretta, 2012:70). Differentiation can be achieved at any stage and activity of the value chain and from various product features such as comprehensive customer service, higher durability, ease of use, engineering design, marketing, packaging, perceived value, status, and image (Magretta, 2012:70). However, the key to a successful competitive advantage based on differentiation is that the service exceeds the customer's expectations and delivers extra value to justify a higher price to the customer (Kreitner, 2008:185). To sustain the advantages of differentiation, the products' unique attributes must be very difficult, very complex or very expensive to duplicate and the pace of changing the products' attributes has to be too fast for the competition to get ahead (Magretta, 2012:217).

In the South African FM industry, innovation is one of the major concepts used in service differentiation. SAFMA (2017:3) discusses four areas of innovation that are becoming important in separating the quality and focus of services offered by different service providers. These were labour, service-related, technological and environmental innovations. In the FM industry, it is noted that FM companies are constantly working towards updating themselves to match the new differentiation approaches of their rivals (SAFMA, 2017:3). This behaviour, according to Mitroulis and Kitsios (2016:85) makes differentiation a difficult strategy to follow.

2.5.1.3 Focus strategy

Focus cost leadership describes the ability of a company to offer a product to a niche group of customers or niche market (Scheele, 2014:2; Magretta, 2012; Kreitner, 2008: 185). A FM company can focus on a particular line of services, described as task contracts by Mat and Baharum (2015:26), and develop an effective capacity to serve these particular tasks better than its competitors. An FM company may only focus on servicing a particular industry, for example, servicing the needs of the financial industry only. What is important is that whatever the business decides to focus on, there must be a sustainable niche market that is interested in the services offered (Magretta, 2012:114).

Judging from online journal databases, no direct research has been done on the applicability of Porter's generic strategies in the South African FM industry. However, an analysis of the South African FM industry, as shown by insights from SAFMA (2017:3-10), hints at some companies that have put these generic strategies into action with varying levels of success. There is therefore a need to assess the extent of the use of the strategies as well as an evaluation of how they affect competitive advantages of different FM companies.

The next section discusses various models used in the pre and post-implementation of monitoring and evaluation of operational strategies used in the FM industry.

2.5.2 Porter's Value Chain Analysis in relation to FM

In South Africa, the process of outsourcing has taken off, but it is confined to only a few select practitioners (SAFMA, 2017:16). Even those practitioners operating within the outsourcing sector are finding it difficult to get the desired high levels of patronage because the business community in South Africa still feels that they can do everything autonomously. SAFMA (2017:16) highlights this to be a common problem and attributes this to the perception that the costs associated with outsourcing are high. The cost of basic infrastructural facilities like electricity, transportation, and water are high and this drives up the costs of the service provider and has a direct impact on the cost of the services rendered. Some clients believe that it is not cost effective to outsource services.

De Toni (2012:33) uses the analogy of a supply chain to illustrate that support activities have an overarching effect on the primary activities of any organisation. De Toni (2012:84-86) further states that when adapting the supply chain analogy to a business institution, the support functions provided by the Human Resources, Finance, and FM Divisions have a direct effect on the institution's core functions of marketing and information technology. The provision, operation, and maintenance of infrastructure and technological

developments are the primary responsibility of the FM unit. The FM unit must be supported by the human resources and finance divisions which must complement its efforts to procure the offering of these services. The facilities manager is therefore under intense pressure to develop and manage an estate strategy that aims to achieve the set objectives of the organisation that it serves (Hassanien and Dale, 2013:119-120).

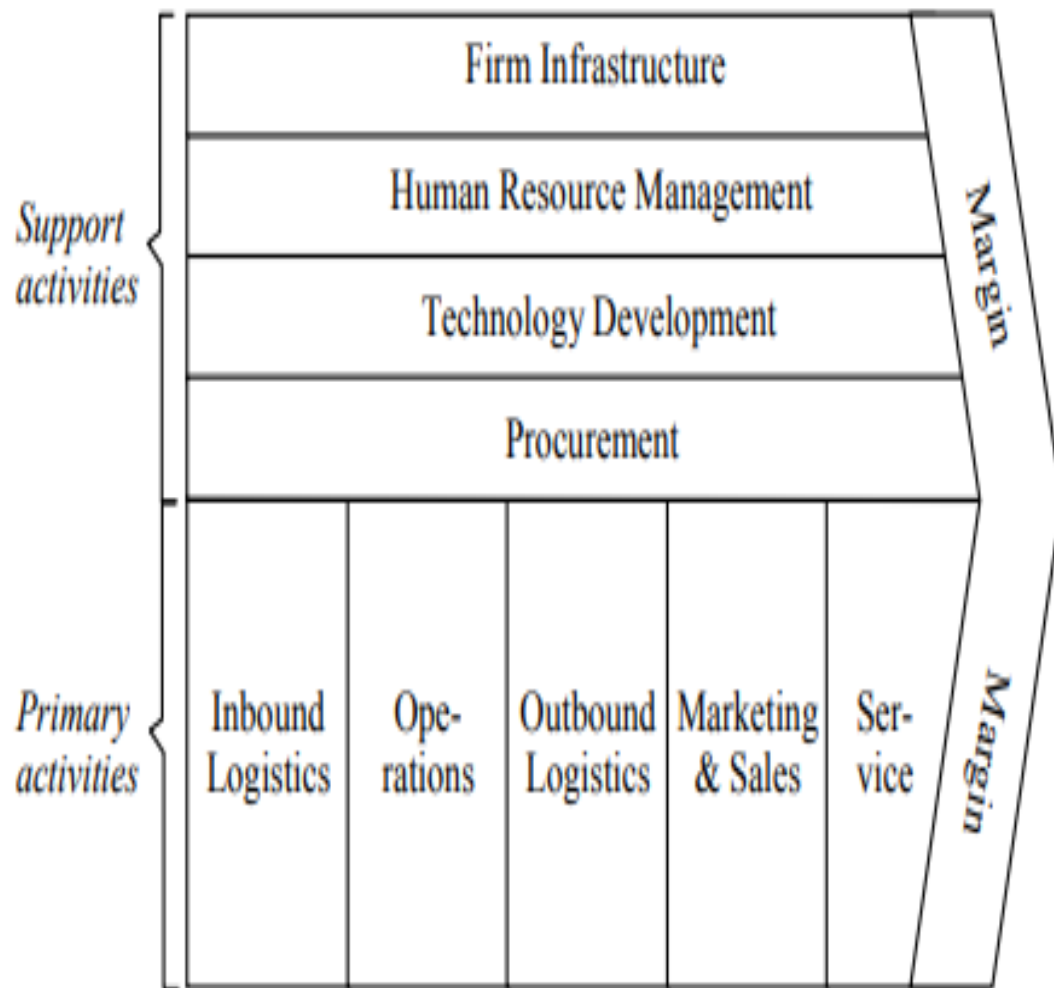
The Value Chain Analysis concept was introduced by Michael Porter in 1985 (Kannegiesser (2018:12). This concept was in response to criticism that his Five Forces framework lacked an implementation methodology that could practically link the firm's internal capabilities with opportunities in the business environment (Nieman and Bennett, 2005:4). Porter's Five Forces framework (1980) necessarily implies that an industry's attractiveness is founded on the bargaining power of suppliers, potential threats of new entrants, the bargaining power of buyers and the threat of substitute products which are all determinants of industry competition and the profitability of companies operating within that industry (Roy, 2009:28).

Of interest to the context of this model is the bargaining power of suppliers and especially that of buyers. Power is the ability of a firm or an organisation to make or shape strategic decisions that affect the configuration and direction of the value chain and thus influence and control other firms in the chain (Kannegiesser, 2008:12). Akpinar and Zetting (2008:145) describe power as the extent to which a firm has or can gain access to coercive, alternative, or normative means to impose its will in a relationship.

Power is not a steady condition as it can be acquired as well as lost. Lee and Gereffi (2014:331) go on to describe how power can reside in any part of the value chain structure and take different forms. Outside of the value chain, power comes from the state and other institutions created by the enabling business and political environments and from consumers. Those in possession of industry power actively shape the distribution of profits and risks through their activities (Lee and Gereffi, 2014:319). What Porter's Five Forces model failed to do was to explain why different organisations in the same industry perform differently. These theories led to the value chain concept, which was

developed to provide a resource-based view of internal operations (Nieman and Bennett, 2005:7).

Figure 2.1:Porter's Value Chain analysis model



Source: Kannegiesser (2008:12)

2.5.2.1 Inbound logistics

These activities involve materials handling, warehousing, inventory control, and transportation. It also involves relationships with suppliers and includes all the activities required to receive store and distribute inputs. This component refers to the activities undertaken by merchandisers and planners for mass retailers (Magretta, 2012:76-77; Sekhar, 2009:116).

2.5.2.2 Production and operations

This is the manufacturing or production part of the business. It includes machine operating, assembly, packaging, testing, and maintenance (McGee, 2014:1). It further includes all the activities, including intangible activities that are required to transform inputs into outputs, products, and services. This component speaks to local manufacturing and supply as a value-adding activity. (McGee, 2014:1; Kannegieser, 2018:15).

2.5.2.3 Outbound logistics

These activities distribute the final products to the customer. These activities include order processing, warehousing, transportation, and distribution (Sekhar, 2009:116; McGee, 2014:1). Essentially, outbound logistics refers to all the activities required to collect, store and distribute the output products and services (Kannegieser, 2018:14-15). In the retail context, this involves the final interaction with the customer at the shop floor level and the management of costs (Sekhar, 2009:116).

2.5.2.4 Marketing and sales

This function analyses customers' wants and needs and brings to the attention of customers those products or services that the business has to offer (Kannegieser, 2018:14-15). These include advertising, promotion, selling, pricing, and channel management (McGee, 2014:1). These activities inform buyers about products and services and entice and facilitate their purchase. With marketing and sales, the most significant elements for analysis are advertising, promotion and pricing components (Sekhar, 2009:116).

2.5.2.5 Customer service

Customer service activities include installation, finance arrangements, and spare parts management. These are all activities required to keep the product or service working effectively for the buyer after it is sold and delivered

(McGee, 2014:1; Sekhar, 2009:116). In addition to these primary activities, Porters' support activities as described by Nieman and Bennett (2005) include:

2.5.2.6 Firm infrastructure

These are typically internal activities that serve the general needs of the organisation such as general management, planning, finance, legal and investor relations (McGee, 2014:2; Sekhar, 2009:116-117).

2.5.2.7 Human resource management

Incorporate all activities involved in recruitment, training, promotion and reward systems (McGee, 2014:2; Sekhar, 2009:116)

2.5.2.8 Technology development

This activity pertains to equipment, research and development, and technical knowledge utilized in the firm's transformation of inputs into outputs (McGee, 2014:2; Sekhar, 2009:116).

2.5.2.9 Procurement

Procurement in the context of this study is important. Procurement activities are driven by corporate and business strategy (McGee, 2014:2; Sekhar, 2009:116-117). Procurement measures are typically derived from activities that include the purchasing of stock, leasing of properties, supplier management, and contract negotiations. Each of the primary activities add value to the organisation in its own unique way. For the business to undertake its tasks more efficiently than its competitors, these activities must ensure lower production costs, faster and cheaper out-bound deliveries and higher standards of service delivery. The support activities also add value but are differentiated by the fact that their benefits are difficult to link with any one part of the organisation (Kannegieser, 2018:12).

According to McGee (2014:1-5) the value chain displays and categorizes the firm's activities that provide value for the customers and profit for the company.

In Kannegieser's (2018:12-13) view, each stage of the value chain represents an opportunity for a firm to gain a competitive advantage by performing activities more efficiently or in a unique way that creates greater buyer value that commands a premium price.

A cost advantage can be created by either reducing the cost of individual value chain activities or by reconfiguring the value chain. The value chain can be reconfigured through introducing structural changes such as new production processes, new distribution channels or different sales approaches. The cost of the value chain can be reduced by controlling the cost drivers better than the competitors (Sekhar, 2009:118). Cost leadership success is generally enhanced by the ability to produce output at comparatively low costs. It is also enhanced by the ability to establish low cost sales and distribution systems (Kannegieser, 2018:14-15).

Differentiation, as a competitive advantage, can be sustained through creating a set of unique value chain activities that produce an equally differentiated product or service. (Hassanien and Dale, 2013:119-120). A value chain is an interdependent system or network of activities. A value chain activity can have a negative or positive effect on the performance of the whole chain including the cost and quality of goods and services produced.

Relationships may exist among activities which often create trade-offs in optimising the performance of different activities thereby creating a competitive advantage. To create or attain a competitive advantage, a company must resolve such trade-offs in accordance with its operational strategy. Linkages also require coordination between activities. Coordinated activities reduce transaction costs, allow for better information for control purposes, substitute more costly operations in one activity with cheaper ones elsewhere and reduce the combined time required to perform the operations thereby increasing the competitive advantage (Porter, 2008:16).

Walters and Lancaster (2000:160-164), state that for a firm to be successful in value chain management, it must be able to identify customer value criteria

and it must have an understanding of the key success factors. These are necessary for creating a competitive advantage and the resultant success. Porter's Competitive Analysis, Generic Strategies, and Value Chain concepts represent important strategic tools to analyse the macro- and microenvironments that a business or company is operating in (Magretta, 2012:39). Since its introduction in the 1980's, the models have become integrated into strategic management processes and are used in combination with a wide range of complementary concepts and tools. Despite its popular application in other industries in South Africa and beyond, no studies on how it relates to the local FM industry could be found from online sources hinting that this could be an understudied area.

2.5.3 Porter's Five Forces

In addition to competition among existing competitors, Porter's Five Forces model identifies another set of forces namely, bargaining power of supplier, bargaining power of buyer, the threat of substitutes and the threat of new entrants that characterise the intensity of competition within an industry (Porter, 2008:12). Magretta (2012:52-54) states that *'the interaction of these five forces is a constant threat to the success of a company'*. The force rivalry among existing competitors includes several forms of competition such as sub-pricing, innovation, intensive sales promotion, and service enhancements (Porter, 2008:12).

Figure 2.2: Porter's 5-forces model



Source: Compiled from Porter (2008:12)

2.5.3.1 Bargaining power of buyers

In the FM industry, the bargaining power of buyers refers to the negotiation vantage point that clients have. Clients have a higher bargaining power than an FM company when they view the services provided by the FM company as not being critical, as in the cases of some types of maintenance services (Weerasinghe, Dissanayake and Andarawera, 2014:272) Where the FM company's services are critical, distinct and not easily replicable, the FM company will enjoy strong bargaining power in setting prices amongst other things (Magretta, 2012:42-44).

2.5.3.2 Bargaining power of suppliers

FM businesses, like other enterprises, have their own suppliers from whom they procure products and services (Weerasinghe, Dissanayake and Andarawera, 2014:272). These suppliers can have a strong bargaining power if FM companies are highly dependent on their services and replication of these services is a challenge (Finch, 2012). Suppliers that enjoy a monopoly in the supply of a product or service, enjoy the greatest bargaining power as there are no competitors to challenge their pricing structure.

2.5.3.3 Rivalry amongst firms

A high level of rivalry amongst existing competitors within the FM space can influence the profitability of the FM industry. The rivalry amongst companies depends not only on the intensity with which companies compete, but also on what services they are competing for (Porter, 2008:32). This force can be influenced by industry growth rates, fixed costs, storage costs, the number of firms or competitors, switching costs between competitors, differentiation, or exit barriers (Dobbs, 2014).

2.5.3.4 Threat of new entrants

New entrants into the FM industry bring new capacity, the desire to gain market share, and often substantial resources (Porter, 2008:4-6). The existence of

entry barriers limits the number of companies in the industry and therefore reduces competition intensity (Weerasinghe, Dissanayake and Andarawera, 2014:272). In the FM industry, the lower end of the market, which is characterised by single site maintenance service providers, has very low entry barriers (Dobbs, 2014:2).

Companies can easily acquire the few assets required to offer these basic services resulting in high competition intensity at this end of the market. At the higher end of the market, portfolio management; financing solutions and strategic partnerships are common. Entry barriers in the form of expertise and financial resources reduce the number of new entrants thereby regulating the intensity of competition (Porter, 2008:4-6).

2.5.3.5 Threat of substitute services in FM

Substitute services limit the potential profitability of the FM industry by defining a cap on the prices of their products or services (Dobbs, 2014:2). According to Magretta (2012:42) there are several factors that influence the threat of substitutes. These factors include switching costs between substitute products/services and buyer's addiction to buying substitutes. An ever present substitute for outsourced FM is the resort of a client to self-manage their facilities (Weerasinghe, Dissanayake and Andarawera, 2014:272). Clients can resort to providing in-house services in the face of increasing costs and/or decreasing service quality in the FM industry (Magretta, 2012:4).

In the South African FM context, there are strong suggestions that clients of FM companies possess moderately strong bargaining power. This is mainly hinged to their capacity to service themselves in the face of escalating costs (Toe, 2015:23). SAFMA (2017:10-14) asserts that the ability to provide innovative services that clients fail to replicate is a tool that can be used to reduce this strong bargaining power. Thus the bargaining power of clients might be because of FM companies slow technological and innovative responses to industry change.

Porter's 5 Forces Model has various positives including the identification of core stakeholders whose immediate and direct actions can adversely or positively affect the competitiveness of a FM company. However, to the researcher's knowledge, no research has been undertaken, in the South African context, to assess the use of the model in conferring competitive advantages to FM companies.

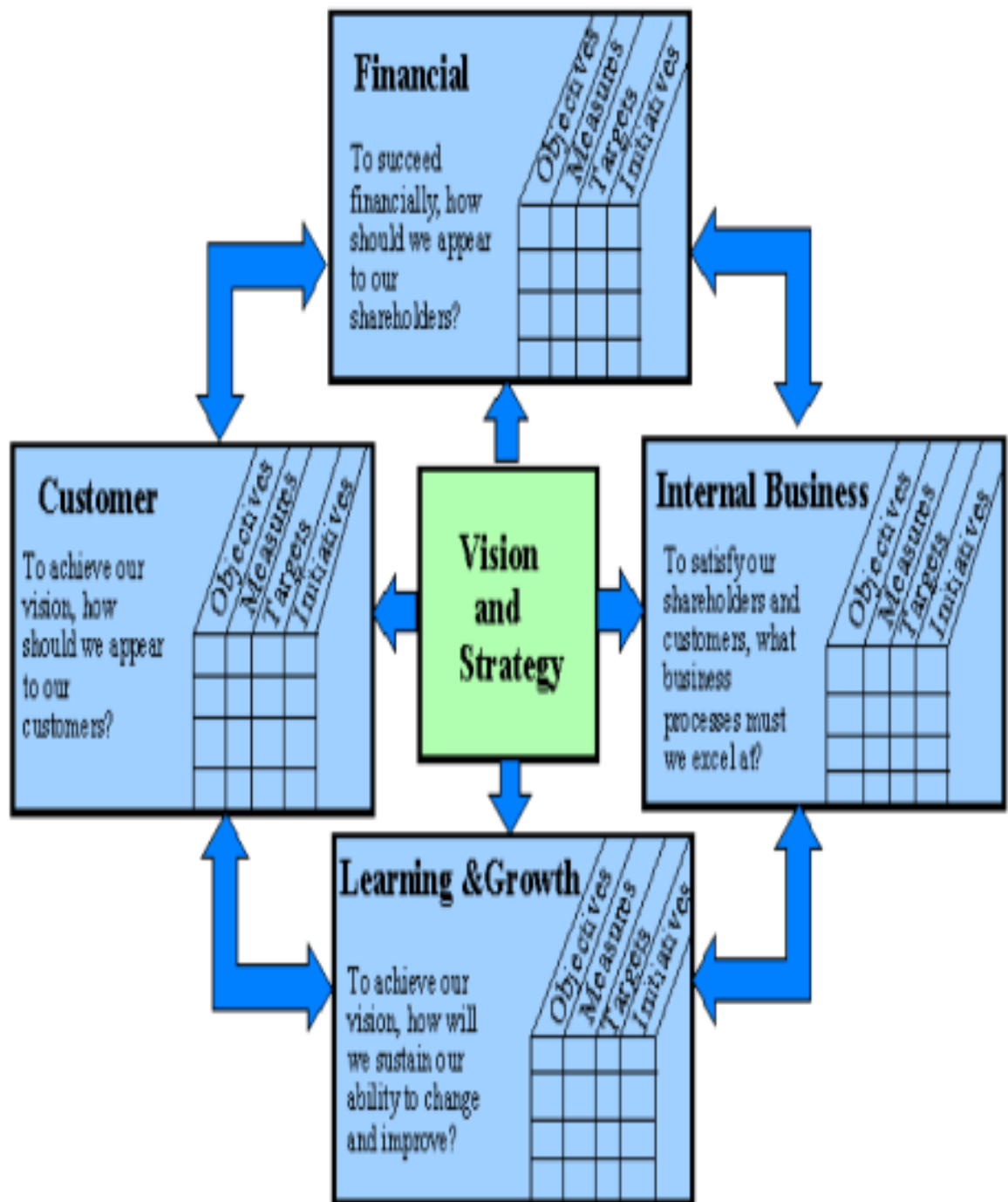
2.6 Balanced Scorecard

The Balanced Scorecard (BSC) is a set of measures that are directly linked to an FM company's strategy (Hubbard and Beamish, 2011:36). Developed by Robert S. Kaplan and David P. Norton, the BSC allows an FM company to link its long-term strategy to tangible goals and actions. The BSC system develops and aligns key measures of individual performance with the vision and strategy of a company. Brooks and Atkins (2015:213-214) clarifies that the BSC allows managers to evaluate the FM company from four perspectives, namely:

- Financial performance, which relates to how companies create value for its shareholders?
- Customer knowledge, which relates to what do existing and new customers value?
- Internal business processes, which relates to the business processes that the company must excel at, to achieve its financial and customer objectives?
- Learning and growth, which relates to how a company can continue to improve and create future value.

The diagram below illustrates how the four areas of the BSC are related:

Figure 2.3: Balance Scorecard Framework



Source: Kaplan and Norton (1996:76)

Kaplan and Norton (2015:32) highlight the BSC as a necessity in the FM environment as it translates an FM organisation's mission and strategy into a

comprehensive set of performance measures that provides the framework for a strategic measurement system. In their view, a good BSC must take into consideration employee satisfaction, cost metrics, and productivity metrics. It must also consider non-financial factors which can impact the long-term profitability of a company (Brooks and Atkins, 2015:213-214). However, there is no consensus among FM scholars and professionals about whether the BSC technique is appropriate for assessing facilities performance or whether it should be considered as an isolated function from the rest of the organisation (Hubbard and Beamish, 2011:36).

Khomba et al. (2012:5773) asserts that the BSC is not applicable to South Africa because, it *'was designed for Western countries that operate within a capitalistic system. Africa is different in that it operates under a socio-cultural framework that is more humanist, community-based and socialist.'* The differences in economic and socio-cultural philosophies affect the applicability of this evaluation tool. However, Toe (2015:20) discusses the same tool as being of common use in the assessment of strategy performance in the South African FM environment but does not discuss its effectiveness or non-effectiveness.

2.6.1 The Business Environment Model – PESTEL

The PESTEL analysis is the most common approach for considering the external business environment. *'PESTEL analysis stands for Political, Economic, Social, and Technological analysis and describes a framework of macro-environmental factors used in the environmental scanning component of strategic management, but the word PESTEL is no more than a convenient mnemonic'* (Gupta, 2013:35). The underlying thinking of the PESTEL analysis is that the enterprise has to react to changes in its external environment (Lynch, 2009). This reflects the idea that strategy requires a fit between capabilities and the external environment and it is therefore necessary for an enterprise to react to changes in the external environment (Andersen, 2013:36,38). PESTEL analysis has two basic functions for any FM company.

The first is that it allows identification of the environment within which the company operates. The second is that it provides data and information that will enable the company to predict situations and circumstances that it might encounter in future. (Perera, 2017:2-4).

Political changes include general changes in the domestic, regional and global political climates (Perera, 2017:8-9). Examples of political change include the election of new leaders, changes in policies of governments, regional political tensions and regional and global trade agreements. The effects of European integration resulting in the establishment of the European Union, the after-effects of the break-up of the Soviet Union, the expected changes because of Britain exiting the European Union, commonly referred to as Brexit, world power shifts and changes to legislation and regulations globally, are examples of political change.

Economic changes include the effects of economic cycles, patterns of world trade, currency conversion rates, commodity prices, changes in capital markets, changes in labour markets and the economic effects on suppliers and groups of customers (Perera, 2017:10; Finch, 2012:26). The social change includes the effects of demographic patterns, tastes and habits, and concerns about the environment and sustainable development. Technological change covers the effects of technological advancement and innovation on products, processes, and distribution channels (Finch, 2012:26).

The weakness of PESTEL analysis is that it is general in nature and this makes it difficult to give clear rules on how to best apply it in varying circumstances (Andersen, 2013). Global or geographically dispersed enterprises will have to conduct separate PESTEL analyses for different regions as trends occur at different rates in different places (Singh, 2008). The value of the PESTEL is likely to relate directly to the quality of the effort put into it (Murray-Webster, 2010:88). This time spent thinking about how external change will affect the enterprise and the industry is likely to be well spent.

2.7 Organisational commitment and performance

Brown, Hyatt and Benson (2010:380) state that when employers provide their employees with high quality experiences, it increases the employees perceived obligation to the employer which in turn positively affects their attitudes and potential behaviour resulting in increased organisational commitment and performance. Organisational commitment depicts attitudes towards the entire organisation and is typically seen as being broader than job satisfaction and is more consistent than job satisfaction over time. Organisational commitment therefore ultimately improves organisational performance.

Strong organisational commitment of employees enables organisations to gain a competitive edge over its rivals, because employees become emotionally attached to the organisation and expend their efforts beyond the call of duty. Employees can be influenced by their commitment to stay longer with the organisation and in that way, the company is able to retain human capital. Committed employees are a competitive factor that cannot be duplicated or imitated by competitors (Anitha, 2014:309).

Anitha (2014:320) explains that organisations that focus on staff development strategies increase the organisational commitment of their employees and such organisations are preferred over those offering greater rewards. Another factor which influences organisational commitment is fairness. Employees who perceive the organisation as being fair, are more likely to feel emotionally committed to the organisation and to their job and are therefore less likely to leave. Organisational commitment has the following advantages:

- Employees are less likely to quit their jobs;
- Employees are less likely to be absent from work or misuse sick leave;
- Increased organisational citizenship and job performance; and
- A low turnover rate of staff improves customer satisfaction as clients prefer to deal with the same individuals within an organisation.

McShane and Von Glinow (2010:112) define organisational engagement as an employee's emotional attachment to, identification with, and involvement in a particular organisation. It is clear that the definition addresses the emotional feeling and loyalty towards the organisation resulting in a competitive advantage for the organisation.

McShane and Van Glinow (2010:117-118) speak of organisational citizenship behaviour. They define organisational citizenship behaviour as being behavior that is above and beyond the call of duty. It is a voluntary employee activity that may or may not be rewarded but contributes to the organisation by improving the overall quality of the setting in which work takes place.

The employee's engagement in organisational citizenship behaviour can benefit co-workers and colleagues through assisting, supporting, and developing other organisational members in a way that goes beyond normal job expectations. Organisational citizenship behaviour also represents cooperation and helpfulness towards the organisation in general. This includes supporting the organisation's public image, taking discretionary action to help the organisation avoid potential problems, working to improve its operation, attending voluntary functions that support the organisation, keeping up with new developments in the organisation and being loyal to the organisation. Like any good citizen, employees that engage in organisational citizenship behaviour react to bad rules by constructively trying to change them as opposed to passively complaining about them. Organisational citizenship behaviour therefore furthers organisational commitment and confers a competitive advantage to the organisation.

2.8 Challenges in FM strategy evaluation

The monitoring and evaluation (ME) of operational and business strategies is important for taking quick corrective action, for enhancing accountability of management teams responsible for strategy development and implementation and for enabling businesses to adapt to external and internal changes (Pitt, 2013). Effective ME enhances the capacity of a FM firm to reach their set strategic and operational goals and to reduce business risks. The process of

strategy monitoring and evaluation creates challenges related to how to effectively assess the effectiveness of strategies (Singh, 2008).

Amaratunga and Baldry (2000:66-68) comment that strategy and operational evaluation tools are either confusing or encompass too many performance indices. In addition, ME is costly to implement and time consuming. They further argue that performance measurement techniques available in general management literature have not been transformed to specifically fit the FM sector. As a result, the tools that are used for ME activities within the FM sector are generally ineffective. This emphasizes the need for research into performance measurement within the FM sector and the need to develop appropriate tools that would facilitate ME within the FM sector.

An integrated assessment of a facilities performance requires a link between the physical, spatial and environmental issues that describe the facilities' characteristics, with information concerning the operational behaviour of management and users, and the financial consequences. Therefore any tool developed for ME purposes within the FM sector, must be cognisant of the nuances of the sector and must cater for the measurement of variables that are specific to the sector. As noted from the above review of literature, not many sources address strategy evaluation tools from a purely South Africa FM context. This leaves a gap on the applicability of these tools from an FM perspective and this gap needs to be filled with empirical research.

2.9 Conclusion

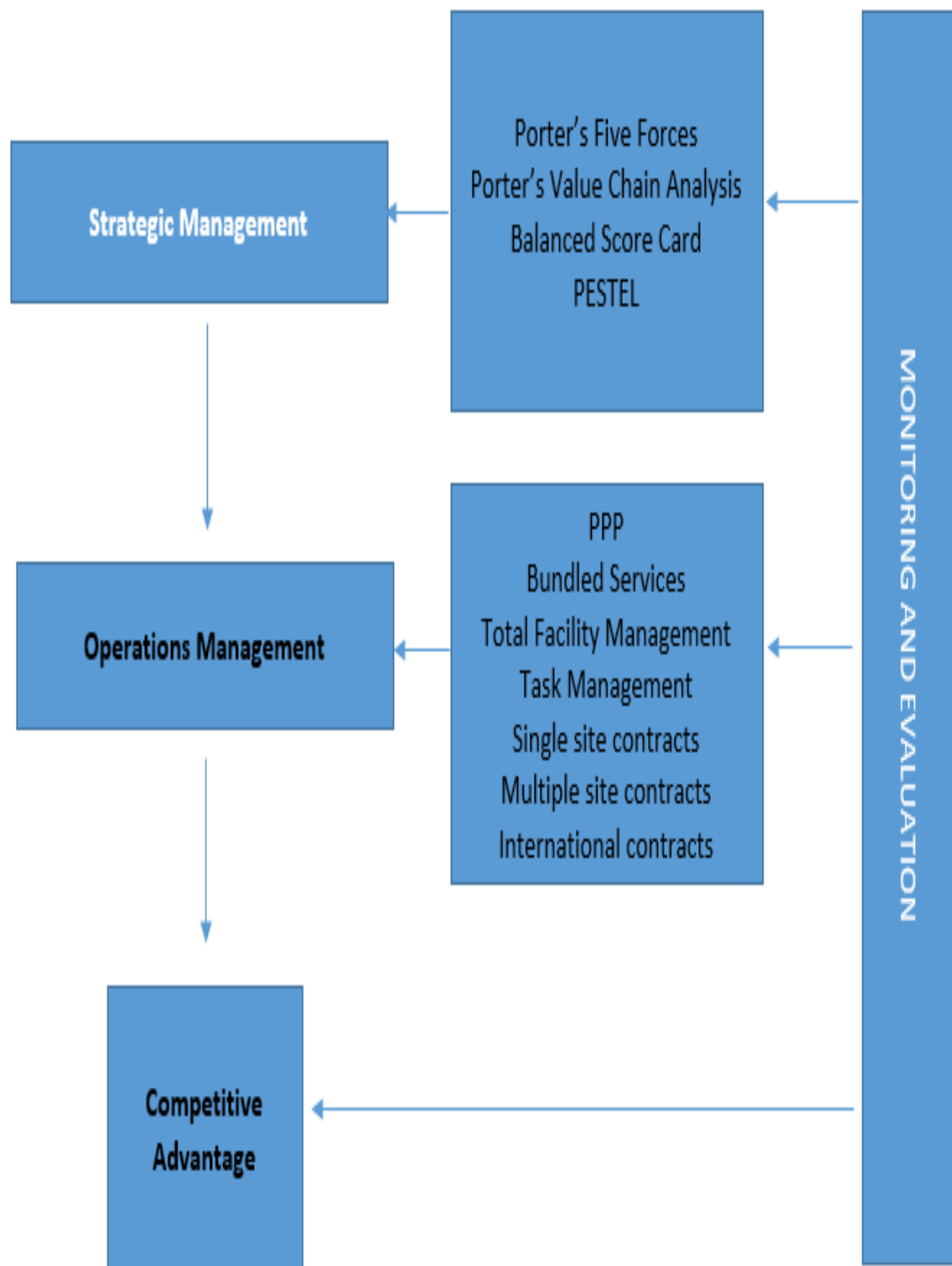
The literature reviewed reconciles how strategies that affect the competitive advantage of FM companies' are designed, monitored and evaluated. The literature review commenced with a discussion of the operational aspects of FM and discussed common models applied within the FM industry. These models included public-private partnerships (PPP), bundled services and Total Facility Management among others (Robinson, Carillo, Anumba and Patel, 2009:213). On the strategic management aspect, common strategy analysis models and approaches namely Porter's Five Forces Model, the Value Chain

Analysis, the Balanced Scorecard and PESTEL were discussed. Both the strategic and operational aspects discussed require a level of monitoring and evaluation to determine their effectiveness in developing a competitive advantage within the industry.

The literature reviewed presented two broad perspectives regarding monitoring and evaluation tools. The first argument was that these tools yield internal weaknesses of their own. For example, the PESTEL model when applied in strategy monitoring and evaluation tended to be too general. Secondly the existing ME tools were not specifically designed for FM. As a result most of them do not fully address the specific needs of the FM sector. These two factors suggest the need for the development of strategic tools that have the capabilities to effectively implement ME of an FM firm's competitiveness. The development of such a tool would require further empirical research and design.

The figure below summarises the broad concept of the literature reviewed.

Figure 2.4: Conceptual Framework of FM



Source: Gupta (2013:38)

3 CHAPTER THREE: LITERATURE REVIEW – GLOBAL RESPONSES TO FM

3.1 Introduction

The global FM industry has been described as transforming in volumes, nature of business and competition (PWC, 2019:10). Whilst each country has its own specific FM industry growth and competition drivers, global growth patterns and global trends can be identified (Hodge, Poglitsch and Ankerstjerne, 2015:1-2). This chapter discusses FM practices in 4 countries, namely China, Brazil, Nigeria and the USA. Brazil and China have been selected for analysis as they are considered as emerging market peers of South Africa and are part of the BRICS grouping. Nigeria was chosen because it is South Africa's economic growth peer in sub-Saharan Africa. The USA was selected because it has the largest FM market in terms of annual revenue.

3.2 Trends in FM practices

There is a debate regarding the place and the period of origin of FM. Wiggins (2014:34) traces the origins of FM to the 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 development 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 the 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. It first 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 (Ventovuori, 2007: 2).

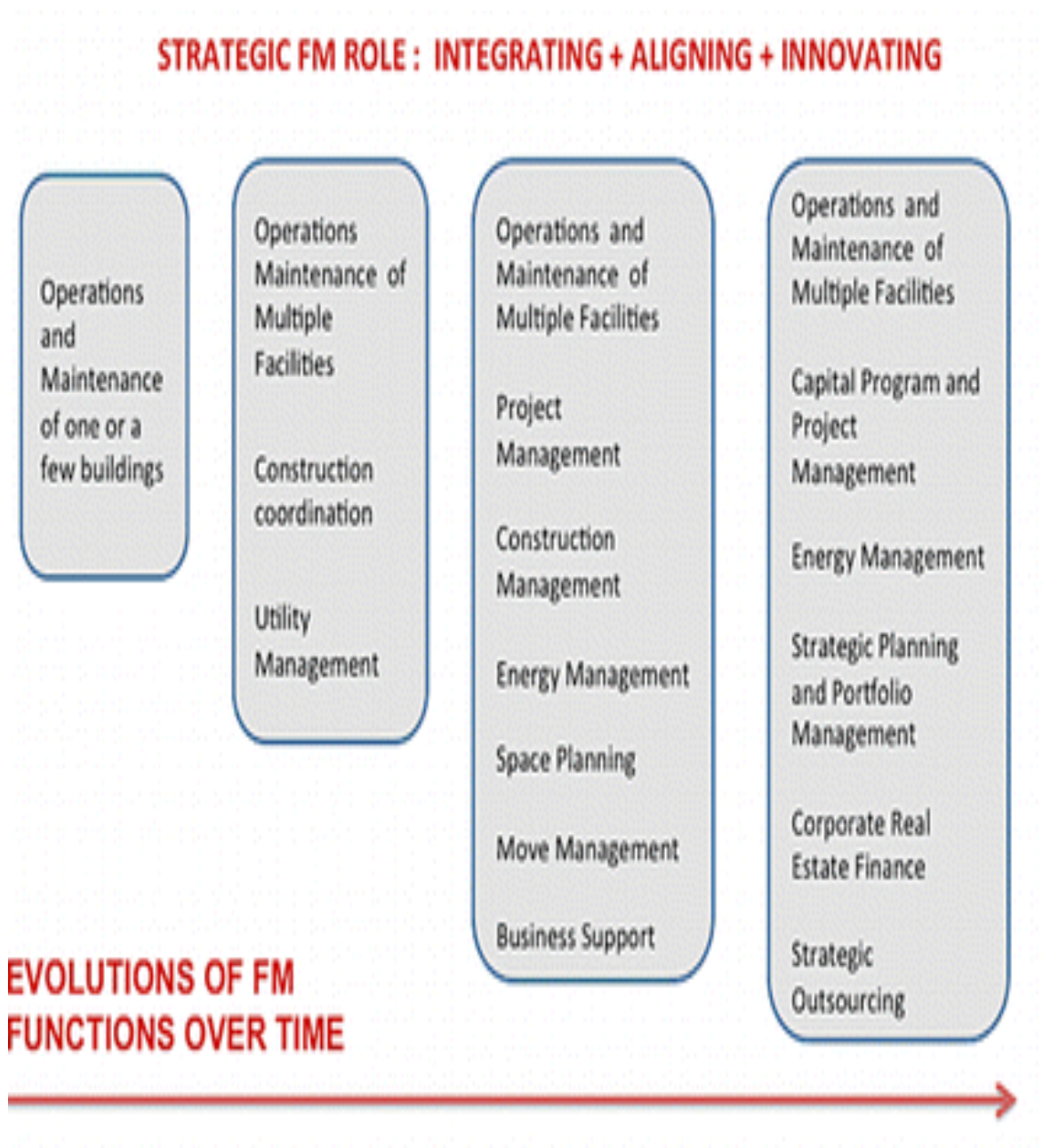
3.2.1 Transformation and evolution of FM

FM globally, is said to have transformed from mere janitorial services to becoming an integral part of the boardroom management. Accordingly, and in line with these trends, FM practices globally, are now distinguished into two purposes, namely short-term operational FM and longer-term strategic FM (Atkin and Brooks, 2009:18). The short-term operational level which is described as the most visible part of FM involves the day-to-day provision of safe and efficient working environments for an organisations core business activity to thrive (Barret and Baldry, 2009:23). It involves such services as cleaning, provision of security services and other janitorial services. Strategic FM, on the other hand, manages and coordinates work environments and support services in strategic areas such as property asset management, strategic property decision making and facilities planning and development which are all related to policy and the strategic action plan of an organisation (Elyna, 2014:1-2).

Elyna (2014:1) presents a transformational framework that FM has undergone globally. This starts from a point when FM was merely an operational and less significant aspect of a business's operation and proceeds to show the

evolution of FM to encompass a wide array of strategic functions as illustrated in Figure 3.1 below.

Figure 3.1: Strategic FM Role Model

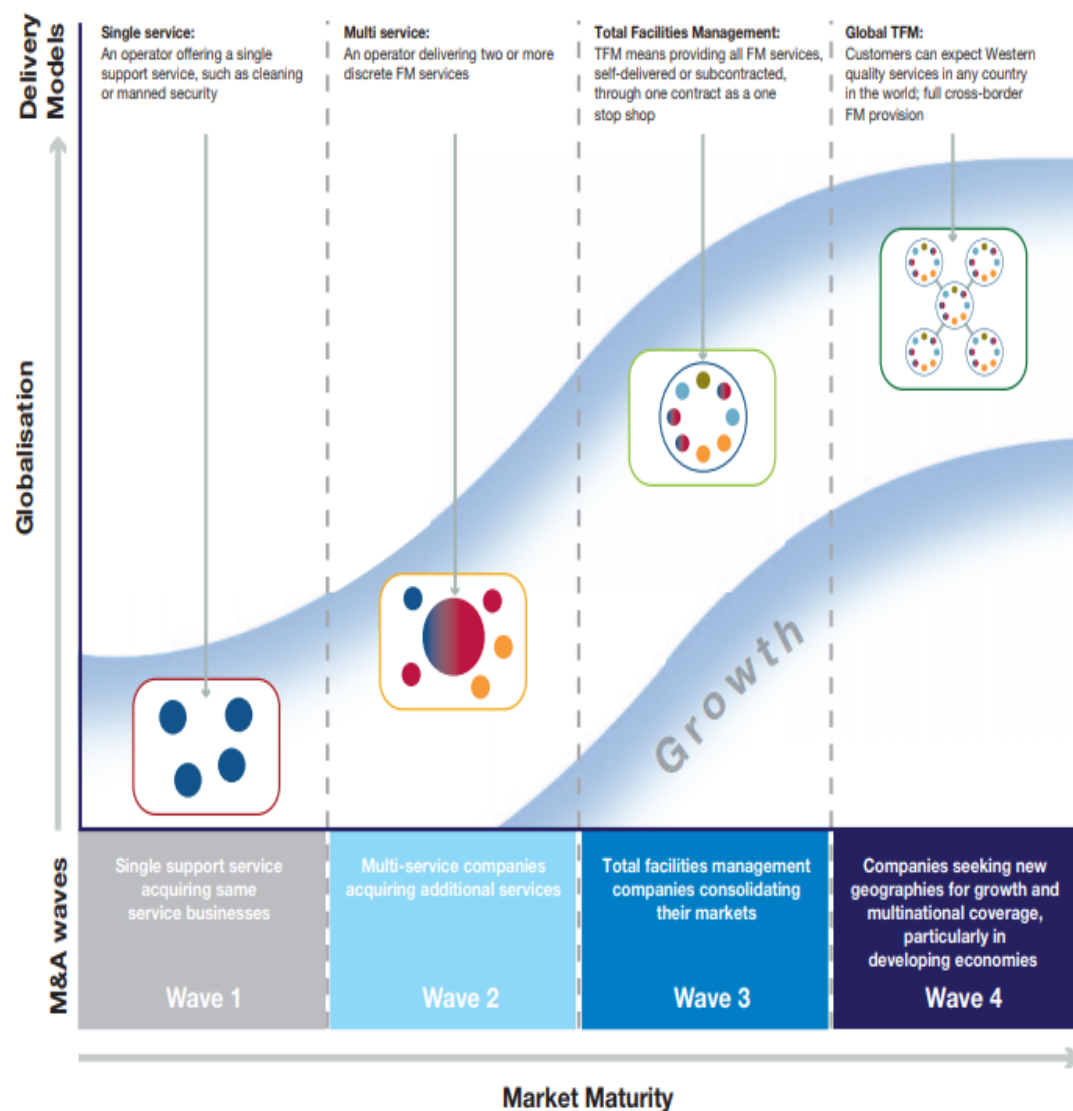


Source: Elyna (2014:2)

The diagram above illustrates that FM globally, has evolved from mere maintenance work to become an integral part of strategic management thereby having a significant impact on corporate performance.

Merger and Alliances (M&A), a global consultancy firm specialising in mergers and acquisitions consulting, concur with the view of Elyna (2014:2), who states that the global FM market currently exists as 4 waves of development (M&A, 2012:1-2). These waves correspond to the dominant FM delivery mode in a country with the first wave representing countries dominated by single-service contracts, proceeding to the fourth wave which represents companies seeking new geographic areas for expansion. Figure 3.2 below shows the 4 waves of development in the global FM industry.

Figure 3.2: Waves of global development of the FM industry



Source: M&A (2012:12)

M&A put Brazil, Nigeria and the rest of the African continent, excluding South Africa, into the first wave of FM development which is characterised by single-service contracts. All the BRICS countries except India are classified as second wave development countries. These countries are dominated by multiservice companies that offer value-added non-core services to customers as part of FM. Amongst the second wave countries, FM industry growth is a norm and there is increased competition from multinational companies entering the FM space. The third wave is associated with the early phases of TFM and countries in the phase include the USA, Australia, Canada and most developed nations. The United Kingdom is cited as the only country in the fourth wave which is associated with globally integrated FM service delivery. Customers are afforded fully integrated services by the same service providers regardless of which part of the world they chose to operate in (PWC, 2019:33; M&A, 2012:3).

PWC (2019:33) are largely in agreement with M&A's wave classification. Both PWC and M&A concur that emerging economies mostly exist at the early phases of FM that is associated with single-service contract models.

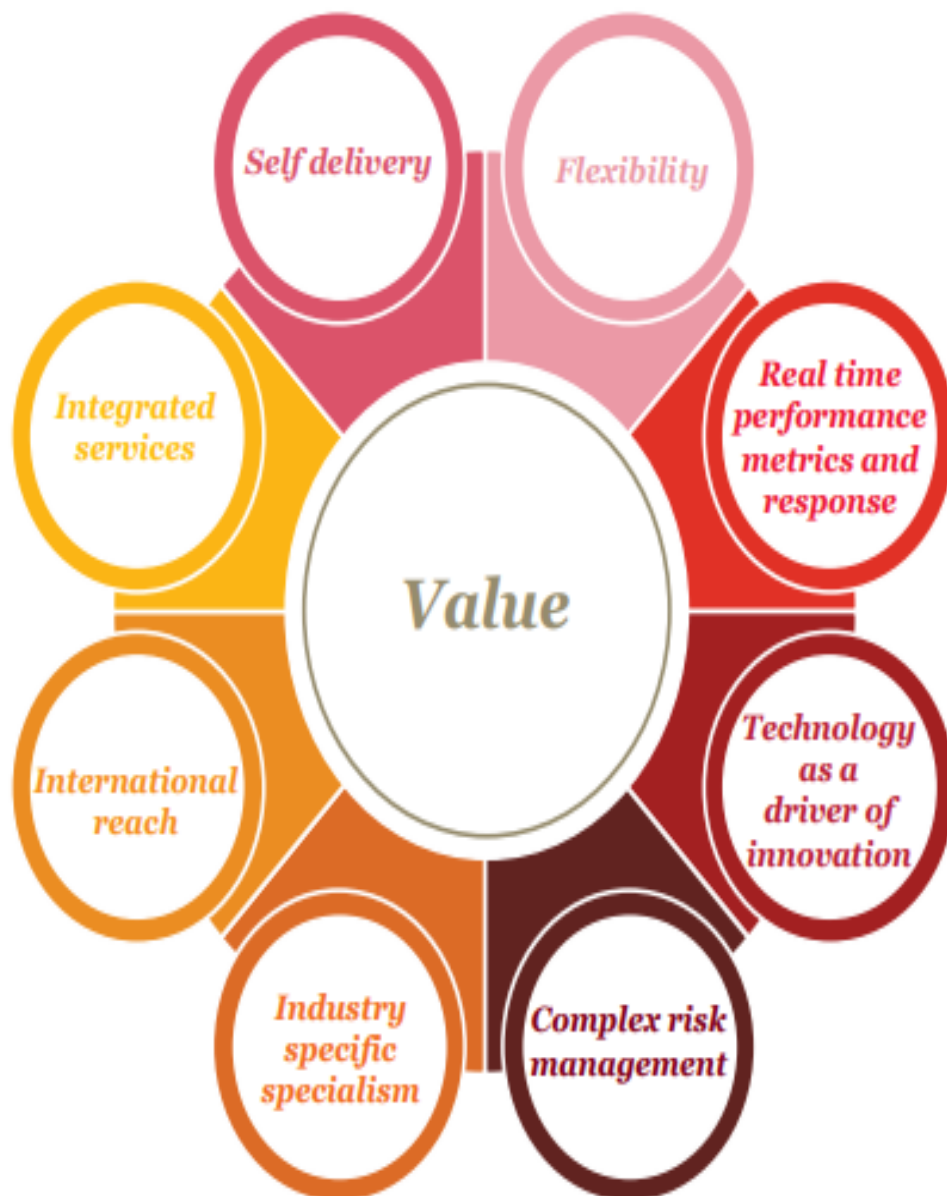
3.2.2 Global trends and competitive forces in FM

According to Hodge et al. (2015:7) competition and growth in the global FM market will be driven by increasing regulatory forces, economic performance pressures, increased demand for outsourcing solutions, globalisation of FM services and environmental concerns. They further state that within this changing competitive framework, customers of FM companies expect their service providers to meet services across three spheres, these being the social, economic and environmental spheres.

Global FM (2018:9) also presents a set of global competitive drives. These include ethical behaviour and consistency, Information and Communication Technology (ICT) and FM integration, establishing situationally appropriate FM models, cost, sustainability management, globally focused business models

and comprehensive solutions (Legrand, Sloan and Chan, 2013:24). Emphasis is therefore placed on the need to adopt business and operational strategies that meet the above changes. PWC (2019:5-6) in a global study identified 8 customer demands as being general global FM industry drives. These demands are illustrated in Figure 3.3 below:

Figure 3.3: Customer expectations - global perspective



Source: PWC (2019:5)

The demands include global business reach, technology and integrated services which were areas that were also identified by Hodge et al. (2015:7) and Global FM (2018:9). Customers expected FM companies to be specialist in a particular industry, to share customer risks and to offer flexible services

3.3 FM operational management strategies in selected countries

FM operational and strategic processes, as well as factors that affect competition in the industry, show signs of country and regional specific influences (Roper and Borello, 2013:33). This section briefly reviews FM strategies in China, the United States, Brazil and Nigeria with a view of highlighting the country-specific trends.

3.3.1 China

China is recognised as a rapidly emerging economy with the most attractive growth indicators and possibilities globally (IFMA, 2019:1). China has a generally positive economic growth trend which averages 8% GDP per capita growth rate for the past 25 years (IFMA 2018:3). The Chinese economy is also undergoing transition from a command economy to a capitalist economy.

According the Global FM Market Report (2018), China's FM industry contributes 1.6% to 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).

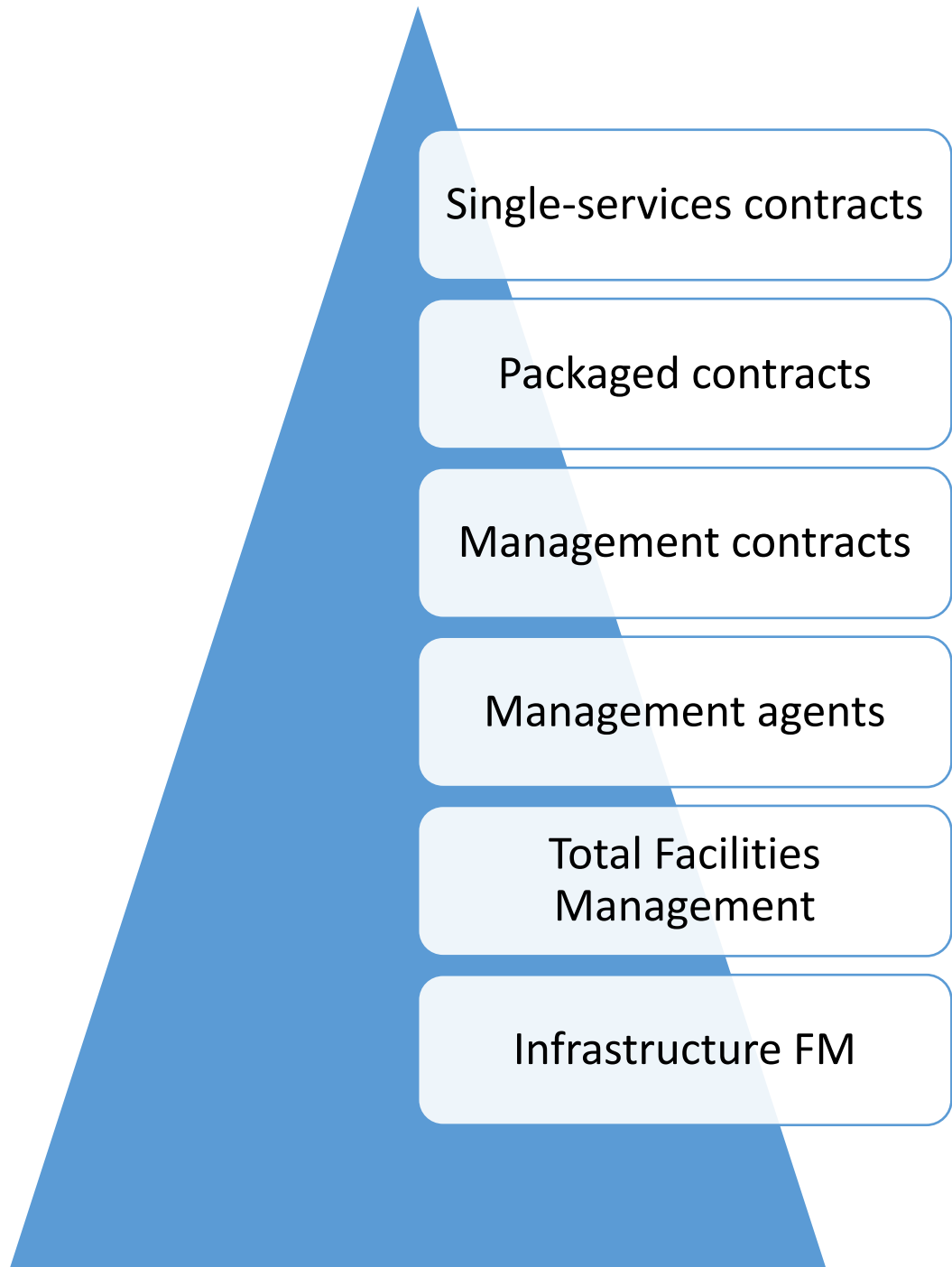
The Chinese FM market, like the Chinese economy, is described as rapidly emerging. Growth in FM companies and services is notable in the country's special economic zones (SEZs) mainly Shanghai, Beijing and Dongguan (IFMA, 2019:12). Hodge et al. (2015:10), states that in other parts of China,

FM is at a very immature stage or non-existent. This is blamed on the cultural relationships between landlords and tenants across most of China. The landlords provide for the management of commonly share spaces used by the client and the client takes full responsibility for the interiors of a building (Moore and Finch, 2004:7). The hiring of a third party who manages the leased facility is a new and a foreign concept.

However, with the opening up of the Chinese economy and the incorporation of Hong Kong into China's economy, there has been a positive developmental effect on the Chinese FM industry (IFMA, 2019:1). The Hong Kong market with its highly westernised business concepts has established many joint ventures with mainland Chinese companies on the management of facilities (IFMA, 2019:1). Increasing -FDI into the market has also led to the demand for Global FM standards encouraging 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 and have been able to motivate Chinese FM companies to enhance its sophistication and provide a wider array of strategically valuable solutions (Sercuda, 2017:1).

IFMA (2019) notes that the Chinese FM market has six levels of service specialisation. Figure 3.4 below shows these levels:

Figure 3.4: FM service levels in China



Source: IFMA (2019:1)

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 services such as

adding cleaning services to a security contract (IFMA, 2019:1, Global FM, 2018:83). Varnosfaderani and Delavar (2017) adds that 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 an independent company that co-ordinates different service providers into providing the require FM solutions for a customer.

According to Chong,Wang,Shou and Guo (2014:48) 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, 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. TFMs also offer non-traditional customer solutions that include human and financial management solutions amongst others.

The levels within the Chinese market more or less mimic those in South Africa (SAFMA 2017:3). However the Infrastructure provision level is not common in the South Africa context.

3.3.1.1 China Industry growth and competition

Besides the economic growth and increasing FDI, Sercuda (2017:1) believes that the major driving force of the Chinese FM industry will come from the increasing need for environmental sustainability within the FM value chain. The Chinese market offers opportunities for FM companies to integrate

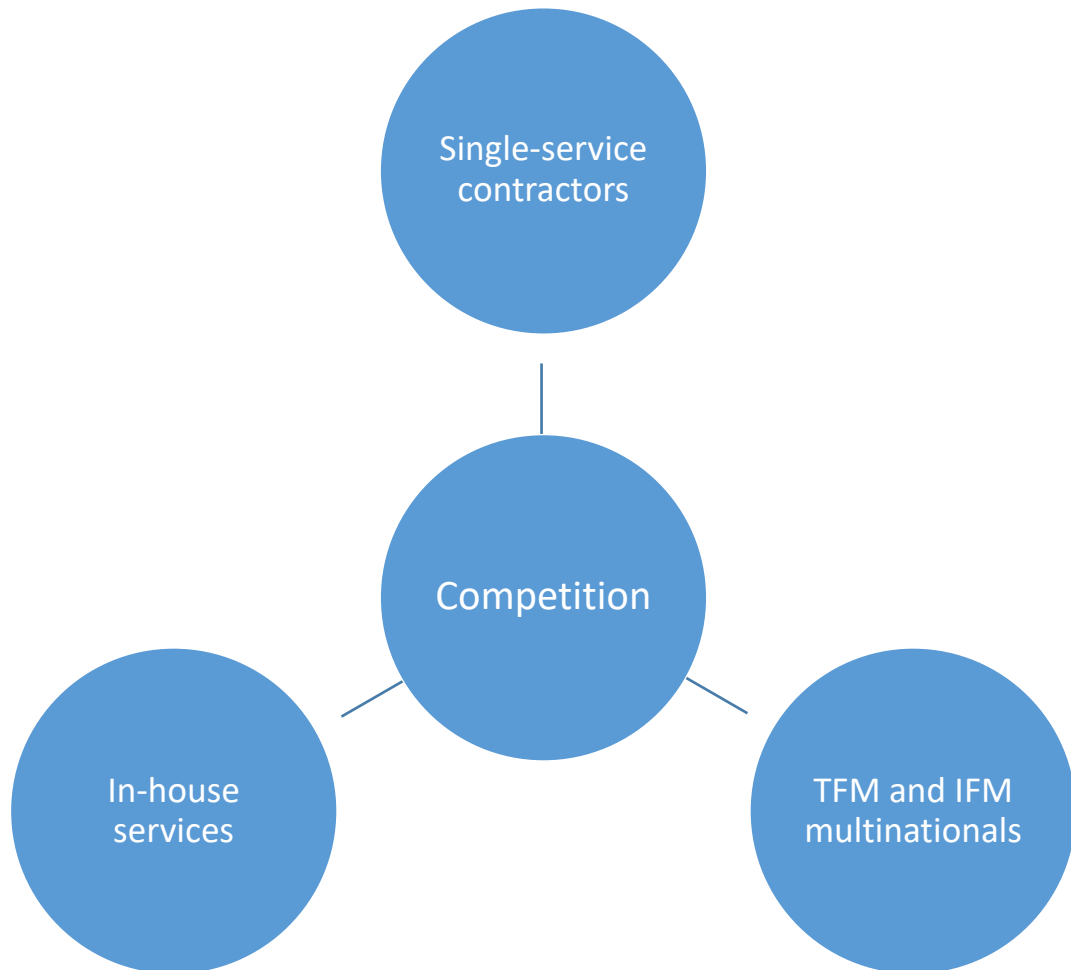
environmental management and energy use with customers operations. The Chinese government has introduced certification programmes (Three Star Green Building Certification) for environmentally sustainable buildings that carry a lesser cost burden. FM companies are expected to evolve towards energy-use managers and general green building compliance managers. Thus environmental management capabilities are expected to become a key competitive advantage in the Chinese FM industry (Yudelso, 2008:45).

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

Generally, 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 centres of competition as illustrated in figure 3.5 below. These are the low-end competition which is described as being fragmented and first level in nature. The other levels consisted of the major global competitors who operated within the TFM and IFM modes and in-house FM management.

Figure 3.5: Competition categories



Source: Compiled from IFMA (2019:1)

The Chinese FM sector is characterised 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 (Chong et al., 2014:50).

3.3.2 Nigeria

In 2017, the FM industry in Nigeria contributed 1.9% to GDP and the sector grew at a rate of 6.7%. During the same period, the South African FM industry contributed 1.4 % to GDP and grew at a rate of 6.7% using a global standardised growth rate (Global FM, 2018:72) and 9% using a local standardised growth rate (SAFMA, 2017:10).

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 is growing amongst Nigerian companies and government departments (Adewunmi, Omirin and Koleoso, 2017: 135). FM practices are evolving from the operational and maintenance-oriented mode, discussed by Eylina (2014:1), 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 centred 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 organisations in Nigeria, have realized that the use of internal organisational

structures to manage their facilities, is not helpful. 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 (Adewunmi et al., 2016:140).

3.3.3 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 will drive 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).

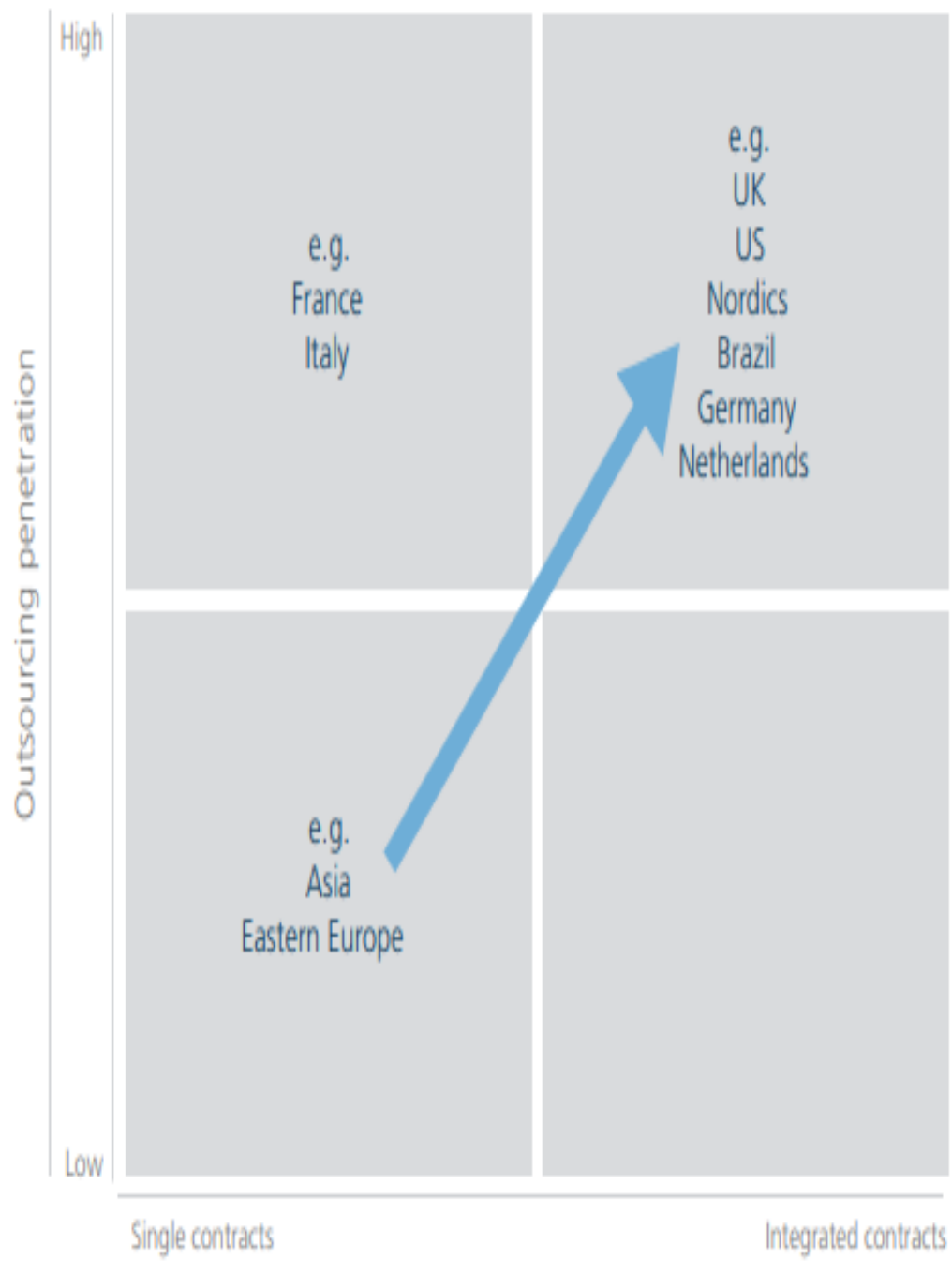
Sullivan et al.(2010:91) argues that the FM sector in the United States is suffering from a high attrition of professionals and this phenomenon could have a negative impact on the growth of the FM sector that could last for 15 years. Sullivan et al.(2010:96) believes that the US academic system is not 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 FM industry is faced with is skills-related.

3.3.4 Brazil

Brazil is South Africa's BRICS peer. Brazil, like South Africa is classified as a developing nation (WEF, 2018:8). 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% 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 integrated services, create opportunities for intense growth that mimic those of FM giants like the United Kingdom, Germany and the USA. Figure 3.6 below illustrates the growth potential of the FM sector in Brazil.

Figure 3.6: Brazil - outsourcing contracts versus contract type



Source: Hodge et al. (2015:10)

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, 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 organisational 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 demand for FM services. FM service providers are perceived to have a better capacity to comply with national environmental regulation (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 with 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.

Table 3.1: Comparative Table of FM Drivers in the Countries Reviewed

China	Nigeria	USA	Brazil
-China is a rapidly emerging economy with the most attractive growth indicators and possibilities globally	-FM practices in Nigeria are still in their infancy, in comparison to the rest of the world.	- FM as a discipline originated in the USA. - The USA has developed its own version of FM that is	- Brazil, is classified as a developing nation with strong growth potential in the FM sector as

<p>- The Chinese economy is undergoing transition from a command economy to a capitalist economy.</p> <p>- The establishment of special economic zones (SEZs) such as Shanghai, Beijing and Dongguan is fuelling the growth in FM companies and services.</p> <p>- The opening up of the Chinese economy and the incorporation of Hong Kong into China's economy, has established many joint ventures with mainland Chinese companies on the management of facilities</p> <p>- Increasing -FDI into the market has led to the demand for Global FM standards encouraging growth of FM companies in the SEZs</p> <p>- Foreign multinationals have exposed the Chinese market to high FM standards and have</p>	<p>- Strategic management practices as well as the general uptake of FM services are growing amongst Nigerian companies and government departments.</p> <p>- FM practices are evolving from the operational and maintenance-oriented mode, to a strategic management-oriented mode.</p> <p>- The spread of FM from the US and Europe into Nigeria is being driven by globalization.</p> <p>- The drivers of this growth are centred on the world's major multinationals investing in integrated business resources, infrastructural projects and the management of facilities.</p> <p>- The realisation by government agencies, corporates and non-governmental</p>	<p>more process oriented with the focus of FM being on planning and coordinating activities at the expense of being socially-focused.</p> <p>- The strong growth potential of the US market is due to increasing construction activity and the adoption of smart FM technologies.</p> <p>- The 5 major trends that are driving growth of the US FM industry are :</p> <ul style="list-style-type: none"> • 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 	<p>only 42% of FM services are outsourced and the remaining 58% are provided in-house.</p> <p>- High FM industry growth prospects are forecast due to the increasing rate of outsourcing as well as the increasing complexity of FM contracts, from single-service contracts to intergrated services.</p> <p>- Like China, Brazil's FM industry is heavily influenced by the presence of multinational companies (MNCs) investing in its cities mainly Sao Paulo.</p> <p>- 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.</p>
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<p>motivated Chinese FM companies to enhance its sophistication and provide a wider array of strategically valuable solutions.</p> <ul style="list-style-type: none"> - Environmental sustainability is a major driving force of the FM industry - The Chinese market offers opportunities for FM companies to integrate environmental management and energy use with customers operations. - The Chinese government has introduced certification programmes (Three Star Green Building Certification) for environmentally sustainable buildings that carry a lesser cost burden. 	<p>organisations that the use of internal organisational structures to manage their facilities is not helpful.</p>	<p>related to safety, health and the environment (SHE).</p>	<ul style="list-style-type: none"> - Like in China, sustainability and environmental certifications of business premises and operations are driving demand for FM services. - FM service providers are perceived to have a better capacity to comply with national environmental regulation. - 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 with FM companies in the hope that this will enhance environmental and sustainability ratings.
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			- This initiative is similar to the Three Star Green Building Certification in China.
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As an overall comparison, FMs in the above counties faces different levels of operational and strategy-related risks. These are summarised in the table below:

Table 3.2: Comparing Strategic and Operational risks of FMs

	Nigeria	Brazil	United States	China	South Africa
FM outsourcing culture	high	low	low	high	moderate
Regionally skewed FM growth	high	high	low	high	moderate
FM outsourcing costs	high	high	low	high	high
Fragmented local competition	high	high	low	high	high
Poor infrastructure among smaller FMs	high	high	low	high	moderate-high
Economic growth risks	high	low	low	high	high
Competition intensity from global FMs	moderate	high	High	low	high

Capitalisation of FMs	low	moderate	low	low	moderate
Skills unavailability risks	high	high	low	high	moderate

South Africa has a moderate risk on low outsourcing culture in comparison to peers above. It also has a moderate risk on skewed FM industry growth compared to China and Nigeria which have high risks in this aspect. South Africa has high outsourcing cost risks and high local competition fragmentation risks like China, Nigeria and Brazil. Economic risks particularly low economic growth was noted as a major risk that impacted both the strategy and operations of FMs (Hodge, Poglitsch & Ankerstjerne, 2015:8-15). Compared to the countries reviewed, South Africa also has moderately low capitalisation risks of FM companies and faces a moderate shortage of skills in the same sector compared to Brazil, Nigeria and China.

The US FM industry performance generally exhibits a more positive outlook compared to China, Nigeria, Brazil and South Africa. Overall, the local FM industry while sharing some strategic and operational risk dynamics with Nigeria, China and Brazil, has low economic growth as a major threat to continued growth.

3.4 Conclusion

The literature reviewed revealed factors that suggest the need for different frameworks of FM practices and strategies globally as countries face different operational and strategic challenges pertaining to FM. South East Asian countries for example, suffer from technological adaptation issues because of ever-changing technology. Nigeria, suffers from the concentration of FM businesses in the operational and maintenance modes and capitalization issues. China, despite being on an economic growth paths, exhibits low FM outsourcing penetration.

The regional differences in FM practices and challenges are suggestive of the need for implementing different competitive advantage assessment approaches in the different regions of the world because of the different market and operational challenges specific to each region. In conclusion, the arguments cited in this chapter emanate from the literature reviewed and substantiates the need for further research on the complexities and dynamics of assessing competitive advantages within the FM industry globally. The next chapter will present the South African response to FM.

4 CHAPTER FOUR: LITERATURE REVIEW – SOUTH AFRICAN RESPONSES TO FM

4.1 Introduction

Like in the countries discussed in the previous chapter, the South African FM industry has its own drivers, challenges and growth characteristics which influence how the industry responds to competition and the strategies that are applied in doing so. These strategies include Public-Private Partnerships (PPP), Bundled FM service models, Total Facilities Management models and Single-site models. In this chapter, comparisons between the South Africa FM industry and selected countries are made.

The challenge faced in compiling this chapter was the paucity of published academic material that discuss monitoring and evaluating operational strategies in relation to the South African FM industry.

4.2 History of FM in South Africa

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 organisational structures that enhanced productivity while reducing operational costs. Increasing competition required organisational 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 organisational 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 (Madikizela, 2014:7). 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 (Shole, 2016:21-23).

In Madikizela's view, the new millennium saw the South African FM industry slowly evolved to encompass strategic FM as part of its industry portfolio. This was accompanied by an increase in PPPs and private sector customer engagement with the FM industry.

4.3 FM in South Africa

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 the operational rather than the strategic aspects of FM were noted (Nkala, 2015:4).

Like Nigeria, South Africa 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 (Nkala, 2015:3; Toe, 2015:12). Practitioners operating within the outsourcing sector are finding it difficult to get the desired levels of patronage because the business community in South Africa feels that they can do everything autonomously.

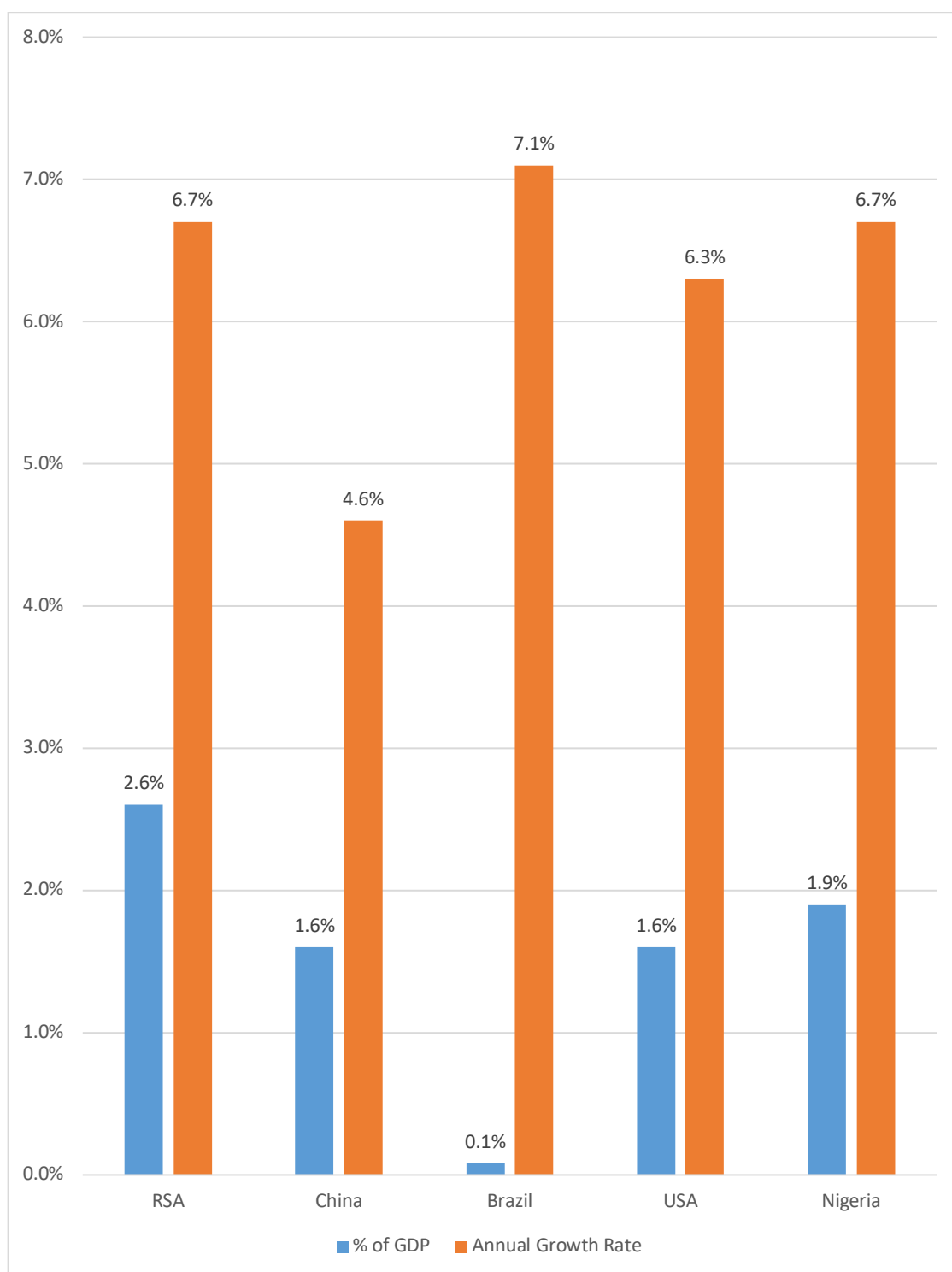
Nkala (2015:3) identifies this to be a common challenge facing the South African FM sector, as the costs associated with outsourcing are perceived to be high. There is also notable resistance to FM outsourcing amongst trade unions and political parties who hold an antagonistic view that outsourcing is a form of exploitation of workers (SAFMA, 2016:16; 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) also confirmed South Africa's positive FM growth prospects. South Africa has outperformed its BRICS peers, specifically China and Brazil in terms of FM contribution to GDP. These comparisons are highlighted in the next section.

4.4 Comparative analysis of the SA FM industry versus peers

In this section, the performance of the South African FM industry in terms of revenue is compared with that of China and Brazil, which as South Africa's BRICS peers, Nigeria a Sub-Saharan Africa peer and the United States of America which is the largest FM market. Make reference to Figure 4.1 below.

Figure 4.1: FM industry comparisons - selected countries for the year 2017



Source: Global FM (2018:20-83)

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.

4.5 Competition and industry drivers - South Africa

Several drivers have been noted as being behind the growth of the South African FM industry. Increase operational costs associated with insourcing have 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 labour 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. These are shown in Figure 4.2 below:

Figure 4.2: FM industry drivers - South Africa



Source: Olivier (2017:44)

In addition to costs, key industry drivers include developing positive employee and customer experiences, enhancing internal sustainability, effective ICT and data management and developing superior market and industry knowledge (Olivier, 2017:44).

4.6 Operational strategies and models in the FM industry

South African FM companies engage various operational models and operational strategies in delivering service to their clients. The ability to adopt an operational model that meets the requirements of the market better than competitors enhances a firm's ability to create a competitive advantage in the industry (Long, 2013:17). This section looks at the operational models employed within the FM industry.

4.6.1 Private-Public Partnership models

Shole (2016:21-23) discussed the role, origin and importance of Private-Public Partnerships within the South African FM industry. In post-Apartheid South Africa, the first PPP was concluded in 1997 between South African National Roads Agency's (SANRAL) and N3Toll Concession (Pty) Ltd for the management and maintenance of N3 toll road. Upon realizing the successes of PPPs, the NDT established the PPP unit to assess the need for further partnerships as well as to guide PPP processes. In 2000, the Department of Correctional Services also began the contracting of FMs to take comprehensive management of correctional facilities include regular housekeeping, catering, inmate registrations amongst others (Shole,2016:23).

Private-Public Partnerships models in FM involve a contractual agreement between private sector entities, which are generally FM companies and public entities (Robinson et al., 2009:213). Private sector entities are contracted to provide certain agreed upon services such as property or facility development, facility upgrading and facility operating and management (Booty, 2009: 202-203). PPP stems from the logic that private sector entities have the ability to manage facilities efficiently and effectively, thereby allowing the public sector entity to focus on its core responsibility. (Booty, 2009:202; Atkin and Brooks, 2015:5).

When public sector entities engage the services of a facilities manager as a PPP partner, they transfer the risks of managing the facility to the private sector

entity (Booty, 2009:203; Atkin and Brooks, 2015:5). In the South African context, PPPs challenge FM companies to develop their capacity to engage with government departments and to understand the operational modalities of the proposal and procurement processes that are involved in PPPs (Atkin and Brooks, 2009:5; Long, 2013:17). In addition to the risk transfer aspect discussed above, the South African public sector also considers the the affordability of the contract and value for money (National Treasury, 2007:5).

From a PPP perspective, the following operational models have been identified (Robinson, Carrillo, Anumba and Patel, 2009:8):

- build-own-operate (BOO);
- build-own-transfer (BOT);
- design, build, operate and maintain (DBOM); and
- Facilities management

Under the BOO model, a FM company is responsible for building, owning and operating the public facility such as a hospital, a school, correctional facility or any other public facility sanctioned by a governmental entity (Portman, 2016:53).

Under the BOT model, a FM company builds, operates and transfers the built facility to the government after having infused the necessary expertise into public employees (Portman, 2016). PPPs require FM companies to have developed beyond the ordinary operations and maintenance phases into strategic solutions and portfolio management companies which Eylina (2014:1), describes as the last evolutionary phase in FM.

Under the DBOM model, a public sector entity specifies and details its FM objectives to a contracted private sector partner. The private sector partner then designs, builds, operates and maintains the required facility for the public sector owner for a specified period. The public sector partner makes agreed service management payments to the private partner (Robinson, Carrillo, Anumba and Patel, 2009:8).

The South African NDT (2017:159) classifies Facility Management as an independent PPP. Under a PPP framework, Facility Management is centred on the provision of varying levels of operational and strategic services to governmental entities at a monthly fee. The South African NDT states that Facility Management contracts and transportation services contract are amongst the most dominant PPP types in South Africa.

Facility Management is regarded as the least complex PPP model. Under this model, a facilities management company takes over the operation and management of an existing public facility. This is the most commonly used model in the South African FM sector (National Department of Treasury, 2017:159).

The South African NDT highlights the importance of PPPs in the management of hospitals, schools, correctional facilities and other public infrastructure. Common PPPs operating in South Africa include '*Design, finance, build, operate and transfer (DFBOT) projects, Design, finance and operate (DFO) projects, Design, build, operate and transfer (DBOT) projects, Equity partnership projects and Facilities management projects.*' (National Department of Treasury, 2017:159).

PPPs within the FM space were put under the spotlight recently when one of South Africa's most successful PPP, strategy-based FM company Bosasa was implicated in corruption and scandal. Until recently Bosasa was considered as one of South Africa's model IFMs. Bosasa commenced its operations in 1981 as '*a Full Facilities Management company to service the national demand for industry growth*' (Umraw, 2019:1). Bosasa holds various contracts for FM in South Africa's correctional services facilities. Evidence of tender bribes and interference with state procurement systems that emerged during the *Commission of Inquiry into State of Capture*, commonly referred to as the Zondo Commission, put a major dent on transparency and integrity in the industry.

The *Sunday Times* of the 21st of January 2019 carried a confession by one of Bosasa's chief operating officer who explained that most of the company's business was attained through corrupt and unethical practices (Umraw, 2019:1). In the same edition, the Bosasa COO alleged that bribes were paid to state officials as high as the presidency and elimination tactics, including murders and kidnapping were carried out against personnel of competing FM companies that stood in Bosasa's way (Umraw, 2019:1). Until the Bosasa scandal emerged, corruption was not a topic of discussion in the industry. SAFMA (2017:14) did highlight that transparency and integrity issues were major concerns in the FM industry.

4.6.2 Bundled FM services model

With the bundled FM model, FM companies take over the full management of support services as part of a single contract (Bogle, 2010:50). At least two different types of services are required to make a bundle (Wiggins, 2014:42). Under this operational model, a facilities manager can offer services such as security, maintenance and cleaning as a single entity.

The competitive advantages that an effectively bundled FM service model provides, lies in convenience and cost. With regard to convenience, clients served by FM companies do not need to engage several service providers, each with different contracts and modus operandi (Wiggins, 2014:27). A single service provider can easily fit into the operational structures of the client in contrast to many single service providers.

With regard to costs, the possibility of a FM company covering fixed costs is higher if the costs are spread over a number of services (Bogle, 2010:50-52). A bundled contract therefore supports the realisation of economies of scale. As a bundled contract covers a wide array of services, it enables the unit operational costs to go down (Wiggins, 2014:27). This enables the FM company to create competitive advantages based on low service fees (Bogle, 2010:54).

4.6.3 Total Facilities Management

Total Facilities Management (TFM) is another operational model or framework that a FM company seeking to create a competitive advantage can pursue (Junior, 2016:2). Under TFM a company provides all the facility solutions required by the client (Wiggins, 2014:22). Finch (2011:19-20) refers to TFM as the most comprehensive form of FM. It requires stronger relationships and trust between the FM company and the client and is pursued on a long term agreement. The difference between TFM and a bundled service solution is that the former involves virtually all the identified FM requirements of the clients while the latter provides at least two services as part of a bundle of services. Bogle (2010:50) describes a TFM model as an '*All-in*' bundle which implies that it operates like a bundled service but is inclusive of all the required solutions.

Wiggins (2014:45), mentions exit barriers that may exist on the part of clients that allow the clients to terminate their contracts with the FM companies under specified conditions. Finch (2011:20), explains that because of long-term commitments, clients may find it difficult to exist contracts as there are legal and financial implications when terminating a contract.

4.6.4 Task management and contract management

Task management is the most simplified form of FM operations. Task management involves managing a particular task or single service (Finch, 2012:36). Task management contracts are generally associated with the first evolutionary phase of the FM discipline whereby firms are concerned with offering maintenance and operational work such as janitorial services, security and catering services (Elyna, 2014:1). Task management as an operational model can create a competitive advantage through specialization. A facilities manager specializing in a single service or task can develop strong expertise as a result of learning and experiential advantages. However, the weakness of providing only a single service is that it may become a competitive

disadvantage when dealing with corporates that require comprehensive services.

4.6.5 Single site and multi-site models

Operational models within the FM industry can also be classified according to the number of sites that a company services (Camarinha-Matos; Paraskakis and Afsarmanesh, 2009:488). Single site models are common in organisations with facilities in different locations that are coordinated from one site (McGregor, 2007:205). A distinct feature of this model is the decentralization of operations whereby smaller sites are allowed to take certain decision while major policy decisions are taken at the central management level (Roper and Borello, 2013:67).

The multi-sites model operates a system of multiple sites that are spread across several geographical locations. The FM company performs similar functions in each location through a dedicated FM office (Camarinha-Matos et al., 2009:488). The multi- site model is suitable for large organisations with a national spread.

The difference between the two models is the degree of centralisation in FM. In a single site model, FM services are centralised and self-contained while in a multi-site model, each site manages its own FM operations independent of the other sites. These sites might be branches or departments of the same client (Mat and Baharum, 2015:23).

A multi-site model that is spread across national boundaries is described as an international model (Roper and Borello, 2013:39; Mat and Baharum, 2015:23). It does this through partnering with offshore outsourcing vendors who have the requisite knowledge and ability to integrate services in terms of language and legislation in the countries concerned (Jones and Jowett, 2009:123).

4.6.6 International model

The international model is similar in many respects to the multi-sites model but operates across different countries (Roper and Borello, 2013:39). It does this through partnering with offshore outsourcing vendors who have the requisite knowledge and ability to integrate services in terms of language and legislation in the countries concerned (Jones and Jowett, 2009:123).

4.7 Major responses to changes

In response to changing markets, costs and technologies, FM companies in South Africa have resorted to various operational and strategic changes. Khasebe (2017:53) discusses a move towards strategic FM as a major response to competition and increasing customer expectations from FMs. Under strategic FM, FM companies focus on managing the strategic side of a client's business. This involves focusing on how clients may achieve set productivity, cost and competitiveness advantages. Valaydon (2018:1) explains that South African FM companies, like global FMs are also developing capacities towards becoming strategic partners to their clients. By so-doing, they hope to become more competitive service providers ahead of other FMs in a market with growing competition.

Khasebe (2017:54) asserts that FMs can create competitive advantages through the following processes:

- Strategic and operational plan integration with clients' identified and communicated needs;
- Development of appropriate inhouse and outsourcing models for clients;
- Providing resources to meet identified needs; and
- Evaluation of strategies through surveys, researches, tools and models

SAFMA (2017:10) also discusses innovation as a major coping mechanism in the face of growing competition. South African FM companies can resort to labour innovation as a way of substituting labour costs with automation and

external labour contracts, use of technology to effectively control and manage resources and developing newer competitive hybrid models that can address clients' specific needs.

FM companies in South Africa have responded to various changing trends in facilities management in various operational and strategic ways. Major transformation factors that the industry is facing include changes in technological requirements, competition and costs structures. Valaydon (2018:1) discusses the move towards environmentally sustainable operational strategies as a critical response to changing corporate citizenship expectations on FMs in South Africa. Valaydon (2018:1) identifies the use of green technologies in buildings as a major trend in South Africa. The transformation from operational FM to strategic FM is seen as a solution to competition and cost issues.

4.8 Conclusion

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 (National Department of Treasury, 2017:159). Various models and operational strategies are utilised by FM companies as a means of gaining a competitive advantage within the sector. FM companies are an important source of employment and also provide opportunities for the previously disadvantaged population groups to enter the formal economic sector as service providers.

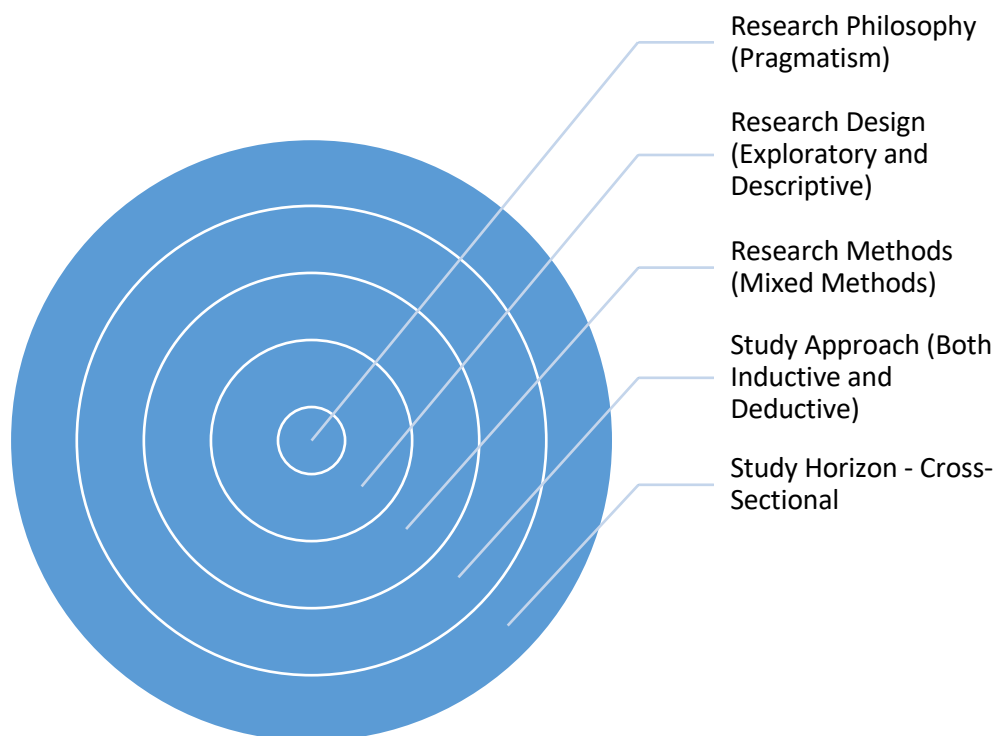
The further growth of the South African FM sector, like its global peers, is dependent on a strong and growing economy. In a developing country like South Africa, the FM sector has huge potential for further growth.

5 CHAPTER FIVE: RESEARCH DESIGN AND METHODOLOGY

5.1 Introduction

This chapter presents the research philosophy, the research design and the research methodology that guided the administration of the empirical research in this study. The chapter commences with a discussion of the research philosophies that influenced the selected research design and choice of research method. A mixed method study that encompasses both the characteristics of qualitative methods and quantitative methods was adopted. Thus, both qualitative and quantitative methods are discussed. The chapter ends with a discussion of the ethical considerations and the limitations of this study. Figure 5.1 below summarises the research process applied in this study.

Figure 5.1: Research Process Model



Source: Saunders, Lewis and Thornhill (2009:108)

This study can be comprehensively classified as a mixed method, cross-

sectional exploratory and descriptive study with a deductive aim.

5.2 Research Philosophies

Research methodologies applied in modern-day research, have their roots in various philosophical ideologies that guide the acquisition of information and knowledge and the typologies of the research output. These philosophical underpinnings are generally referred to as paradigms (Levers, 2013:1-2). The concept of a research paradigm and different research paradigms will be discussed to validate the research design adopted for this study. This is in keeping with the views of Saunders, Lewis and Thornhill (2009:118), Beaudry and Miller (2016) and Green and Thorogood (2013:238), who state that the research paradigm influences the research design adopted by researchers.

The Oxford Dictionary (2018) defines a 'paradigm' as '*A world view underlying the theories and methodology of a particular scientific subject.*' Levers (2013:3) cites an early definition by Fossey, Harvey, McDermott and Davidson (2002) who defined a paradigm as '*a world view, or system of ideas used by a community of researchers to create or generate knowledge.*' From the above definitions, it can be surmised that a paradigm is an approach that is concerned with knowledge creation.

Saunders et al. (2009:118) express a view that the word 'paradigm' is generally difficult to understand because of its varying meanings in the world of research. In their definition they state that a paradigm is '*a way of examining social phenomena from which particular understandings of these phenomena can be gained and explanations attempted.*' They perceive a paradigm to be a process rather than a pattern of thinking. The views of Saunders et al. (2009:118-119) are in contrast with the views of Fossey et al. (2002: 718) who view a paradigm as a conception or ideology. There are several research paradigms that are used or considered by researchers. The different research paradigms are discussed below.

5.3 Research philosophy

Saunders et al. (2009:108) posit that there are four primary research philosophies that are relevant in business research. These philosophies are positivism, interpretivism, realism and pragmatism. Kumar (2014:76) however identifies only three philosophies namely, positivism, interpretivism and pragmatism. Kumar (2011) differs from Saunders et. al (2009) in his exclusion of realism as a philosophy.

Babbie (2015:58) lists more than five paradigms including the Social Darwinism paradigm, feministic paradigm and the conflict paradigm. Guest, MacQueen and Namey (2011:14) also acknowledge the existence of many paradigms but chose to focus on positivism and interpretivism as the major ones.

5.3.1 Positivism

Positivism adopts the view that only objective data that is collected through scientific means and which reduces the researcher's subjective influence and involvement is reliable in research (Guest et.al., 2011:14). Under a positivist philosophy, the role of the researcher is to collect the data rather than to influence the actual outcomes of the data (Kumar, 2011). Measurability of collected data is critical and data that is not systematically measurable cannot be relied on in research Babbie, (2015:35).

Positivism, through its emphasis on researcher disengagement and on the systematic and quantitative measuring of the research phenomenon naturally points to quantitative research designs as being more factual, relevant and reliable in empirical research (Babbie, 2015:35,43). Fox and Bayat (2008:67) explain positivism as a philosophy that views knowledge as meaningful only when the knowledge is empirically testable. This emphasizes the use of scientific, quantitative methods in the development of knowledge and consequentially in conducting research. This study accepted the need to

collect verifiable, observable, objective and structured data. Therefore, positivism was incorporated into the research design of this study.

5.3.2 Interpretivism

Interpretivism or the interpretivist approach stresses that because business research often incorporates '*social actors*' or persons responding to research processes, it generally is a highly subjective process (Guest et.al., 2011:5). Respondents to surveys and questionnaires are bound to respond differently and subjectively as a result of various factors that include the research environment and the researcher effects (Babbie, 2015:151). Interpretivism also implies that research methods should take cognisance of the fact that social actors respond and behave differently and subjectively and there can therefore never be a single truth to any research question (Kumar, 2014:84).

Research designs must therefore accommodate the natural subjectivity that comes with dealing with social actors as opposed to dealing with objects when conducting experiments. Interpretivism accepts that data can be interpreted subjectively based on the researcher's views. Qualitative research generally subscribes to the interpretivist approach because of its emphasis on subjectivity and on studying social actors in a natural setting (Guest et.al., 2011:5).

5.3.3 Pragmatism

Pragmatism is the middle ground between an interpretivist and positivist way of thinking. Saunders et al. (2009:108) and Morgan (2014:1045) share the view that both the interpretivist and positivist philosophies can be applied in the same research effort. An empirical research design can therefore accommodate the objectivity, factuality and measurability requirements of a positivist paradigm with the subjective and flexible views of an interpretivist philosophy. Pragmatism encourages the use of mixed methods or multiple methods in research. Kumar (2014:112) sums up the argument on paradigms

and philosophies by stating that regardless of the philosophical approach a researcher decides to adhere to, it is critical to reduce bias by maintaining a neutral stance. The researcher should not willingly interfere and manipulate the research process to the extent that either the subjective or objective views of research candidates are compromised.

In this study, the researcher adopted the view that certain concepts would be best dealt with in a systematic and quantitative manner. For instance, to effectively monitor and evaluate a strategy, it was important to design a scoring system within the data collection tool. This facilitated the collection of data that was rateable and quantifiable. However, there were also certain concepts that would be best addressed from a subjective point of view of the sample elements. For instance, to determine the factors that resulted in an enhancement of a competitive advantage, required the views and opinions of the sample elements that lends itself to the interpretivist approach.

The study methodology therefore needed to accommodate both an interpretivist and a positivist philosophy and can therefore be classified as being pragmatic as postulated by (Morgan, 2014:1045). The next section discusses the research design based on the interpretivist and positivist philosophies.

5.4 Research Design

Babbie (2015:89) explains that a research design is *'a study's overview that describes its purposes, research methods, study population and other study administrative issues.'* Saunders et al. (2009:136) defines the research design as *'the general plan of how you will go about answering research question(s).'* Kumar, Aaker and Day (1999:71), explain that the research design *'is a thorough layout used to direct a research study into meeting its objectives.'* The research design therefore contributes to the objective understanding and realization of the collected data in that it serves as a roadmap for the researcher on how to conduct the study. The three dominant types of research designs are descriptive research, exploratory research and causal research. The table below highlights the three different types of research.

Table 5.1: Characteristics of different types of business research

	Exploratory research	Descriptive research	Casual research
Amount of uncertainty characterizing decision situation	Highly ambiguous	Partially defined	Clearly defined
Key research statement	Research question	Research question	Research hypothesis
When conducted	Early stage of decision making	Later stage of decision making	Later stage of decision making
Usual research approach	unstructured	Structured	Highly structured
Nature of results	Discovery oriented, productive, but still speculative. Often in need of further research.	Can be confirmatory although more research is sometimes still needed. Results can be managerial actionable	Confirmatory oriented, fairly conclusive with managerial actionable results often obtained.

Source: Zikmund et al. (2013:58)

This study incorporated the use of descriptive and exploratory research into the research design.

5.4.1 Exploratory Research

According to Green and Thorogood (2013:59), exploratory research is used when the purpose of the study is to get an understanding of a notion or thought so as to reveal ideas and insights relating to the study. Fox and Bayat (2008:

67) are of the view that exploratory research is only necessary when dealing with new phenomena or when new information is required. In this study, the need to assess the effectiveness of FM strategies was treated as a new phenomenon, given the paucity of research that has been conducted in South Africa into this aspect of FM.

The exploratory research design was also used because it facilitated the unearthing of the thoughts and insights of the research participants thereby increasing the researcher's understanding of the concepts related to FM. It further revealed variables related to the study and highlighted how challenges relating to FM might be reduced or solved. Exploratory research is qualitative in nature. Structured data collection tools comprising of 3 semi structured interview schedules were used to collect data. Exploratory research includes perceiving and attending to the research participants in a carefully structured environment of enquiring.

5.4.2 Descriptive Research Design

Descriptive Research is concerned with describing the characteristics of a certain group or individuals under investigation (Walliman, 2017:24). Descriptive research entails describing specific facets of market purpose and character. The use of a descriptive research design enabled the researcher to understand characteristics of the challenges faced by FM companies, such as the loss of customers. Three (3) semi-structured interview schedules were used to collect data from the sampled elements. Fox and Bayat (2008:8) express a view that descriptive research requires the use of scientific methods that enhance the validity and reliability of the descriptions that are made from observations of interest. A descriptive approach therefore conforms to a quantitative method.

5.5 Choice of research methodology

Fox and Bayat (2008:71) state that there are two dominant methods of research namely, qualitative methods and quantitative methods. Quantitative research is *'concerned with systematic measurements, statistical analysis and*

methods of experimentation. Qualitative research on the other hand *'is designed to explain people, events and matters concerning them and does not depend on numerical data'*. Other major differences between quantitative and qualitative methods are listed in Table 5.2 below:

Table 5.2: Differences between Quantitative and Qualitative Methods

Quantitative Methods	Qualitative Methods
Tends to produce highly numerical data	Tends to produce textual data
Makes use of large samples	Makes use of small samples
Concerned with hypothesis testing	Concerned with generating theories
Data is specific and precise	Data is rich and subjective
Location is artificial	The location is natural
Reliability and validity is high	Reliability and validity is low
Generalises from a sample population	Generalises from one setting to another

Source: Adapted from Saunders et al. (2009:482)

This study was designed as a mixed study, meaning that it incorporated characteristics of both the quantitative research design and the qualitative design (Babbie , 2015:122). Certain questions in the interview schedules allowed the respondents to answer through expressing their views thus

allowing for participant subjectivity. Kumar (2011:144) suggests that a qualitative study can be complimented through the use of quantitative measures in that through quantifying the responses of the sampled elements, more detailed explanations of the collected data can be provided.

Therefore the interview schedules comprised of a combination of both open ended and closed questions that were used to collect data. This supported the mixed research method of this study.

5.6 Inductive versus Deductive Approach

Research methods and research designs are influenced by whether the empirical study seeks to be inductive or deductive (Bryman and Bell, 2015). A deductive approach aims to test the factuality of existing theories, models, views, hypotheses and arguments (Cohen, Manion and Morrison, 2011). An inductive approach on the other hand seeks to generate new theories (Cohen et al., 2011). Babbie (2015) is of the view that inductive reasoning starts with the generation of a theory and this theory is then subjected to tests and measured against actual observations. Deductive reasoning starts with an observation that needs to be explained through an existing theory (Babbie, 2015:50).

This study adopted a deductive approach in that the various theories and arguments explored in the literature reviewed, relating to the monitoring and evaluation of competitive advantages within the FM sector, needed to be tested against the reality of data collected from the respondents.

5.7 Cross-Sectional versus Longitudinal Research

A research design also relates to whether the phenomena of interest will be study at one particular time period or over various instances or time horizons (Kumar, 2014:52). Two types of designs are identifiable based on research horizons and they are the cross-sectional study and the longitudinal study (Cohen et al., 2011). A cross-sectional study collects and analyses data from

a single encounter while a longitudinal study collects data from the same candidates at different periods of time in order to determine any changes in responses (Kumar, 2011).

This study aimed to collect and analyse data at one instance as it had a single research period of focus. The research objectives of the study did not include any need to analyse changes in responses of candidates over time, hence, this study was a cross sectional study. Saunders et al. (2009:33) explain that because of time constraints, most academic research take on a cross-sectional approach. Time constraints were also applicable to this study and supported the adoption of a cross-sectional approach.

5.8 Population and Sampling

Population and sampling define the candidates who will be part of the research and therefore delimits the study to a particular, pre-determined group or groups. The section below describes the population and sampling procedures that were used in this study.

5.8.1 Population

A population is a full set of cases from which a sample is taken (Johnson and Christensen, 2016:233). The target population is the population to which the researcher would like to generalise his or her results. For this study, the target population of companies was FM companies that are operating in Gauteng. The sample population of companies comprised of 10 purposively sampled Gauteng based FM companies.

An inclusion criterion that was used to select the sample of 10 FM companies was that for a company to be selected as part of the sample, the company needed to be registered with SAFMA. The population of possible sample companies was identified from SAFMA's membership directory for businesses

specialising in FM in Gauteng. The FM companies that were purposively selected to be part of the sample were:

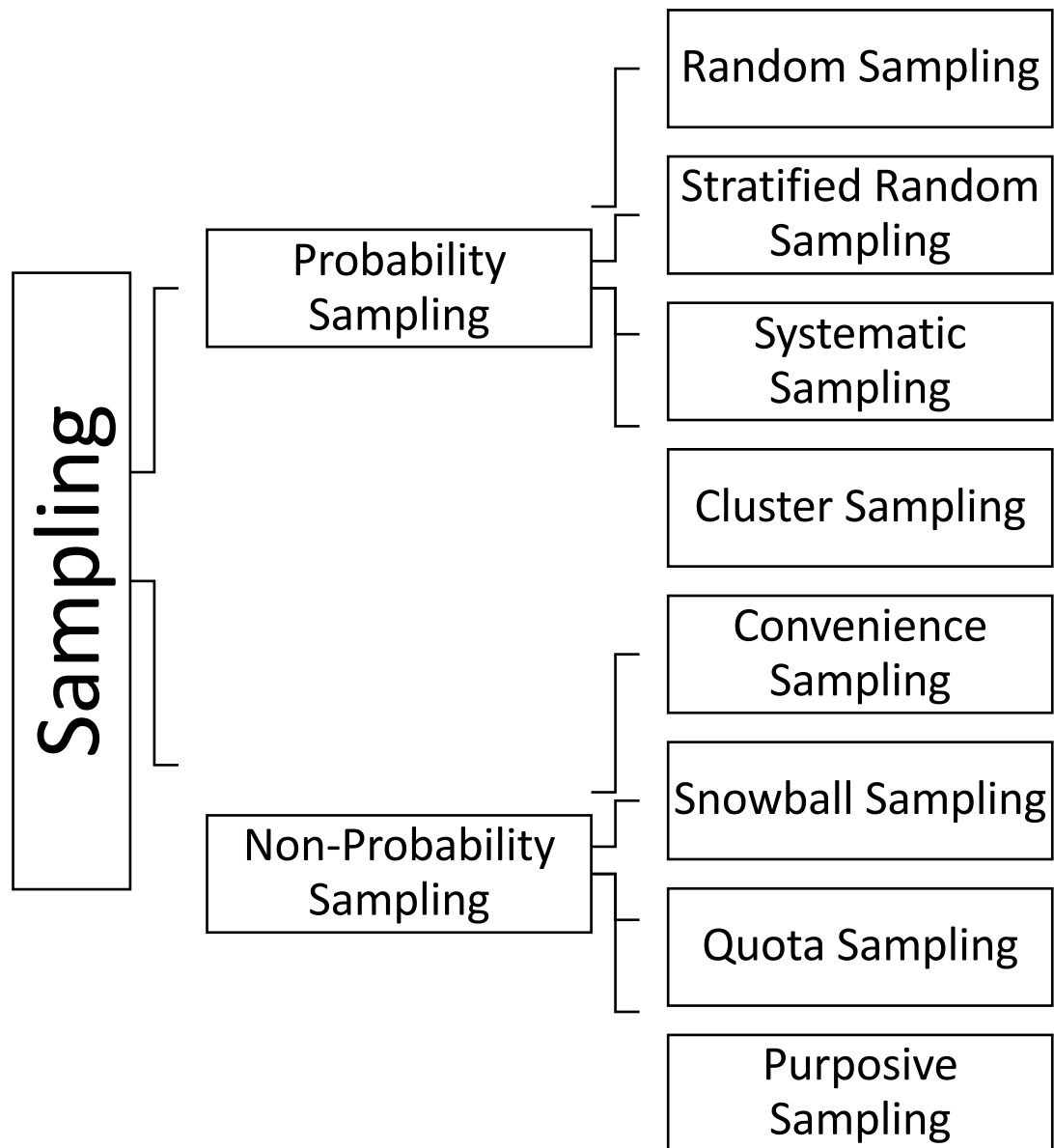
1. Growthpoint Properties
2. Tsebo Facilities Solutions
3. Bidvest FM
4. Broll Facilities Management Services
5. Afroteq FM Solutions
6. Redefine Properties
7. ABSA Property Group
8. Cushman and Wakefield Excellerate
9. JHI Property Group
10. BASF

Members of SAFMA were selected because SAFMA is widely recognised 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 organisation. The use of sample companies that belonged to SAFMA, instilled confidence in the reliability and validity of the data collected. Whilst the researcher does acknowledge that there are FM companies that do not belong to SAFMA, the lack of any formal association that represents these companies, excluded them from being part of the sampled population.

5.8.2 Sampling

Bayat and Fox (2008:54,58) classify sampling into two broad categories namely, probability sampling and non-probability sampling. In probability sampling, all units of analysis in the population have an equal probability or chance of being made part of the sample. In non-probability sampling however, identified units of analysis do not always have equal opportunities of being part of the sample. The diagram below illustrates the common sampling categories as discussed by (Saunders et al., 2009:213).

Figure 5.2: Sampling Categories



Source: Compiled from Saunders et al. (2009:213)

Purposive sampling was used to select the 10 sample companies. Purposive sampling was applied 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.

Whilst Saunders et al. (2009); Kumar (2014) and Cohen et al. (2011) argue that probability sampling guarantees greater reliability of the research findings. Guest et al. (2011) are of the view that non probability sampling can yield better research outputs under circumstances where the availability of suitable sample elements is constrained.

In this study, sample companies were sought from the larger FM companies and therefore the use of purposive sampling was deemed to be appropriate. From the sample population of FM companies, two groups of personnel who were directly involved in efforts to attain competitive advantages were identified. The two groups were facilities managers and or supervisors of registered FM companies and directors of registered FM companies. The two groups of personnel were conveniently selected and invited to participate in interviews.

Convenience sampling is a non-probability sampling method where units for a study are selected based on the ease of reaching or assessing sample elements (Babbie, 2015:21). The first group of interviewees selected comprised of 10 managers and or supervisors. One manager / supervisor was selected from each of the sampled FM companies. The second group of interviews comprised of 10 directors. One director was selected from each of the sampled FM companies.

In addition to these two groups of interviewees, a third group of interviewees was also selected. The third group of interviewees comprised of directors of client companies or organisations that utilised the services of the FM companies in the sample. This group of interviewees was also conveniently selected and comprised of 10 client company directors. One director of a client

company, from each of the 10 sampled FM companies, was selected and invited to participate in an interview.

Thus, a total of 30 personnel involved in the FM sector were conveniently selected to be part of the data generating population for this study. The study population therefore consisted of two layers. The first layer was the 10 purposively selected FM companies and the second layer was the 30 data generating personnel who were conveniently selected and comprised of 3 groups of 10 managers and or supervisors of FM companies, 10 directors of FM companies and 10 directors of client companies or organisations that utilised the services of the selected FM companies.

The following criteria were applied for selecting participant companies:

- Companies selected had to be SAFMA members
- They had to have head offices in Gauteng
- They had to be willing to participate in the study
- They had to be large companies with a greater market share of the FM sector in Gauteng.

From the 10 sampled FM companies, one director and manager or supervisor was selected and the selection was sanctioned by each company's human resource department. The human resources department of each selected company provided a list of candidates who had at least 3 years of experience in their companies' operational and strategic matters as it was felt that these individuals will be able to provide a more informed view of the topic under study.

The directors of the client companies were also conveniently selected. Each of the 10 companies was required to provide a list of any 3 clients who the researcher could approach to participate in the study. The researcher then conveniently selected any one client and invited the director to participate in this study.

5.9 Sample size

The samples for this study therefore comprised of 10 FM companies and 30 staff members as explained above. A qualitative study sample can be small as the focus is not on enumerating responses but on getting the subjectivity of respondents on various views (Bryman and Bell, 2015) and (Green and Thorogood, 2018).

A sample of 30 personnel was selected to be interviewed. The sample of 30 was deemed to be adequate for this study, as various authors including Saunders et al. (2009:235), Ezzy (2013:75) agree that small samples are effective in capturing the essence of a study. Kumar (2014:148) further states that if it is noticed that the sample size is not wide enough to reach the data saturation point, then it can be increased. Kumar (2014:157) identified this saturation point as the point where respondents begin to run out of new information on the study's subject matters.

In this study, the researcher closely monitored respondents' responses and determined that the initial sample of 30 personnel was adequate to reach data saturation. In convenience sampling, it is normal for researchers to arbitrarily set a convenient sample size although they are encouraged to include large, representative samples (Blaikie and Priest, 2017). The sample of 30 respondents was again deemed to be adequate.

5.10 Data Collection

Quantitative and qualitative data was collected through the use of 3 semi - structured interview schedules. The researcher firstly sought permission from the responsible authorities at each company, selected as part of the sample of companies to conduct the research. Once permission to conduct the research was granted, the researcher then contacted the Human Resources Department at each of the companies to obtain a list of managers and or supervisors, directors and a list of client companies. From the lists provided by each company, 1 managers / supervisors of the FM company, one director

of the FM company and one director of the client company was conveniently selected and invited to participate in the study.

The interview schedule and a brief introductory letter were initially emailed to each selected sample element so that they could familiarise themselves with the questions and the objectives of this study. This was followed by a personal telephone call to each selected sample element. The purpose of the telephone call was for the researcher to introduce himself and to explain the purpose of the research to the sample elements. Weekly telephonic and email follow-ups were then made over a six week period, which was the time allocated for the researcher to conduct interviews with each sample element. A date and time was negotiated, at the convenience of the sample elements for an interview to be conducted.

These interviews took the form of either a face-to-face interview or an electronic interview that was conducted through Skype. The interviewer therefore asked questions that the interviewee respondent too. Interviewees were able to seek clarifications with the interviewer where there was a need to do so. The interviews ranged from 25 to 35 minutes and were audio-recorded for further transcription into document format.

The positives of the interviews, as observed by the research, were that they enabled probing from both the interviewer and interviewee. The interviewees were able to provide in-depth data as a result of this probing. The negative aspect however was the view that some participants viewed the interview process as inconvenient and these participants therefore chose not to participate.

5.11 Data Collection Instruments

The data collection instrument was the 3 semi-structured interview schedules (refer to appendices D, E and F) that were specifically designed for each category of interviewee. The interview schedules were designed to collect both quantitative and qualitative data. The questions of a quantitative nature

comprised of predominately close-ended questions. The interviewees were required to select an answer from the given list of response options. Closed-ended questions were selected because of the following reasons, also discussed by (Creswell, 2014:207):

- The need to create a uniform standard that could be used to compare the responses of respondents necessitated the use of closed-ended questions where all respondents were responding to the same comparative scale;
- The need to explore and describe the collected data supported the use of close-ended questions that allowed for responses to be deductively analysed; and
- Closed-ended questions appeal more to the systematic nature of a quantitative study as they are easier to enumerate.

It is acknowledged that closed-ended questions can be disadvantageous in that they are restrictive in nature and do not allow for alternative response, other than from the choices given. This disadvantage was counterbalanced through the use of open ended questions that allowed the interviewees to express their opinions and to discuss their personal experiences thereby allowing for a variety of sub-topics and issues to emerge. The researcher ensured that the interviews remained relevant to the research topic and was flexible enough to allow the respondents adequate room to fully express their views.

The following constructs were covered in the semi-structured interview schedules:

- FM services provided: This construct featured questions meant to identify and describe FM service offered by companies in the sample. To companies it provided a list of services offered while to clients it provided a list of services they required.
- Operational strategies effectiveness: This construct was included to evaluate the extent to which organisations managed operational

strategies. It had five Likert scale questions on strategy adherence and effectiveness in meeting competitiveness goals

- Operational strategy evaluation: This construct sought to access the frequency, nature and tools used in operational strategy evaluation. It included 2 Likert scale questions and open-ended questions
- Operational strategy challenges: Under this construct challenges that FM companies faced were probed. An analysis of weaknesses and threats were used together with open-ended questions. Directors, managers/supervisors and clients were required to discuss challenges experienced.
- Client perception of FM services: Under this construct, clients were required to provide responses to open-ended questions. This construct was designed to access the operational strategies applied by FMs.

The above constructs were derived from the study's research questions which were formulated to meet the study's research objectives.

The interview schedules facilitated the collection of data under the precepts of the interpretivist philosophy which states that social actors in a research should have ample space to subjectively express themselves without being excessively restricted by processes. The interview schedule enabled the collection of expert opinions, views, perceptions, beliefs and personal philosophies that interviewees held regarding the systems and processes relevant to the FM sector.

5.12 Data analysis

To answer the research questions under the mixed-research design, three general data analysis strategies were applied. The strategies applied were descriptive statistical analysis that aimed at describing the statistical and

numerical patterns of the data. This encompassed an analysis of the demographics of the sample used in the study. Inferential statistical analysis was conducted to infer the findings from the sample to the whole population and to explore deeper relationships amongst the study variables. Thematic analysis was used in the qualitative data analysis. The collected data was analysed according to themes that emerged from the respondents responses.

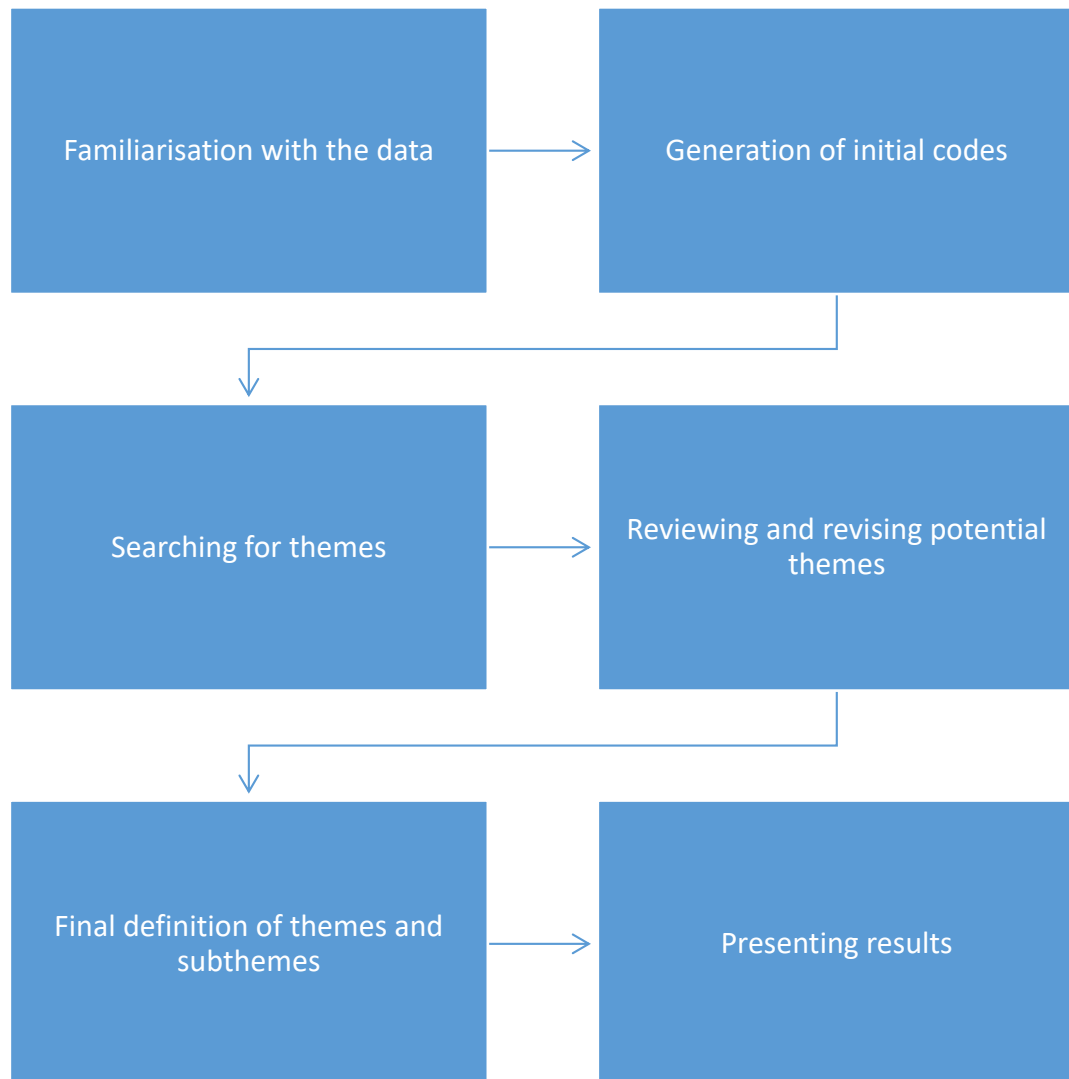
5.12.1 Thematic analysis

Thematic analysis identifies themes and sub-themes that emerge from a data set. Guest et.al. (2011:16) define thematic analysis as a qualitative data analysis method that identifies and organises data into patterns or themes and subthemes. Braun, Clark and Gray (2017:36) state that thematic analysis has six phases which are:

- Familiarisation with the data;
- Generation of initial codes;
- Searching for themes from coded data;
- Reviewing and revising the potential themes;
- Final definition of themes and sub-themes; and
- Presenting a report

These steps were followed in the data analysis process.

Figure 5.3: Thematic analysis steps



Source: Ezzy (2013:89)

5.12.2 Data analysis tools

The Statistical Package for Social Sciences (SPSS) was used for both descriptive and inferential statistical analysis. Atlas Ti was used to conduct a thematic analysis of the data collected.

In SPSS, Likert scale, sample description and Likert scale questions were coded in the following ways:

- For the sample description data, numbers were used to represent each response. For example, on gender, 1 represented male and 2 represented female.
- For the Likert scales codes were assigned using numbers to denote level of agreement as follows: 1=Strongly Disagree, 2=Disagree, 3=Neutral, 4=Agree and 5=Strongly Agree.

Quantitative data analysis was descriptive using frequencies and presenting these as tables, graphs and charts. The small sample necessitated the purely descriptive statistical approach as inferential tests generally require larger samples to produce effective results.

In Atlas Ti in vivo coding techniques were used. In vivo coding takes respondents whole statement as a code (Manning, 2017:1). Related in vivo codes were grouped into sub-themes and related sub-themes into themes.

For both the quantitative and qualitative data analysis approaches used in the study, frameworks were used to present the relationships of study constructs as well as study variables. The purpose of this approach was to show relationships of variables and constructs more effectively and to facilitate discussion on these relationships.

5.13 Validity and reliability of the quantitative study

The methodological processes adopted in this study also addressed the reliability and validity of the data collected as per the views expressed by (Creswell, 2014:160).

5.13.1 Validity

Validity, in reference to data collection and measurement tools, refers to the extent to which an instrument measures what it was designed to measure. Taylor (2013:114) defines validity as *'the degree of accuracy in the*

interpretation of test results and scores.' Creswell (2014:174) identifies three major types of validity, namely internal validity, face validity and content validity. Saunders et al. (2009:592) added external validity as the fourth type of validity. The types of validity included in this research were face validity and content validity.

5.13.1.1 Face Validity

Face validity refers to the degree to which data collection and measurement tools are perceived to measure the constructs they purport to measure (Saunders et al., 2009:592). In this study, the questionnaire measures constructs such as the effectiveness of FM strategy evaluation tools and perceptions on competitive advantage within the FM sector. The questionnaire used was specifically constructed to ensure that the constructs that contribute to the answering of the research questions were measured. As part of pilot testing, the researcher tested the questionnaire using a pilot group of respondents who did not form part of the selected sample to determine whether data collected could be statistically analysed to produce results that answer the research questions of this study.

5.13.1.2 Content Validity

Content validity refers to the extent to which a construct in a study is well represented or specified (Taylor ,2013:115). Effectiveness, as a construct in this study encompassed various facets that needed to be captured in the research instruments. The research instrument addressed the concept of effectiveness through aligning the questions with the ideas that emerged from the literature review. Saunders et al (2009:589) suggest that construct validity can also be improved through consulting experts in a particular research area. The questionnaire was therefore given to colleagues within the FM sector for comment and was also piloted before being used to collect data from the sample elements.

5.13.2 Reliability

Reliability refers to the extent to which data collection and measurement instruments yield consistent results (Saunders et al., 2009: 156). Saunders et al. (2009:600) state that *'reliable data collection and analysis tools and processes will yield consistent results on different occasions as well as consistency when these processes are undertaken by different researchers'*. Reliable data collection and analysis transparently shows how raw data is processed and analysed to produce the research results (Kumar, 2011). To ensure reliability in the study, a pilot test was conducted prior to the main study.

Saunders et al. (2009:157) are of the view that reliability can be compromised by the researcher's bias as well as the respondent's perceptions about the study. Kumar (2011:141) adds that the wording of the questions in the data collection tools, the setting of the study and the type of interaction that the researcher has with the respondent, could all influence the reliability of a study. These factors need to be effectively controlled to ensure that research outputs are reliable.

5.14 Validity and reliability of the qualitative study

According to Trochim and Donnelly (2007:140), to ensure the validity and reliability of the qualitative aspect of this study, concepts such as credibility, dependability, transferability and confirmability, correspond to reliability and validity in a quantitative study were catered for.

5.14.1 Credibility

Credibility refers to the extent to which research participants are in agreement that the views aired in the study are representative of their responses (Trochim and Donnelly, 2007:149). Trochim and Donnelly (2007:153) further state that the best entities to confer credibility to the study are the participants. To ensure credibility, the data collection, transcription and coding processes were done

thoroughly with the aid of the SPSS package and was cross-checked for precision at all stages.

5.14.2 Dependability

Dependability in qualitative studies is parallel with reliability in a quantitative study (Kumar, 2014:34). Trochim and Donnelly (2007:151) state that a dependable study will be able to produce the same results if it is carried out in the same settings again. Like with credibility discussed above, the precise, unbiased and truthful presentation and analysis of the collected data ensured that the study was dependable.

5.14.3 Transferability

Transferability *'refers to the degree to which the results of qualitative research can be generalized or transferred to other contexts or settings'* (Trochim and Donnelly, 2007:149). The extent of the transferability of the research data and findings has not been tested. It cannot be implied that the FM industry in Gauteng operates in the exact same manner as the FM industry in the Western Cape. However, integrity in research processes was adhered to, as a means of ensuring that the outputs from the study are reflective of the FM industry. This study will need to be repeated with FM companies that operate in the other provinces of South Africa to determine the transferability.

5.14.4 Confirmability

Confirmability refers to the ability of other researchers to confirm the study results (Trochim and Donnelly, 2007:149). To enhance confirmability, the research will provide full details of the methodological processes that were followed in this study. This will make it possible to fellow researchers who may be interested in carrying out confirmatory studies to replicate this research. In addition to reliability and validity aspects of the quantitative study and the credibility, transferability, dependability and confirmability concerns of the

qualitative study, the research also ensured integrity of the study through carrying out pilot tests and adhering to research ethics.

5.15 Pilot study

Saunders et al. (2009: 597) define a pilot study as a '*Small-scale study to test a questionnaire, interview checklist or observation schedule, to minimise the likelihood of respondents having problems in answering the questions and of data recording problems as well as to allow some assessment of the questions' validity and the reliability of the data that will be collected*'. A pilot study was conducted with one executive and 4 managers from a FM company that was not part of the sampled companies. The pilot study served the following purposes:

- To ensure that the data collection tools were appropriate to collect data relevant to the research topic;
- To ensure that the constructs relevant to the FM sector were effectively measured through the posed questions;
- To ensure that the data collected could be sensibly and meaningfully analysed;
- To ensure that respondents understand the questions posed and are able to respond effectively;
- To determine the time that it took respondents to complete both the questionnaire and the interview schedule; and
- To identify any other instrument flaws that may not have been foreseen.

Thus, the pilot test addressed issues relating to the reliability and validity of the quantitative data and the equivalent in the qualitative data.

5.16 Ethical issues in the study

Saunders et al. (2009:183) define research ethics as the '*appropriateness of a researcher's behaviour relating to the rights of the parties affected by the*

study'. Kumar (2014:154) states that ethics refer to '*adherence to a conduct that is generally acceptable to the field of empirical research*'.

This study collected information of a sensitive nature. This put pressure on the researcher to adhere to the ethical requirements of research to avoid possible abuse or misuse of sensitive business information (Saunders et al., 2009). Additionally, respondent companies were reassured that the information collected will not be used for anything other than for academic research purposes.

This was incorporated into the introductory letters that the researcher prepared and address to each sample element as well as in the consent letters that also stressed the adherence to confidentiality and the avoidance of data misuse and abuse.

5.16.1 Anonymity and confidentiality

Confidentiality and anonymity are widely discussed as important ethical considerations (Cohen et al., 2011:72). Green and Thorogood (2013:72) state that disclosing confidential information to unauthorised parties is a violation of research ethics. The researcher provided all respondents with a guarantee that their identities will not be revealed.

5.16.2 Informed consent, permissions and approvals

The researcher has a duty to inform all the research participants about the nature and purpose of the study. Respondents must also be informed of their right to refuse to participate if they so wished (Green and Thorogood, 2013:72). The researcher informed all sampled elements of their rights to refuse to participation and obtained consent from both the selected FM companies and the selected sample elements of this study.

5.16.3 Protection from harm

Kumar (2014:158) dispels the common belief that the issue of harm in research is confined to medical research. In business and social research, harm can come from creating excessive anxiety and discomfort in respondents. Harm can also come from harassment of respondents particularly those whose participation may appear to be below the researcher's expectation. Kumar (2014:158) argues that a researcher should stop a data collection session once there are signs that the respondent is feeling uncomfortable with the questioning. This study did not require the respondents to reveal any information of a personally sensitive nature. Respondents did not exhibit any signs of discomfort, embarrassment or anxiety. The researcher remained vigilant for any signs that respondents were in a state of discomfort.

5.17 Limitations of the study

The following limitations of the study are acknowledged:

- It was limited to FM companies operating in Gauteng Province of South Africa. Thus, there was no guarantee that the results and findings of this study would be inferable to FM companies operating in the rest of South Africa;
- It focused on large FMs companies that were registered with SAFMA and may therefore not be representative of the smaller, non-SAFMA affiliated FM companies;
- The study made use of non-probability sampling which could negatively affect both researcher bias and representativeness of results;
- The study was conducted in the face of time and budgetary constraints.

5.18 Conclusion

This study was influenced by both the positivist way of thinking that highlighted the objectivity of knowledge and the interpretivist views that highlighted the subjectivity of knowledge. This resulted in a pragmatist view being adopted

that encompassed both the positivist and interpretivist way of thinking. This necessitated the use of both quantitative and qualitative methods in the study resulting in a mixed method research. The use of a mixed method format was necessitated by the inductive and deductive nature of the objectives of the study. A cross-sectional approach and purposive and convenience sampling was used. The identified limitation of the study include the use of a non-probability sampling procedure, focusing on Gauteng Province only and the use of a cross-sectional approach which reduced the ability to analyse changes that occur over time. The next chapter presents an analysis of the collected data using the methods, processes and procedures discussed herein.

6 CHAPTER SIX: RESULTS, DISCUSSIONS AND INTERPRETATION OF FINDINGS

6.1 Introduction

This chapter presents the findings derived from the interviews that were conducted with the FM company executives, FM managers/supervisors and the directors of the client companies. The face-to-face interviews were audio-recorded and thereafter transcribed as primary data. An interpretivist approach was utilised to transcribe data. Interviewees' responses were summarised and translated into text that was supported by graphs and tables. This chapter presents the quantitative and qualitative findings derived from the interviews, the analysis of the results obtained and the discussions of the findings of this research.

As discussed in the previous chapter, data analysis involves using both quantitative and qualitative methods in what Kumar (2011) and Saunders et al. (2009) refer to as a mixed method study. Data was analysed in accordance with the following study objectives:

- To conduct a SWOT analysis of current business operational strategies utilised by FM companies.
- To determine the factors that contributes to the success or failure of the business operational strategies.
- To determine the nature and extent of FM operational strategies evaluation.
- To determine the extent to which clients of FM companies are satisfied with the business operational strategies of the FM Company that they employ.
- To make recommendations to improve the business operational strategies of FM companies.

The chapter starts with a quantitative description of the sample and then proceeds to the statistical and thematic presentation of results.

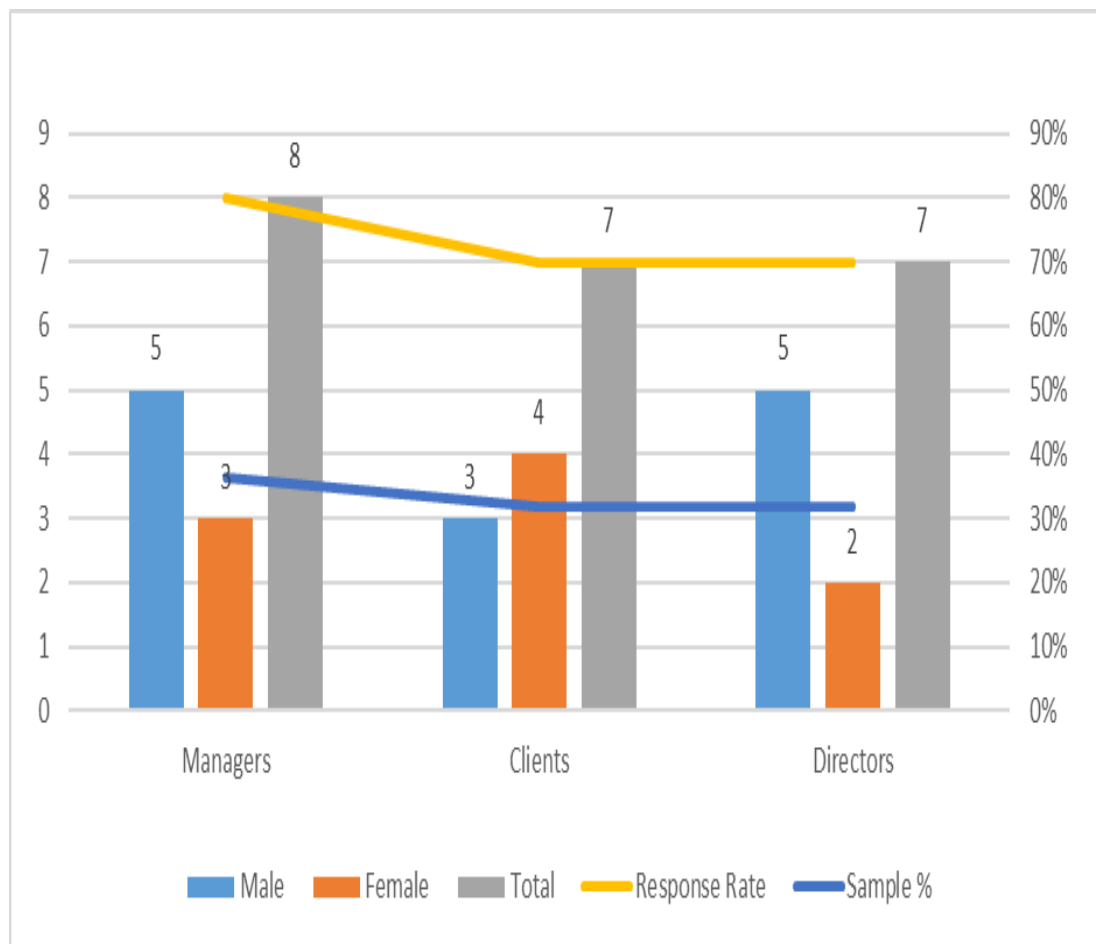
6.2 Demographic analysis

The demographic analysis section presents data on the participant's gender, race, age, professional experience and qualifications.

6.2.1 Profile of participants

Figure 6.1 below presents the statistics on the number, gender and category of research participants.

Figure 6.1: Sample Profile and Response Rate



In total, the data generating sample comprised of 22 participants out of the targeted number of 30 participants. There was an 80% response rate for the managers of FM companies as 8 out of the targeted 10 managers responded timeously. There was a 70% response rate for the clients and a 70% response rate for the directors of FM companies. The overall response rate for the study

was 73%. In total, 8 selected sample elements chose not to participate as they did not avail themselves for an interview.

The sample consisted of 8 managers of FM companies, 7 directors of FM companies and 7 directors of client companies that made use of FM services. Managers of FM companies therefore constituted 36% of the sample, directors of FM companies constituted 32% and directors of the client companies constituted the remaining 32% of the sample.

The table below provides lines on acceptable response rates for a study

Table 6.1: Guidelines of Response Rate

Guidelines of Response Rate	
Percentage	Guideline
50%	Adequate
60%	Good
70%	Very Good
80%	Excellent

Source: Babbie (2007:289)

The overall response rate for this study was 73%. Babbie (2007), classifies a response rate of above 70 % as being '*very good*'.

6.2.2 Gender

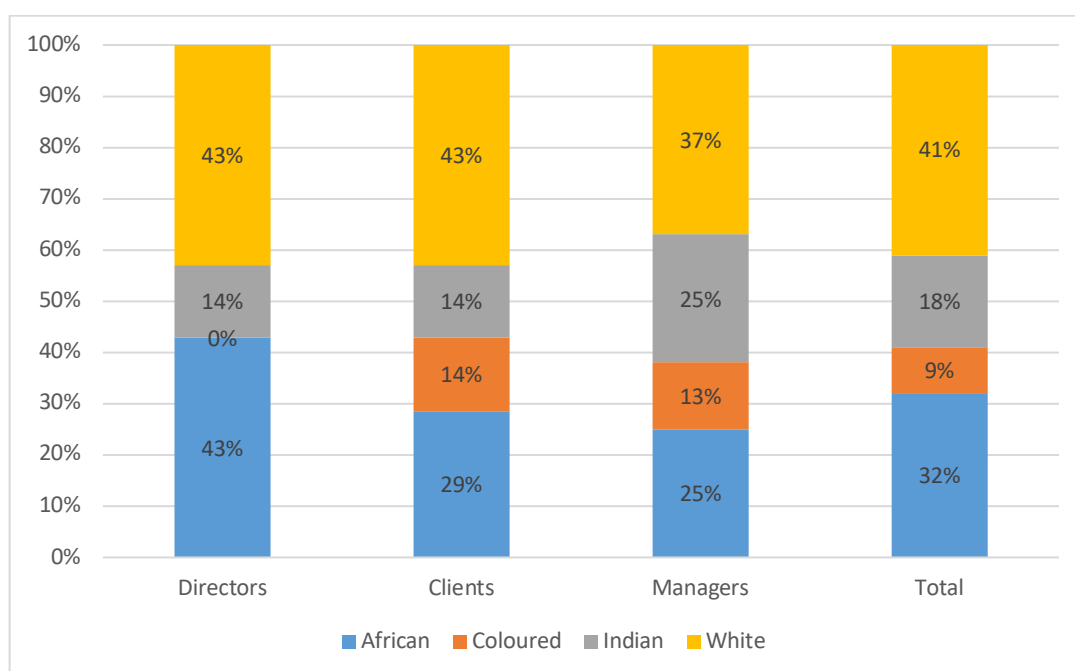
By gender, 3 of the 8 managers (38%) were female and the other 5 (62%) were male. Two of the directors (29%) were female and the other 5 (71%) were male. Amongst the client subsample, 4 (57%) were female and 3 (43%) were male. In total, 41% of the sample was female and 59% was male.

This finding indicates that the majority of managers and executives of companies operating within the FM sector are male. The FM sector therefore appears to be a male dominated sector.

6.2.3 Race

Figure 6.2 shows the racial composition of the sample.

Figure 6.2: Racial composition of sample



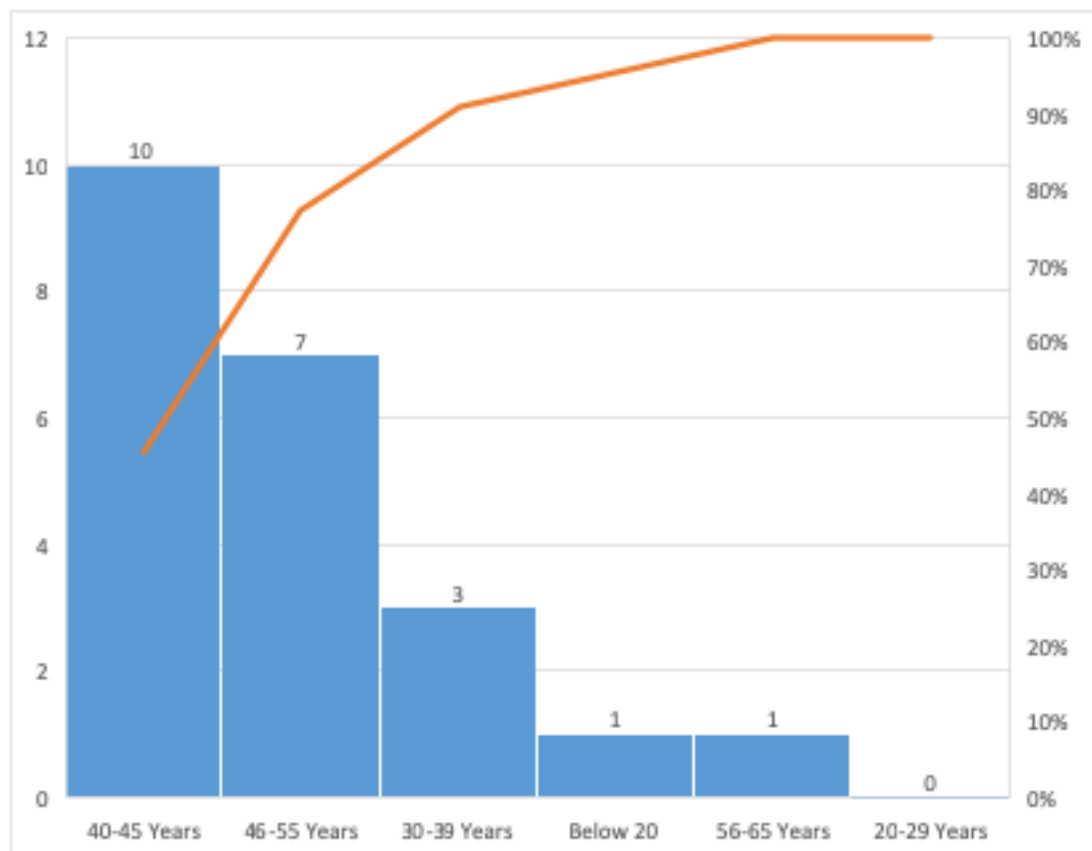
In terms of race, the total sample comprised of 41% Whites, 32% Africans, 18% Indians and 9% Coloureds. In the directors' subsample, there were 43% whites, 43% African and 14% Indian. In the clients' subsample, 43% of the participants were white, 29% African, 14% Coloured and 14% Indian.

This finding indicates that the majority of managers and executives of companies operating within the FM sector are white. The need for gender and racial parity in terms of the demographics of the country would need to be investigated.

6.2.4 Age

Figure 6.3 presents the age status of the sample.

Figure 6.3: Age of participants



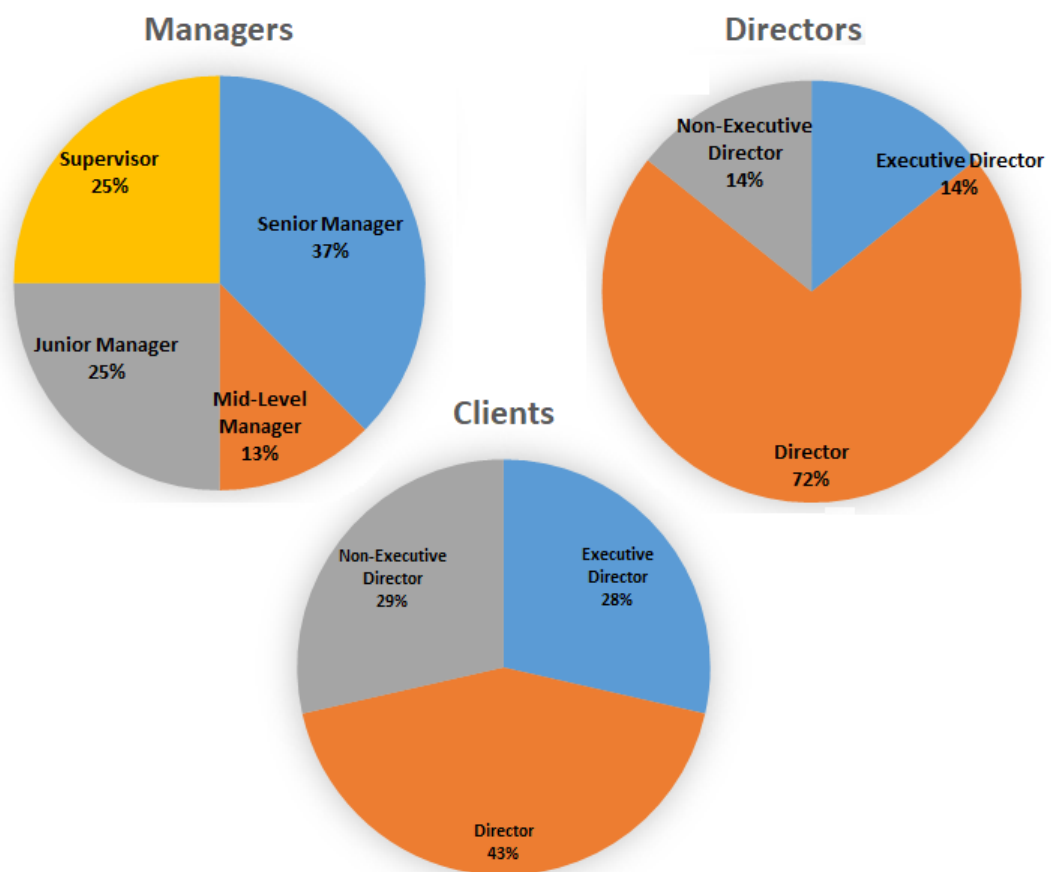
The modal age group of the sample was 40-45-years. This group comprised 45% of all participants. This group was followed by the 45-55-year age group which comprised 32% of participants, the 30-39-year group which comprised 14% of participants and the below 20 and the 56-65-year age groups which together comprised 9% of respondents. Most directors, clients and managers also fell within the 40-45-year age group.

This finding indicates that the majority of managers and executives of companies operating within the FM sector are middle aged employees.

6.2.5 Professional levels

Figure 6.4 charts below show the professional levels of the sample.

Figure 6.4: Participants Professional Levels

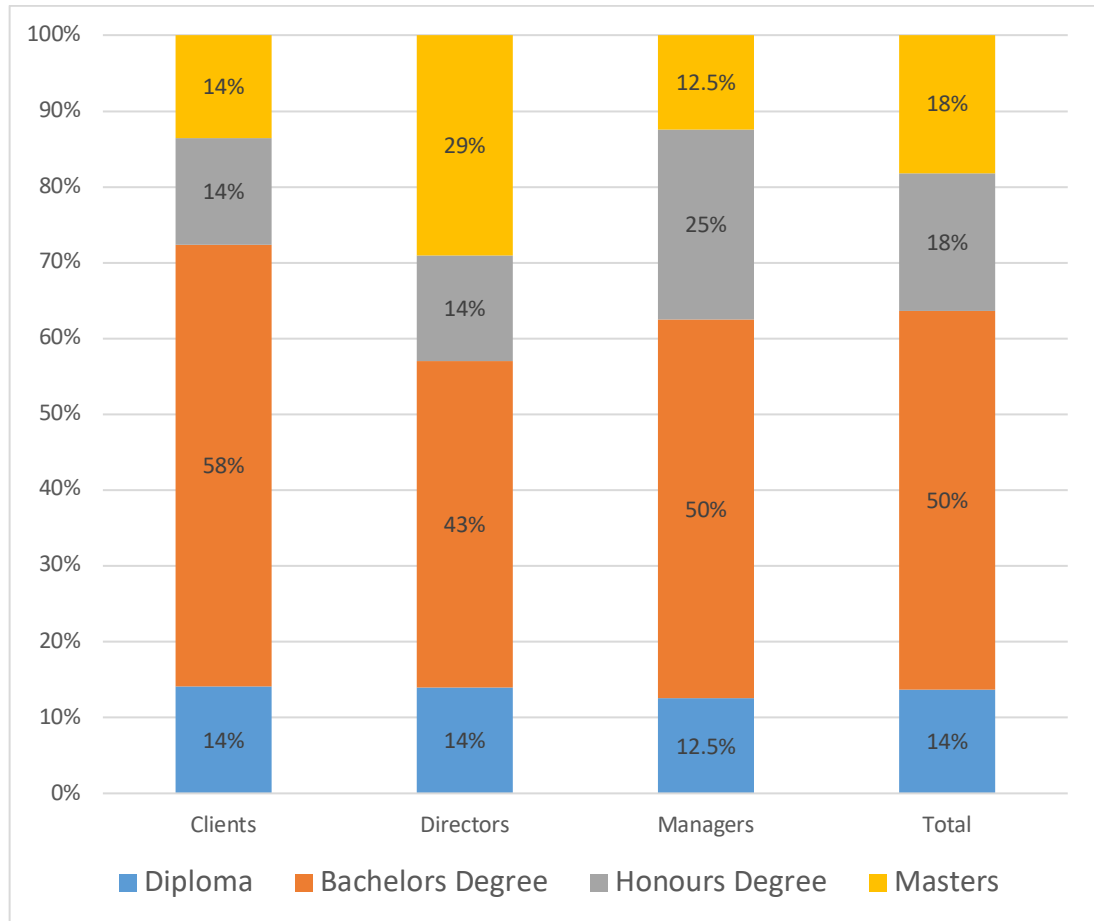


Amongst the client's subsample, 43% were directors, 29% non-executive directors and 28% executive directors. Amongst the director's subsample, 72% were ordinary directors, 14% were executive directors and the remaining 14% were executive directors. Amongst the manager's subsample, 37% were senior managers, 25% junior managers, 25% supervisors and the remaining 13% were mid-level managers.

6.2.6 Professional qualifications

Figure 6.5 shows the professional qualifications of the sample participants.

Figure 6.5: Highest professional qualification



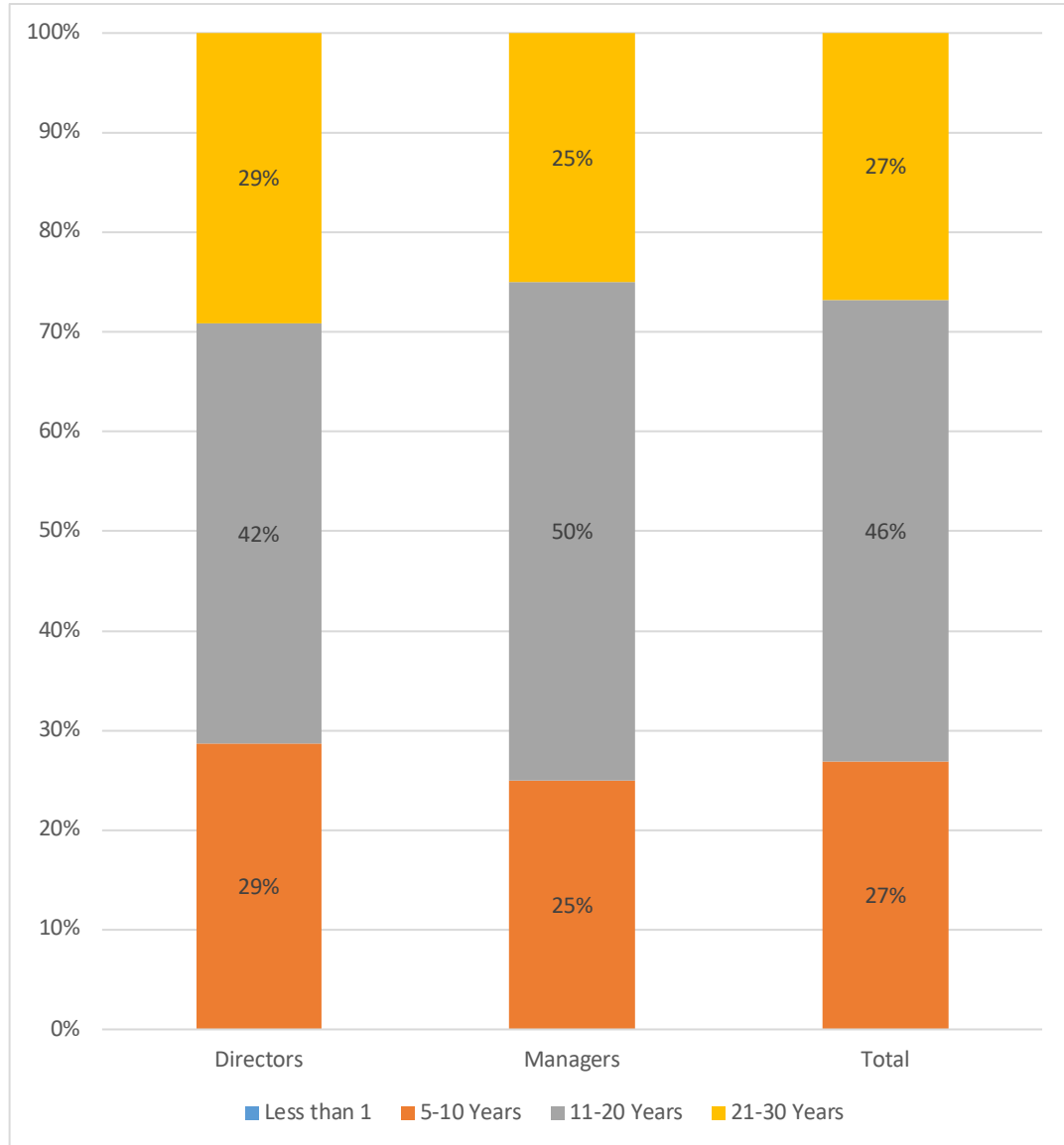
Fifty percent of the sample held bachelors' degrees as their highest academic qualifications. Whilst 18% of participants held masters degrees, a further 18% held honours degrees and the remaining 14% held diplomas.

This finding indicates that the majority of managers and executives of companies operating within the FM sector are highly qualified. Qualifications range from diplomas to Masters Degrees. It appears that qualifications are important for career advancement within the FM sector.

6.2.7 Work experience in FM

Figure 6.6 shows the sample work experience.

Figure 6.6: Work experience by years



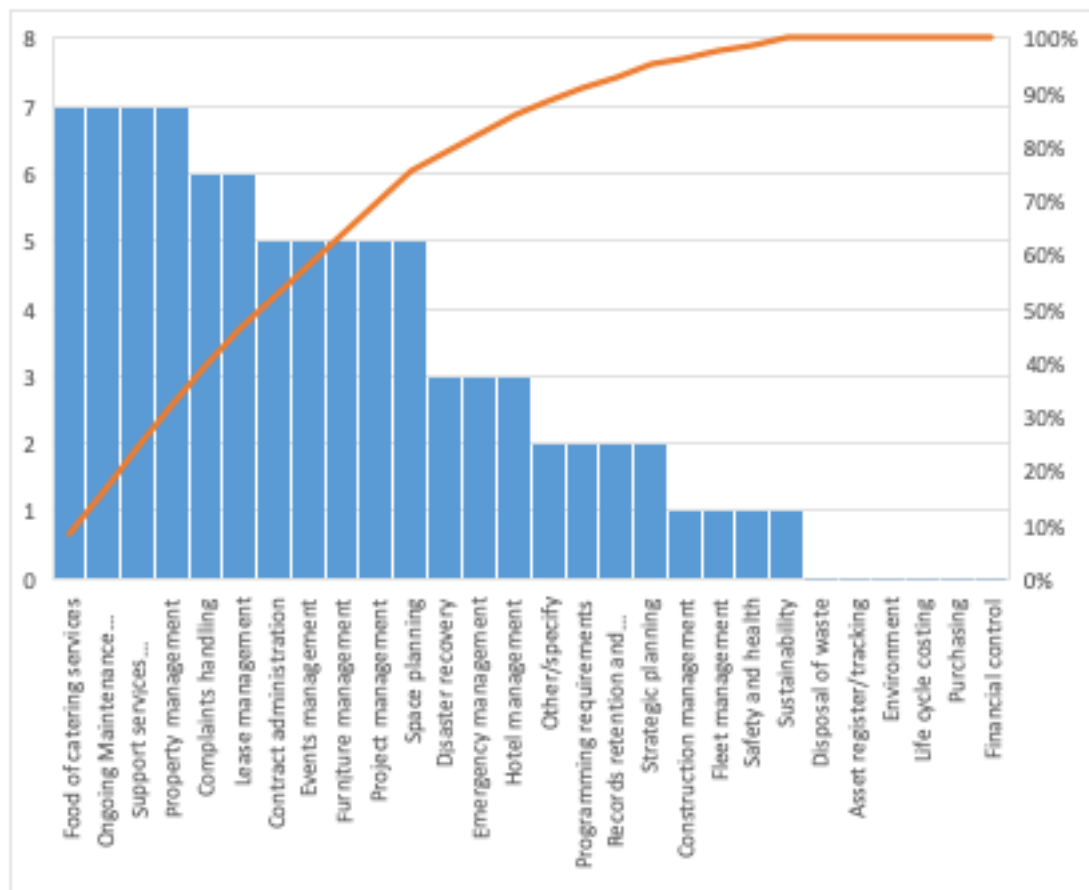
Most participants (46%) had between 11 to 20 years of working experience. Fifty percent (50%) of the managers and 42% of the directors were in this category. Twenty-nine (29%) of the directors had between 5 and 10 years' experience and a further 29% had between 21 and 30 years of working experience. Amongst the managers, 25% had between 5 to 10 years and 25% had between 21 and 30 years of experience.

This finding indicates that the majority of managers and executives of companies operating within the FM sector are highly experienced. In addition to being highly qualified, FM professionals are also highly experienced. This combination of qualifications and experience bodes well for the growth and sustainability of the FM sector in Gauteng and in South Africa.

6.2.8 FM services provided

Managers of FM companies were requested to select the types of services that their firms provided. They were requested to choose from a list of 28 services that SAFMA acknowledges is part of the FM services bouquet in South Africa. The results are shown in Figure 6.7 below.

Figure 6.7: Services provided by FM companies sampled



The most common services provided by the companies sampled were support management services, on-going maintenance services and food and catering

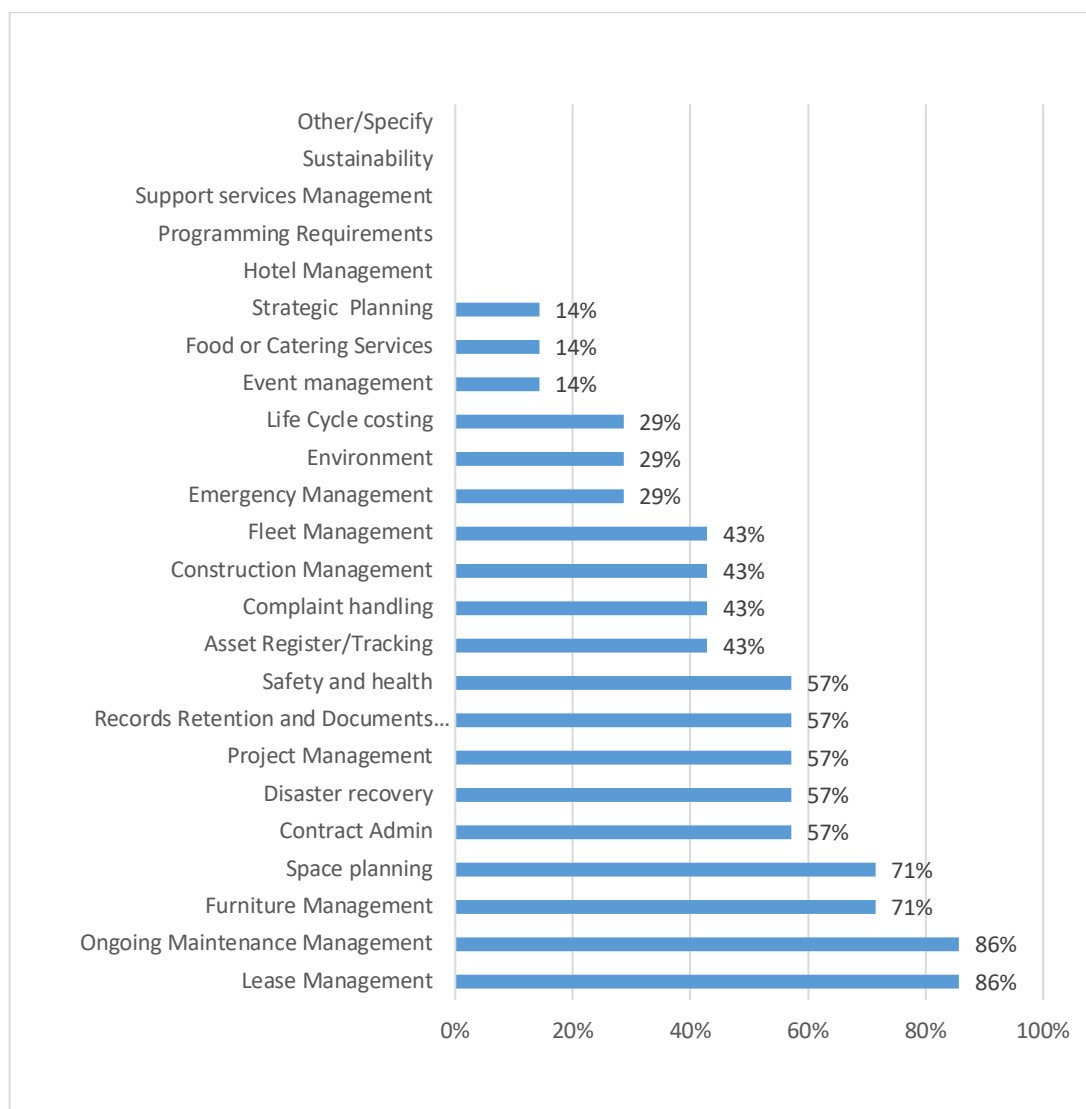
services. These services were followed by complaint handling and lease management services. None of the participants indicated that their firms provided Life Cycle Tracking and Asset Register or Asset Tracking services.

This finding indicates that the majority of FM companies offer a bundled package of services. This implies that the FM companies take over the full management of support services as part of a single contract (Bogle, 2010:50). The competitive advantage of a bundled FM service model lies in convenience and cost in that clients served by FM companies, do not need to engage several service providers, each with different contracts and modus operandi, as a single service provider is able to service their needs. It is also noted that certain companies still persist in providing a single service only.

6.2.9 FM services required by clients

Clients were requested to list the services that they outsourced to FM companies. Their responses are summarised below.

Figure 6.8: What services do companies/ organisations outsource to FM companies?

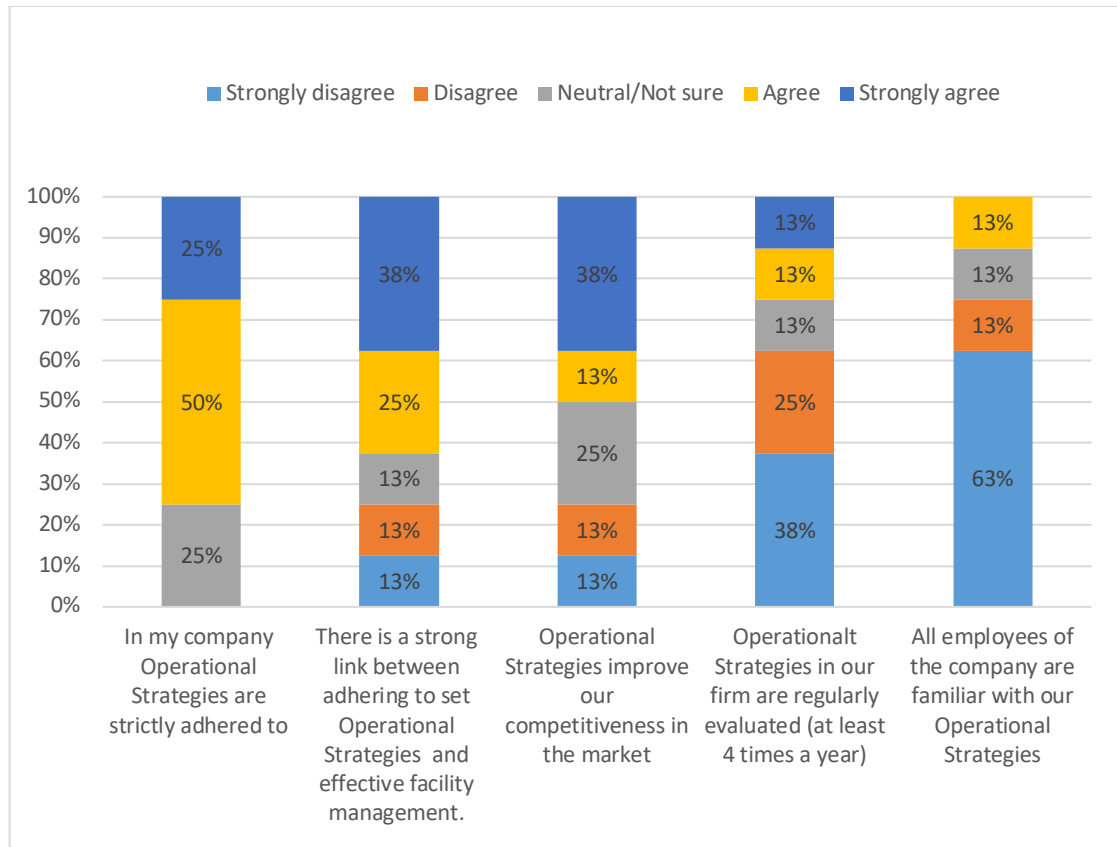


Clients indicated that the services they required the most were lease management services (86%), followed by on-going maintenance management (86%), furniture management (71%) and spatial planning (71%). The least required services were strategic planning, food and catering services and event management which was selected by only 14% of the clients. Clients therefore required services that were more operational than strategic. The services required were predominately related to the management of physical infrastructure. It is important for FM companies to note the requirements of the clients and to develop capacity to service the needs of clients in order to sustain and grow their business, thereby ensuring a competitive advantage.

6.3 Operational Strategies

To evaluate the extent to which organisations managed operational strategies, five questions were posed to managers. The responses to these questions are indicated on the graph below.

Figure 6.9: Operational Strategies



The graphical presentation above is further elucidated below.

6.3.1 Adherence to operational strategies

Managers were asked to rate the extent to which their organisations strictly adhered to set operational strategies. Fifty percent (50%) of the managers agreed that their organisations adhered to set operational strategies while 25% strongly agreed and 25% were neutral. A cumulative total of 75% of managers indicated that FM firms stuck to their set operational strategies in their day to day execution of business. This indicates that the companies have a plan of action which managers are aware of and are responsible for implementing.

6.3.2 Operational strategy and effective facilities management

The managers in the sample were presented with the statement, “There is a strong link between adhering to set operational strategy and effective facilities management”.

Thirty eight percent (38%) of the managers strongly agreed with this statement, while 25% agreed with it. Thirteen percent (13%) were neutral, 13% disagreed and the remaining 13% strongly disagreed with the statement. Managers therefore shared a common view that there was a link between operational strategy and effective facilities management.

6.3.3 Operational strategies and market competitiveness

A statement to test the relationship between operational strategies and market competitiveness was worded as follows; “Operational strategies improve our competitiveness in the market.” Thirty-eight percent (38%) strongly agreed and 13% agreed with the statement. Twenty-five percent (25%) were neutral, 13% disagreed and 13% strongly disagreed. Thus the majority of managers were positive that operational strategies can improve market competitiveness. This finding is in line with the previous finding that there is a link between operational strategy and effective facilities management.

6.3.4 Operational strategy evaluation

This question sought to assess the extent to which operational strategies were regularly evaluated to assess their effectiveness. Thirty eight percent (38%) strongly disagreed, 25% disagreed, 13% were neutral, 13% agreed and 13% strongly agreed. The majority of managers disagreed with the statement implying that operational strategies were not regularly evaluated - regular being defined as at least 4 times per year or once per business quarter. This finding indicates that FM companies are not regularly reviewing their operational strategies. If companies do not review their operational strategies

then they would not be able to effectively cater for their clients' needs which will negatively impact on their ability to gain a competitive advantage.

6.3.5 Employee familiarity with company strategy

To test if the employees from FM organisations were familiar with the operational strategies formulated and implemented by their organisations, managers were requested to rate the statement, "All our employees are familiar with our operational strategies." Sixty three percent (63%) strongly disagreed, 13% disagreed, 13% were neutral, and 13% agreed. It is concerning that no managers agreed with the statement. This finding highlights the view that not all employees in FM organisations are fully aware of the operational strategies employed by their companies. This is a cause for concern as if employees do not understand the operational strategies of their company, then how would they be able to effectively implement the strategies. This may have a negative impact on the competitive advantage of the company.

6.4 SWOT Analysis

In a further attempt to assess the effectiveness of operational strategies and how they affected the performance and competitiveness of FM companies, managers and directors of FM companies were requested to do a SWOT analysis of their organisations. Clients were asked to do a SWOT analysis of the FM businesses that serviced them. The tables below shows their responses.

6.4.1 Strengths

Table 6.2 shows the strengths that were identified by the sampled elements.

Table 6.2: Strengths relating to Operational Strategies

Strengths	Managers	Directors	Clients	Mean	Std Dev
SAFMA membership and a positive reputation	50%	57%	86%	64%	0,19
Strong brand reputation (national and local)	38%	43%	71%	51%	0,18
A high BBBEE rating	25%	71%	43%	46%	0,23
Pricing advantages	50%	57%	14%	40%	0,23
Intact operational policies, systems and processes	63%	57%	0%	40%	0,35
Knowledge of latest operational technologies	38%	57%	0%	32%	0,29
Diverse workforce	38%	57%	0%	32%	0,29
Experience with dealing with government contracts	50%	43%	0%	31%	0,27
Highly skilled workforce that can execute operational strategy	50%	29%	14%	31%	0,18
National presence - or presence in more than 1 province	38%	43%	0%	27%	0,23
Offering a wide variety of services	25%	29%	0%	18%	0,16

Respondents indicated that the reputation of an organisation was one of the most important strengths in the FM sector. A mean of 64%, with a standard deviation of 0.19 was achieved on this factor.

Using the mean of the responses, it emerged that the sample valued being part of a reputable local or international brand as a major strength. It had the mean of 51% and a standard deviation of 0.18. Clients indicated that they greatly valued brand reputation which had a mean of 71%.

The other highly valued and commonly shared strength was pricing advantages with a mean of 40%. Managers and directors believed that this was a major strength that their companies possessed. Clients were sceptical about this factor with only 14% indicating that FM businesses had pricing strengths.

The least valued strengths were national presence and offering a wide variety of services. Clients did not view these factors as important in their selection of a services provider.

6.4.2 Weaknesses

Table 6.3 below shows the weaknesses that were identified by the sampled elements.

Table 6.3: Weaknesses

Weaknesses	Managers	Directors	Clients	Mean	Std Dev
Low involvement of executive management in operations	50%	57%	57%	55%	0,04
Compliance challenges especially with equity laws e.g. EE Act and BBBEE Act	75%	71%	14%	54%	0,34

Operational strategies mismatch with business strategy	50%	71%	0%	40%	0,37
No known operational strategy document	50%	57%	0%	36%	0,31
Evaluation of operational strategies not regularly done	63%	29%	0%	30%	0,31
Low adoption of latest operational technologies	25%	14%	14%	18%	0,06
Staff not well-versed with operational strategies	25%	0%	0%	8%	0,14

The weaknesses with the highest scores were low involvement of executive management in operations followed by compliance-related challenges with mean scores of 55% and 54% and standard deviations of 0.04 and 0.34 respectively. Weaknesses that ranked lowest were low adoption of latest operational technologies and staff not being well-versed with operational strategies. This means that these weaknesses were shared by fewer sample elements and were not regarded as being critical weaknesses.

6.4.3 Opportunities

Table 6.4 shows the opportunities that were identified by the sampled elements.

Table 6.4: Opportunities

Opportunities	Managers	Directors	Clients	Mean	Std Dev
Increasing floor space for all types of facilities in S.A.	75%	86%	57%	73%	0,14
New technologies increase operational span in terms of services, processes	63%	86%	57%	68%	0,15
Organisations realising the need to outsource FM services	50%	71%	71%	64%	0,12
Increasing government contracting of small firms - Preferential Procurement Policy	38%	71%	71%	60%	0,20
The existence of a wide array of operations that a firm can venture into	75%	71%	29%	58%	0,26
Expansion into the Southern African market as SA services are highly rated there	50%	57%	0%	36%	0,31

The opportunity with the highest mean score was increasing the floor space in South Africa due to continued infrastructure development. This factor had a mean score of 73% and a standard deviation of 0.14. This was followed by increasing technology and the increasing realisation of the need to outsource FM services. The opportunities with the least scores were the existence of a wide array of operations that a firm can venture into and expansion into the Southern African market.

6.4.4 Threats

Table 6.5 shows the threats that were identified by the sampled elements.

Table 6.5: Threats

Threats	Managers	Directors	Clients	Mean	Std. Dev
Increasing operational costs could encourage an increase in in-house facilities management	75%	86%	100%	87%	0,13
Declining economic environment threatens operational viability	88%	71%	71%	77%	0,09
Increasing competition due to unrestricted market entry	75%	71%	71%	73%	0,02
Potential loss of business from farming clients given land repossession threats	63%	57%	71%	64%	0,07
Labour unrest, strikes, sit ins due to regular employment benefits disagreements	50%	71%	57%	60%	0,11
Preferential Procurement Policy threatens large, traditional firms as they are less preferred suppliers	50%	71%	29%	50%	0,21

Negative effects of crime on operations	50%	43%	57%	50%	0,07
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The most widely shared threat amongst the study's participants is the view that increasing costs could encourage clients to provide in-house FM services. This had a mean score of 80% and a standard deviation of 0.13. This view was shared by all the clients (100%). The next most common threat was the threat of low business viability owing to declining economic growth which had a mean score of 77% and a standard deviation of 0.09. Other threats included increasing competition, labour unrest, preferential procurement policies and crime.

The belief that in-house services by clients is the greatest threat to the survival and sustainability of the FM industry highlights the need for FM companies to price their services competitively and to provide a high quality of service that makes them indispensable to the success of their clients.

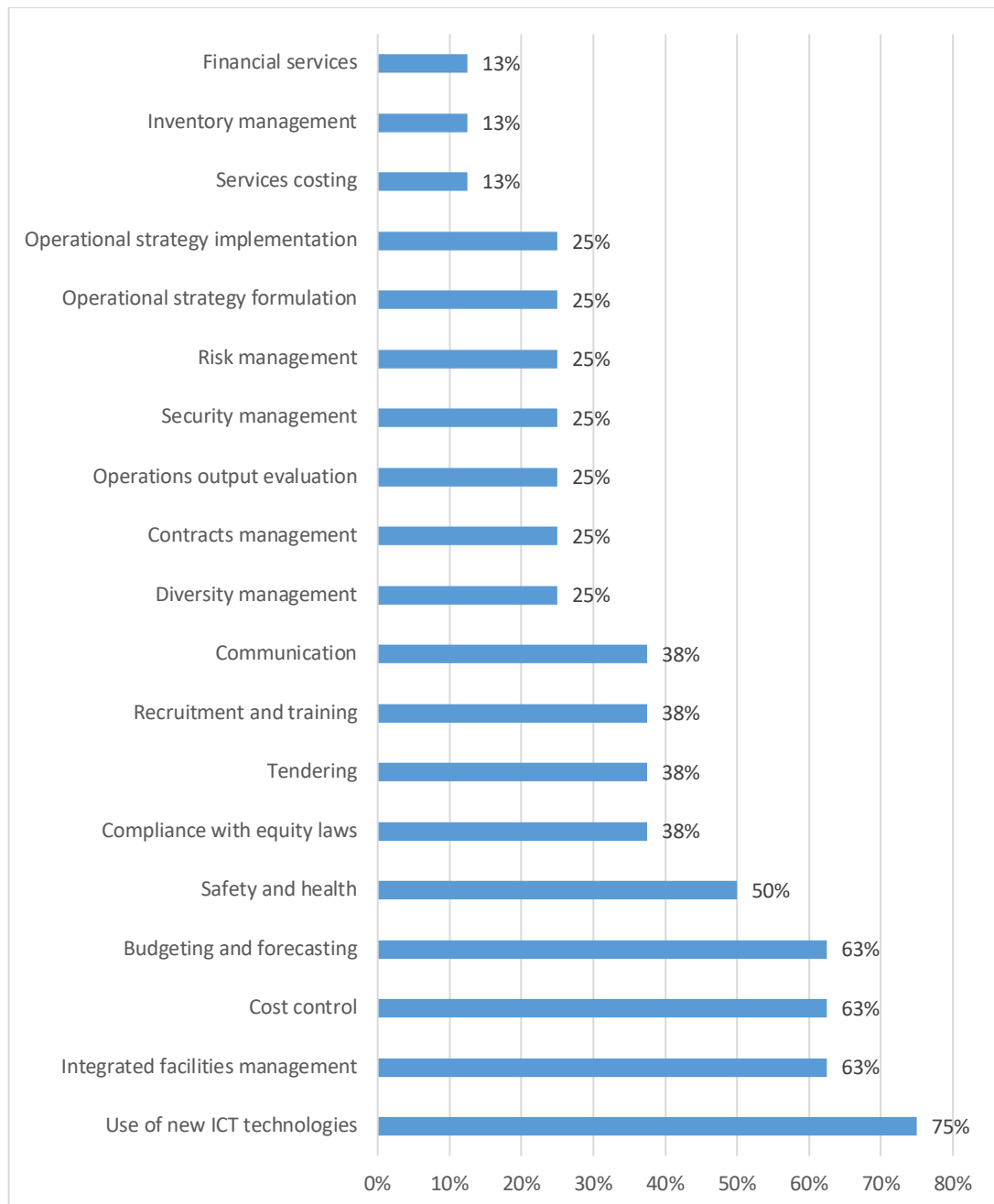
6.5 Training and capacity building

This section presents results relating to training and capacity building in FMs.

6.5.1 Training needs

Participating managers were presented with a set of questions that related to the training and capacity building requirements within FM companies. Training needs that were identified are shown in figure 6.10.

Figure 6.10: Training needs in FM companies



The training need with the highest frequency (75%) was the need to learn the use of new ICT-related technologies that are becoming a common aspect within the FM industry. This need was followed by integrated facilities management, cost control and budgeting and forecasting, all of which had a 63% frequency. Thirty-eight percent (38%) of the managers also listed the following as important training areas: compliance with equity laws, tendering, recruitment and communication. Twenty-five percent (25%) of the managers

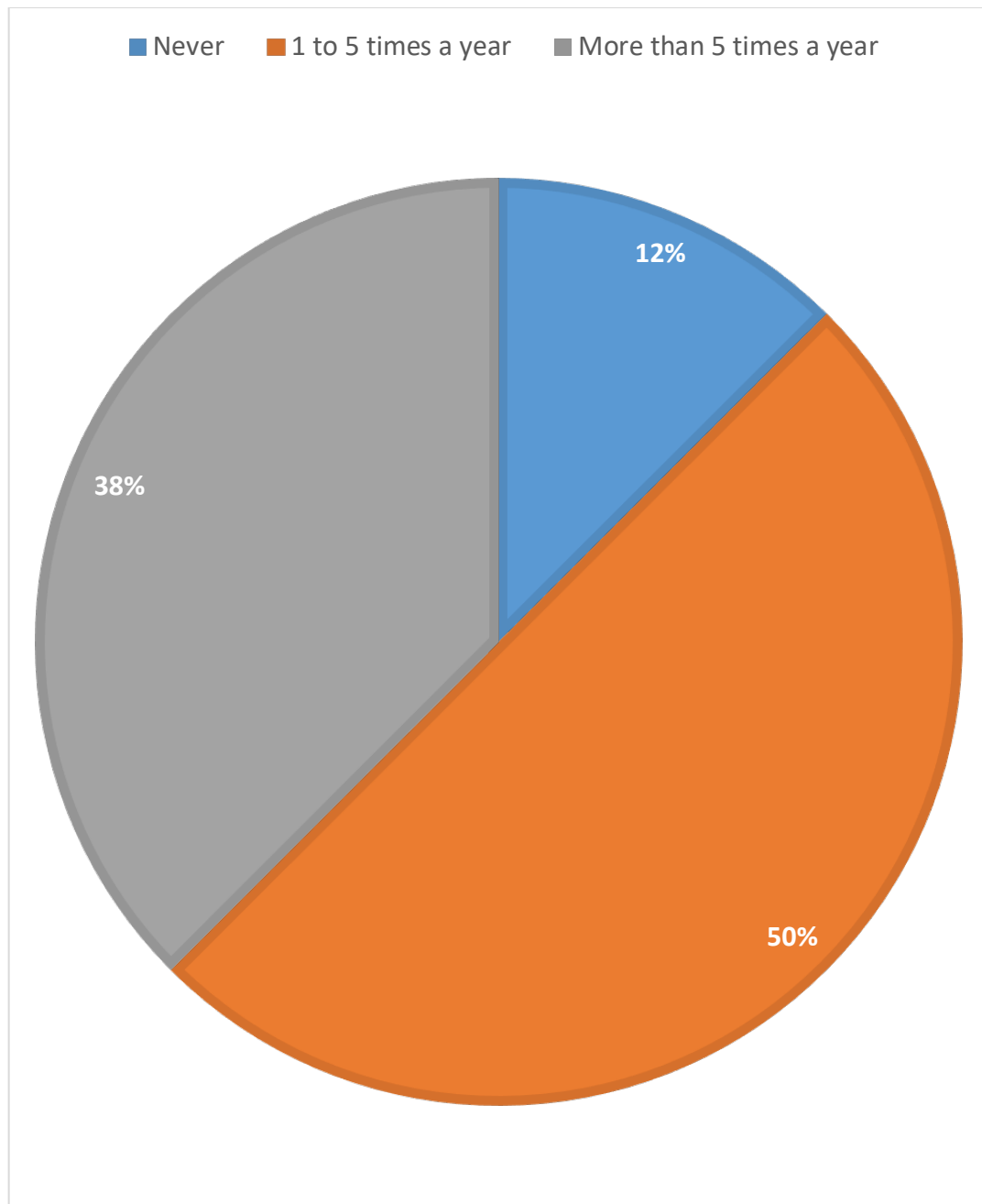
listed diversity management, contracts management, operations output evaluation, security management, risk management, operational strategy formulation and operational strategy implementation as areas where training and capacity building was needed. Thirteen percent (13%) of the managers listed services costing, inventory management and financial services as important training areas. The last three areas were areas that the managers felt comfortable with and which required the least training.

The ability to use new ICT technologies was the most pressing training need. FM companies must therefore implement a training program for their employees to capacitate them in the use of ICT technologies.

6.5.2 Training frequency

Managers were questioned about the frequency with which they were trained. The results from the question are shown in Figure 6.11

Figure 6.11: How often do you receive training?

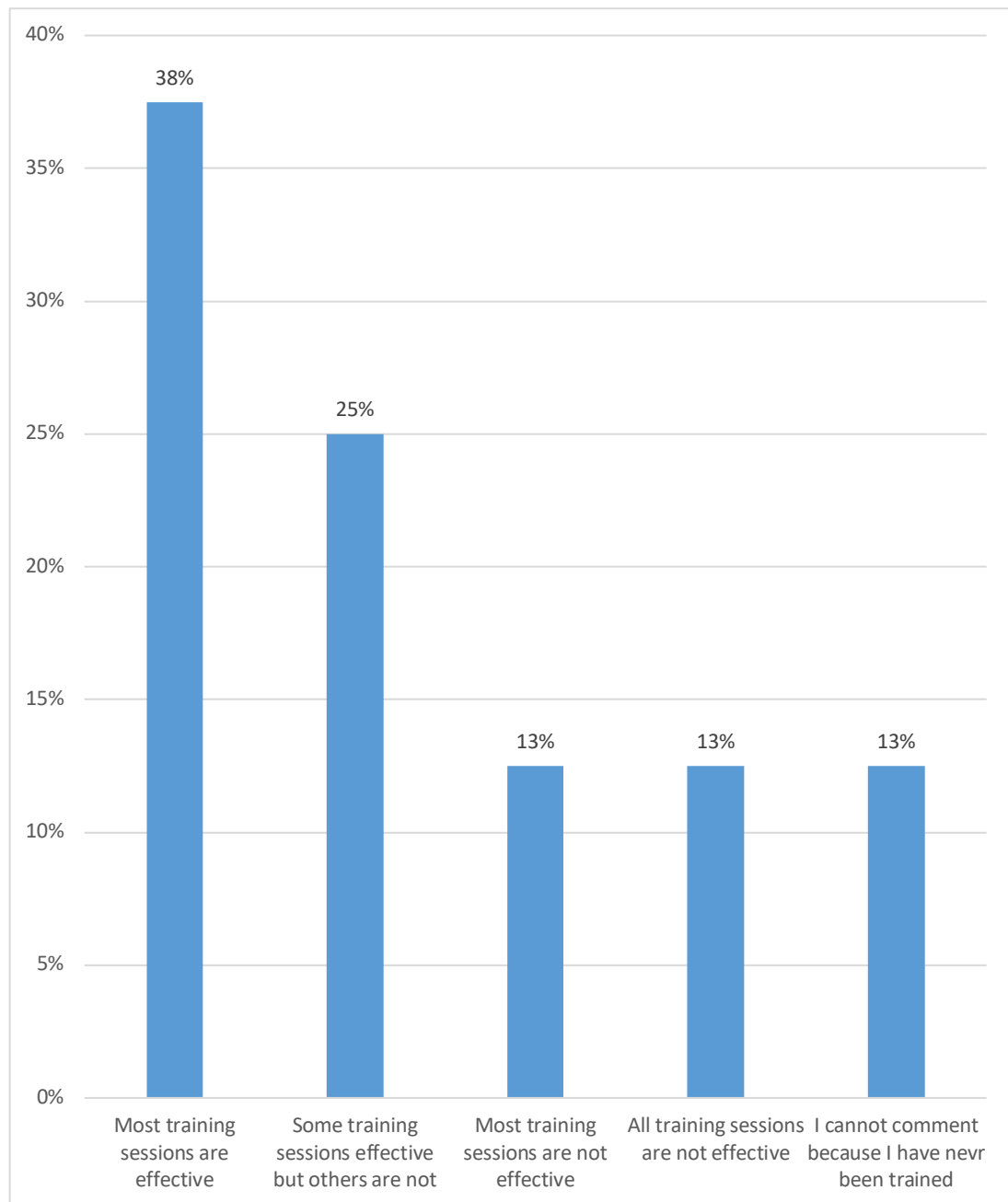


Fifty percent (50%) of the sampled managers received training one to five times a year. Thirty-eight percent (38%) received training more than five times a year and 12% never received any training. The majority of managers are receiving training. However it is a concern that 12% of managers did not receive any training at all.

6.5.3 Training effectiveness

Managers held different views on the extent to which their training was effective in operational strategy management execution and evaluation. These views were coded into four main categories as illustrated in the graph below.

Figure 6.12: Comment on the nature and the effectiveness of the training received



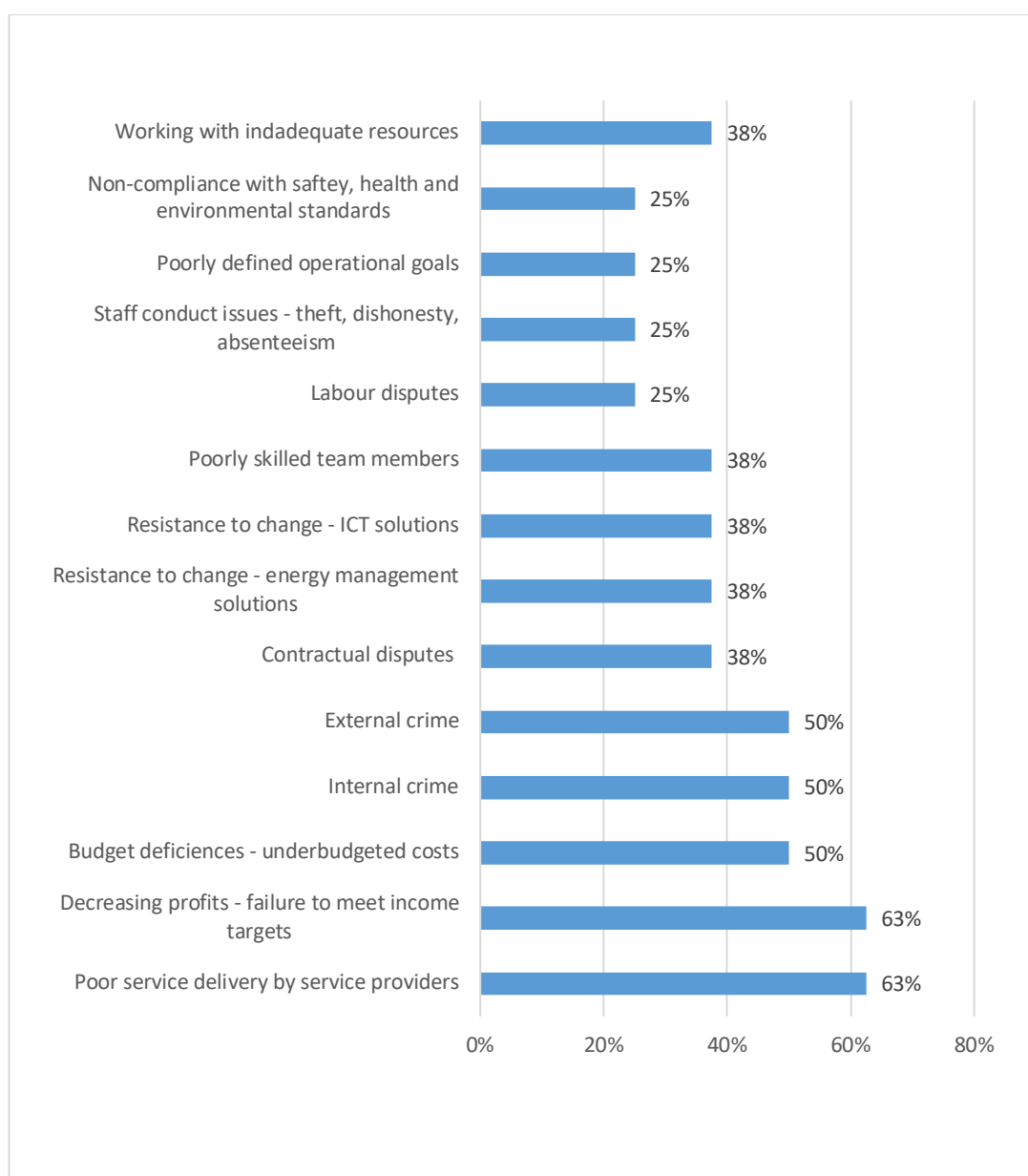
Twenty-five percent (25%) of the managers were of the view that training effectiveness was not consistent as some training was effective and others were not. Thirty-eight percent (38%) felt that training offered to FM managers was effective in enabling them to execute their operational managerial duties and responsibilities. Thirteen percent (13%) commented that most training sessions were not effective and a further 13% stated that all training sessions were not effective. One manager stated that she/he could not comment on training effectiveness because she/he had never received any training. Whilst the majority of managers did feel that training was effective, it is concerning that some managers did not view the training received as being effective.

Training must be purpose driven in that it must capacitate employees to carry out their work functions with a greater degree of efficiency. Thus FM companies should relook at their training programmes and should implement regular training for all staff, with the purpose of improving the efficiency of employees and creating a competitive advantage for the company.

6.6 Daily operational challenges

Managers were requested to list the daily challenges they faced in executing their managerial roles and responsibilities. Figure 6.13 below illustrates their responses.

Figure 6.13: Challenges faced by Facility managers / supervisors

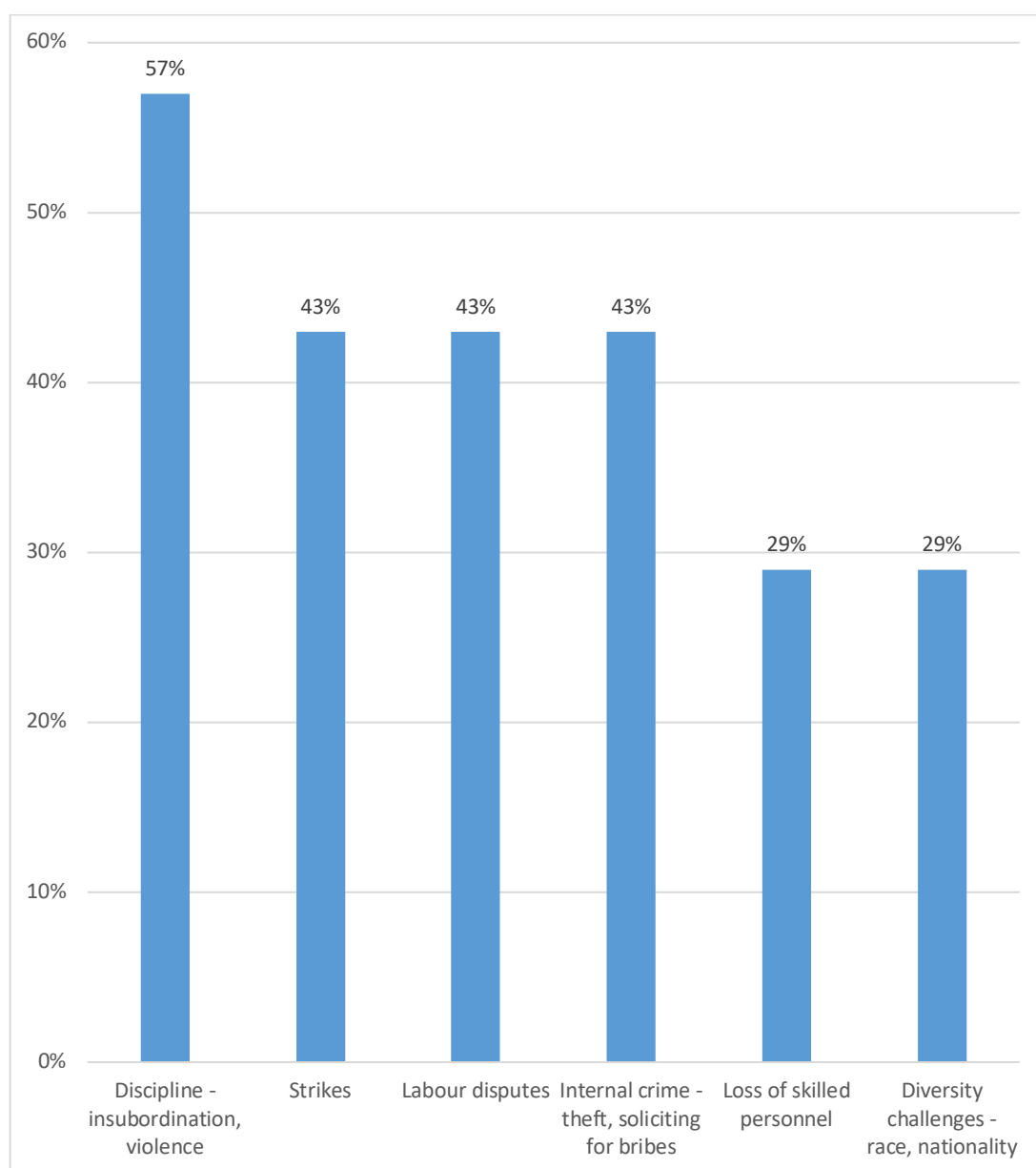


The responses of the managers indicate that the most common challenges faced are poor service delivery by service providers and decreasing profit margins. This indicates the need for FM companies to develop capacity amongst their internal staff so as to avoid employing outside service providers.

This would also help to increase their profit margins as they would not need to pay outside service providers.

Directors were also requested to provide a list of challenges they faced when dealing with employees, service providers, clients and regulation.

Figure 6.14: Challenges that you as an FM company experience with employees

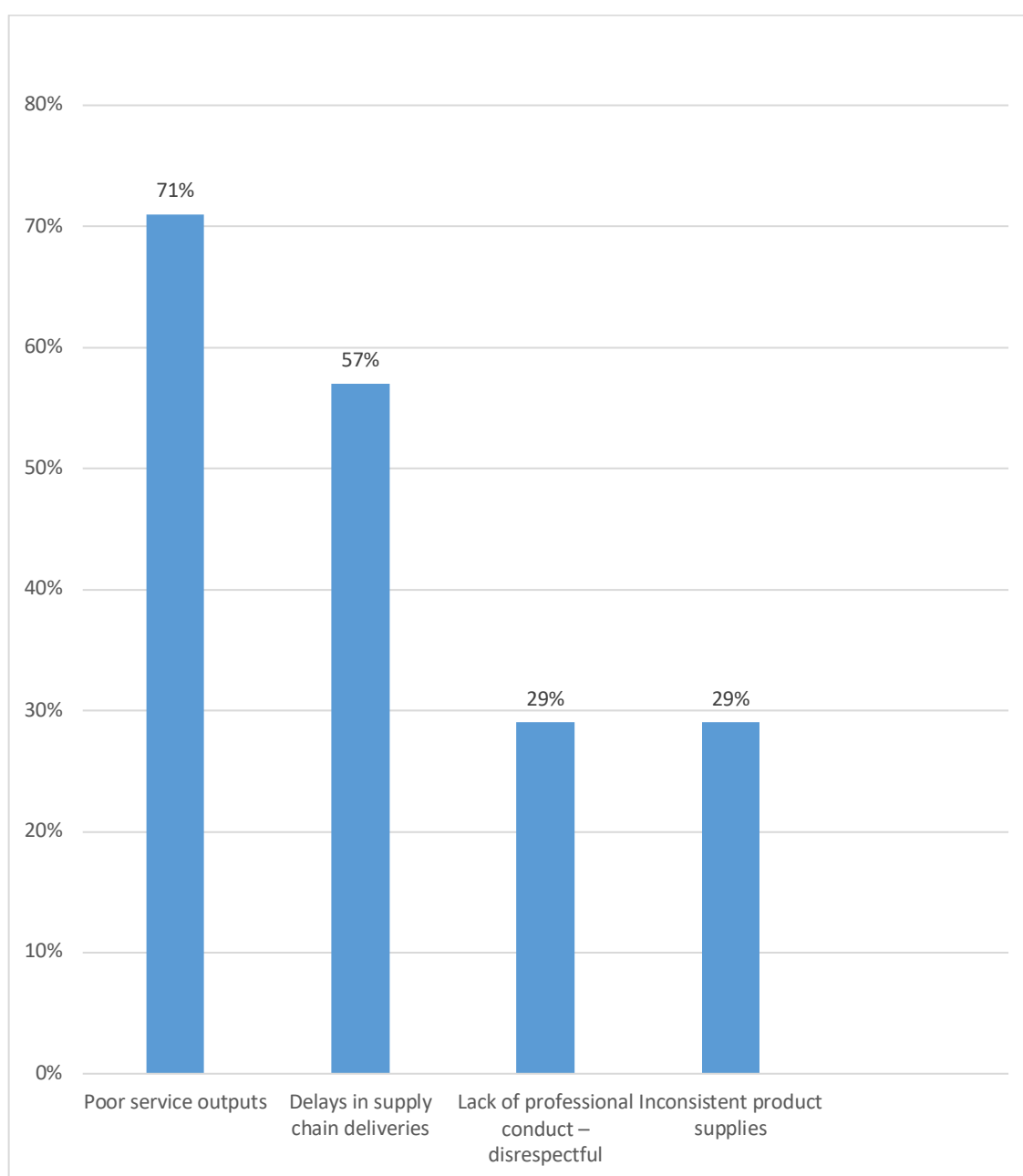


In the sample, 57% stated that their major challenge with staff was indiscipline, insubordination and violent behaviour, 43% mentioned strikes, another 43%

labour disputes and internal crime. Twenty-nine percent (29%) mentioned loss of skilled labour and diversity-related challenges as major staff-related problems.

The directors also responded on challenges they faced when dealing with service providers and these are shown in Figure 6.15 below.

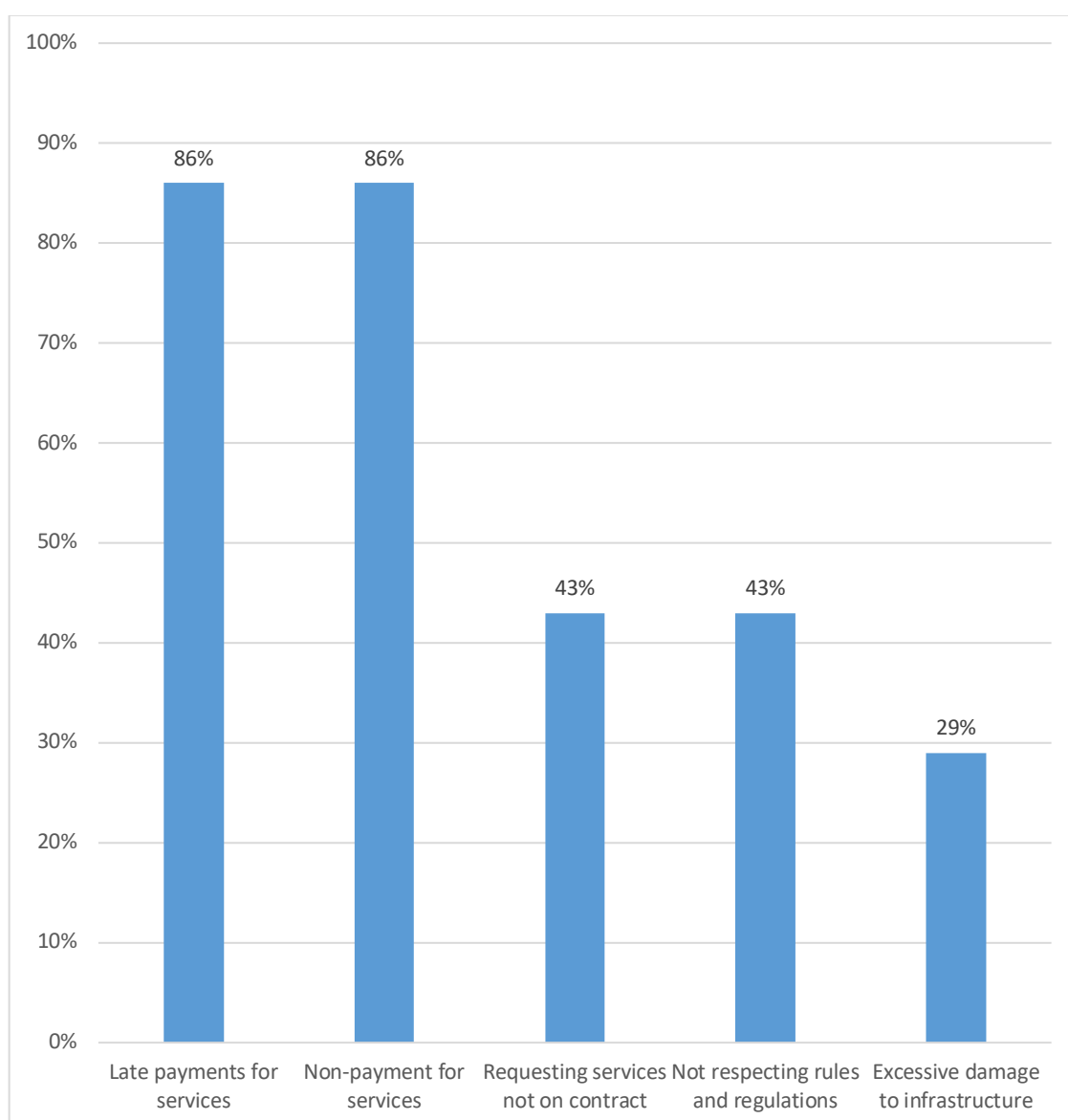
Figure 6.15: Challenges that you as an FM company experience with service providers



From the director's sample, 71% cited poor quality service outputs as a major problem they got from service providers. Another 57% mentioned delays along the supply chain, 29% lack of professional conduct and 29% inconsistency in product supplies.

Directors of FMs also indicated that they faced some problems when dealing with clients. The chart below captures these.

Figure 6.16: Challenges that you as an FM company experience with clients

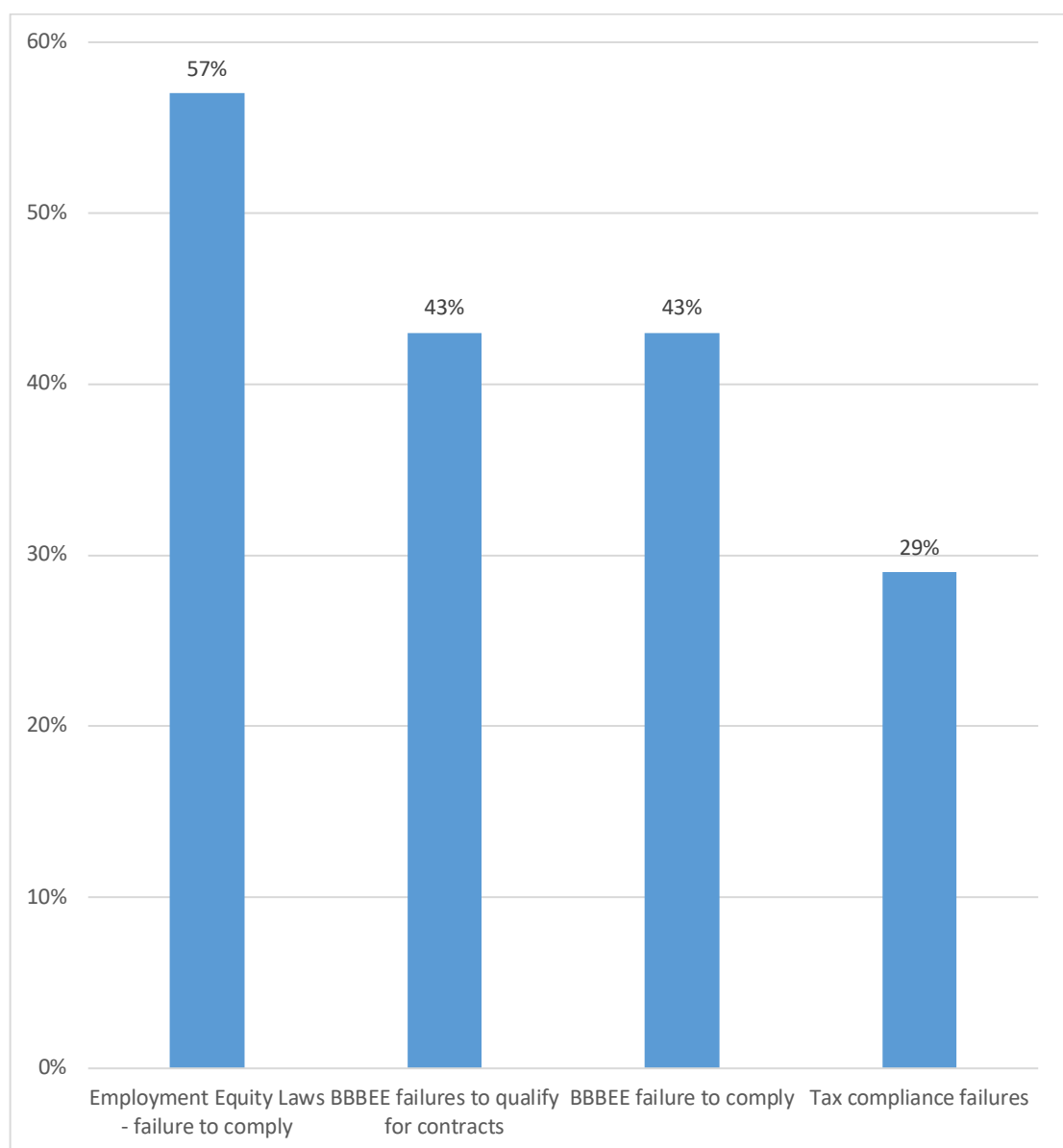


Eighty-six percent (86%) mentioned late payments for services and another 86% non-payment for rendered services. Forty-three percent (43%) stated

clients often demanded services that were not on their contracts and another 43% said that clients often failed to observe rules and regulations that were agreed upon in service contracts.

FM directors also faced challenges relating to industry and business regulations.

Figure 6.17: Challenges that you as an FM company experience with regulations



Fifty-seven percent (57%) cited compliance with equity laws as their major challenge, 43% mentioned BBBEE regulations in relation to the failure to qualify for certain contracts and another 43% mentioned general BBBEE compliance as a challenge. Twenty-nine percent (29%) mentioned challenges in complying with tax laws.

Table 6.6 below further summarises the above responses.

Table 6.6: Challenges that you as an FM company experience with employees, service providers, clients and regulation

Staff	
Discipline - insubordination, violence	57%
Strikes	43%
Labour disputes	43%
Internal crime - theft, soliciting for bribes	43%
Loss of skilled personnel	29%
Diversity challenges - race, nationality	29%
Services providers	
Poor service outputs	71%
Delays in supply chain deliveries	57%
Lack of professional conduct – disrespectful	29%
Inconsistent product supplies	29%
Clients	
Late payments for services	86%

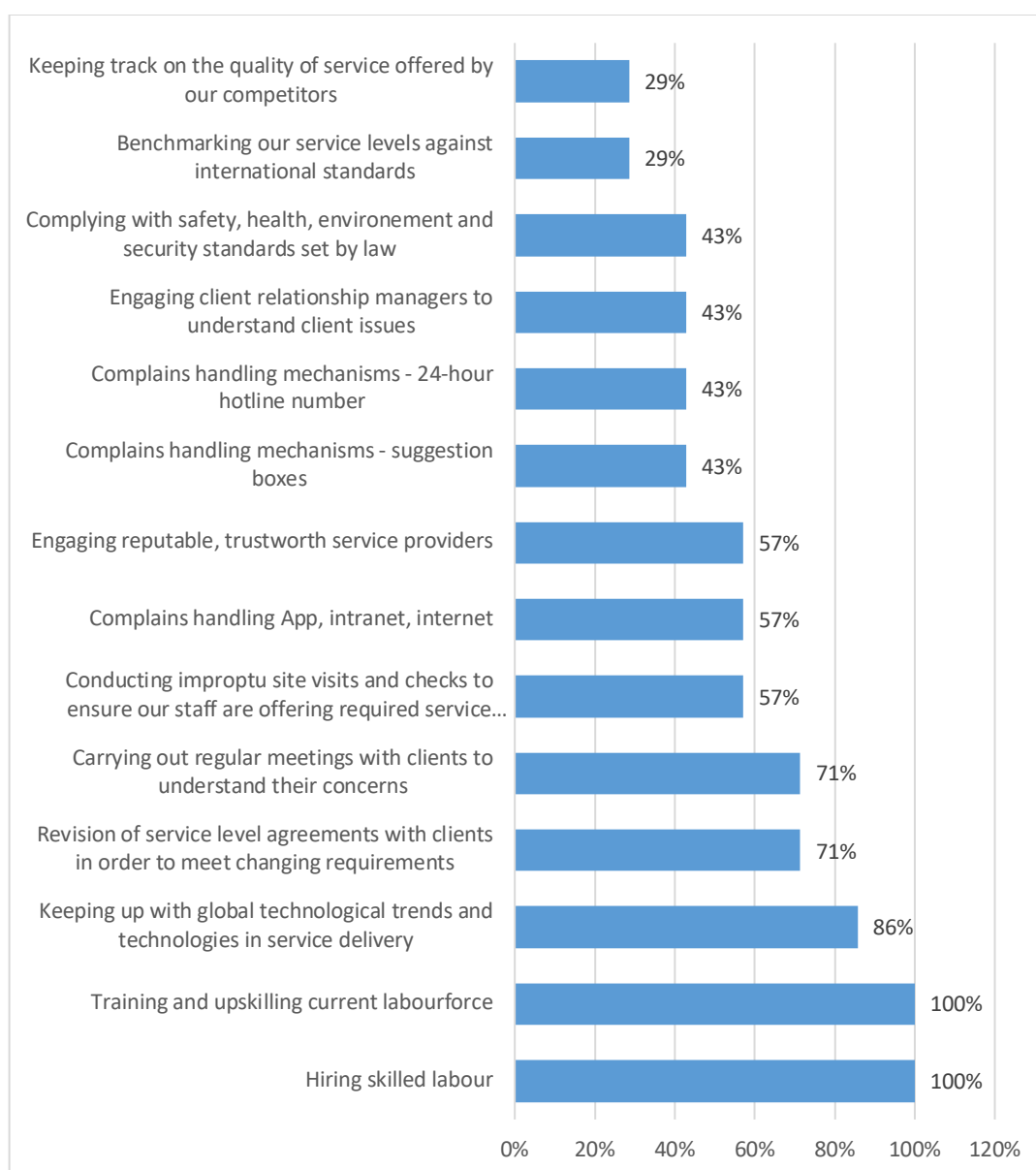
Non-payment for services	86%
Requesting services not on contract	43%
Not respecting rules and regulations	43%
Excessive damage to infrastructure	29%
Business regulation	
Employment Equity Laws - failure to comply	57%
BBBEE failures to qualify for contracts	43%
BBBEE failure to comply	43%
Tax compliance failures	29%

The responses of the directors indicate that the most common staff-related problems were staff insubordination and labour conflicts such as strikes. The most common challenges with service providers were poor quality service and lack of reliability in delivery while the major challenges with clients were related to the timeous payment of agreed fees. The directors also faced challenges in managing and complying with equality-related legislation.

6.7 Steps to improve service offerings

The directors were requested to explain the steps that they were taking to improve service offerings. Figure 6.18 below illustrates their responses.

Figure 6.18: Steps taken by company to improve its service offerings



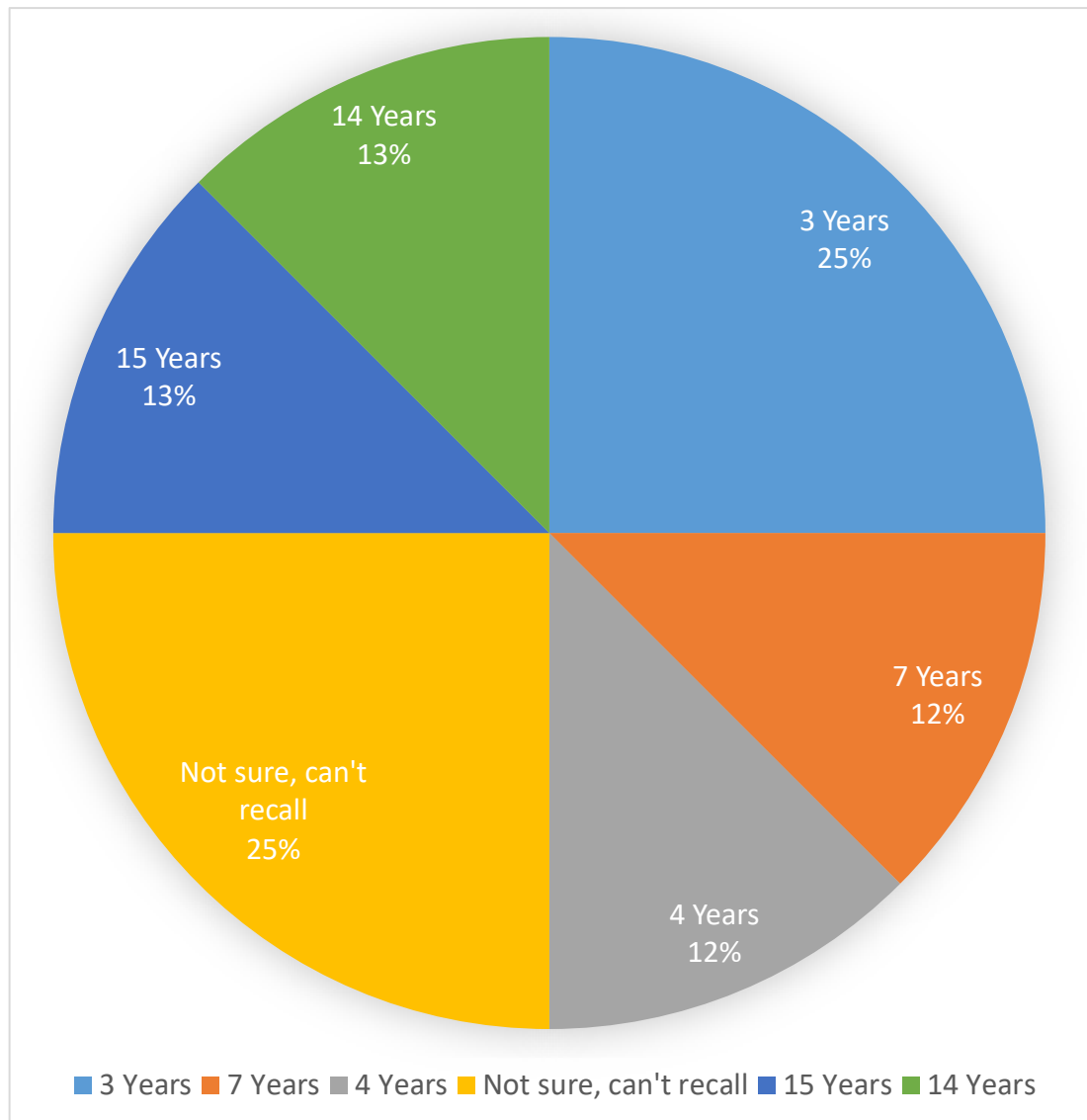
All the directors (100%) stated that they were hiring skilled labour and training and up skilling the current labour force as a way of improving the service offerings of the company. Eighty-six percent (86%) said they were keeping up with global technologies while 71% said they were conducting regular meetings with clients and were also revising service level agreements to ensure that they were in line with clients' expectations. Overall, directors indicated that they were concerned with improving their current service offerings and were engaging a variety of strategic and operational options to achieve this.

6.8 Client concerns

This section highlights the findings that emerged from the clients' responses to questions posed to them.

6.8.1 FM engagement history

Figure 6.19: How long have you been using the services of an FM company



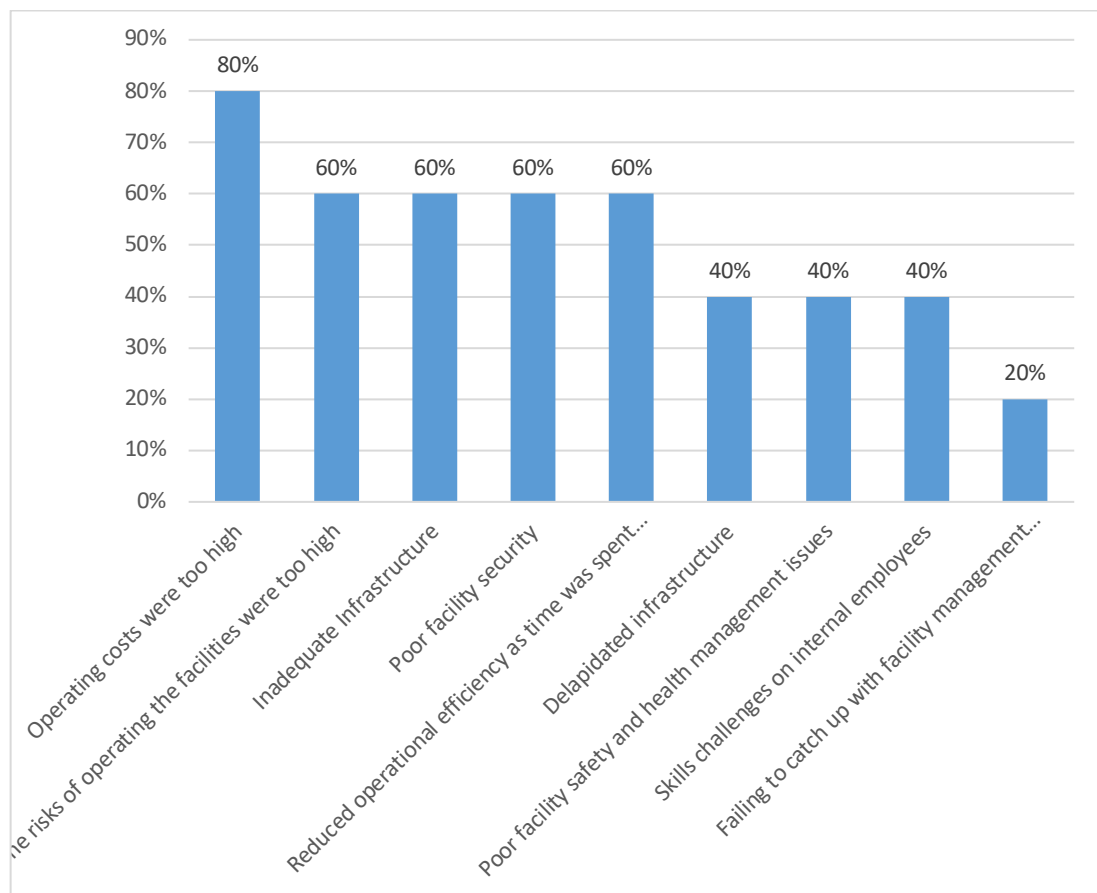
Twenty percent (25%) of the clients indicated that they cannot recall when they started outsourcing FM service and 25% stated that they began outsourcing 3

years ago . Thirteen percent had outsourced FM services for 15 years, 12% for 4 years, a further 12% for 7 years and 13% had been outsourcing FM services for 14 years. The results show that the FM industry has been servicing clients for a relatively long period. Clients were also asked to elaborate on how the facility was managed prior to them employing the FM Company. Twenty nine percent (29%) indicated that they did not know and 71% stated that they made use of in-house services.

6.8.2 Challenges with in-house services

The 71% of clients, who had previously utilised in house services, listed the various challenges that they encountered. These challenges are illustrated in Figure 6.20 below:

Figure 6.20: Challenges faced with in-house services



Eighty percent (80%) of the respondents, who were able to recall the pre-outsourcing era, cited high operational costs as one reason for outsourcing FM services. Other reasons were the high risks associated with operating the facilities, inadequate infrastructure for conducting business, facilities were too insecure and prone to criminals and reduced operational efficiency as time was spent on housekeeping of the facility. Forty percent (40%) of respondents also indicated that prior to engaging an external FM company; they struggled with operating dilapidated infrastructure, safety and health issues relating to the facilities and did not have adequate skills to run the facilities. Twenty percent (20%) stated that they were failing to keep up with new facilities management technologies such as biometric systems, closed circuit television system and automated parking management.

The research indicates that most participants considered the high operating costs as the most important challenge that they faced when they operated their in-house FM systems.

6.8.3 FM companies as a solution

To assess the extent to which FM companies provided full solutions to the challenges that client companies faced, clients were asked the following question: By using the services of an FM Company, do you believe that the challenges highlighted above have been taken care off? The verbatim responses of the interviewees are recorded below. On operational costs, which were earlier identified as the major problems that clients faced prior to outsourcing FM services, clients responded as follows:

“Costs did go down but after a while they started going up again but I guess it’s the economy” – Client 2

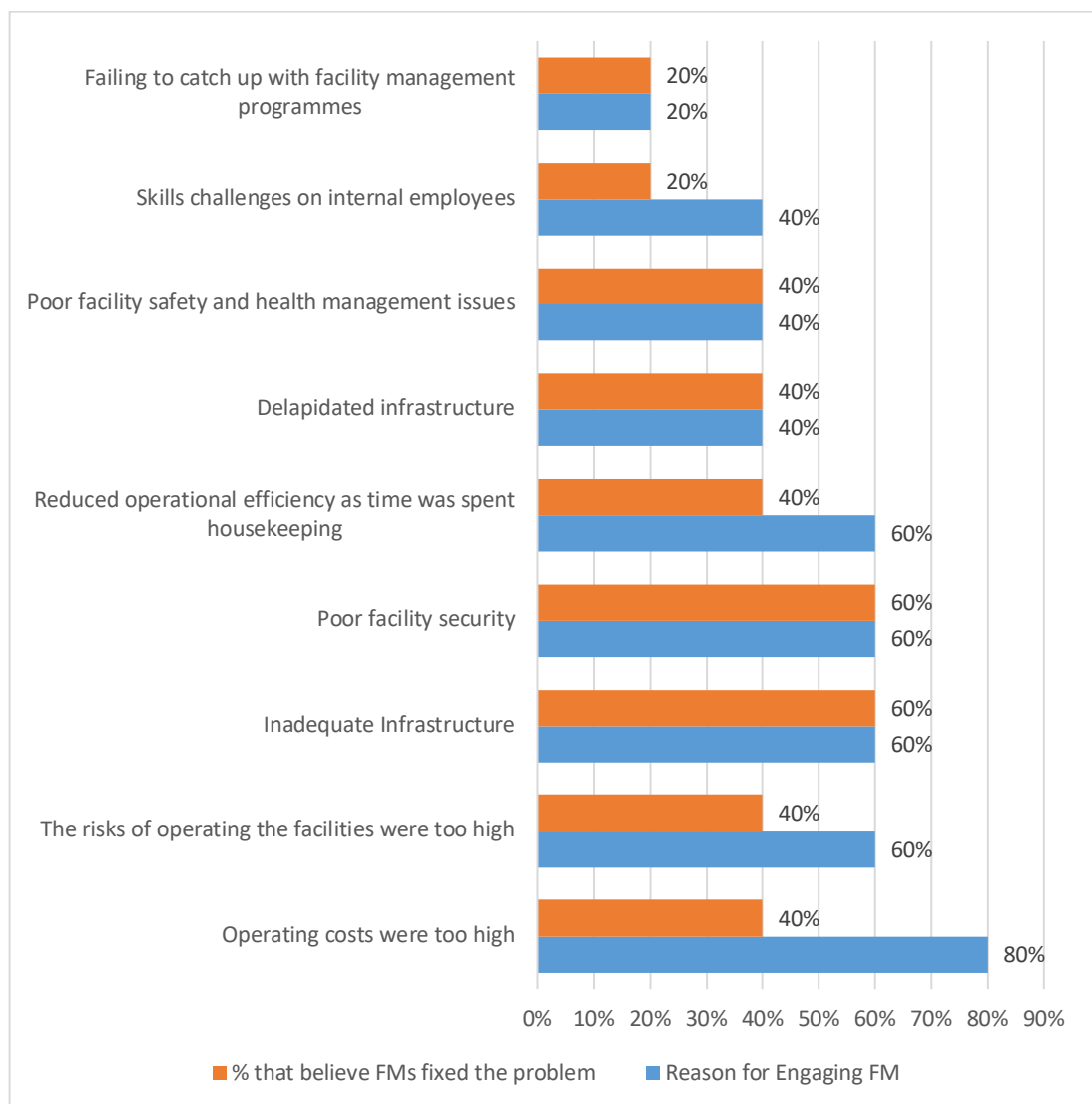
“They did go down for sure - by 15-20% if I’m not mistaken” – Client 3

“They went down but I’m not sure by what margin” – Client 4

“They went down but not as significantly as the service provider had forecasted. We were off by 15%, I think” – Client 6

The results show mixed sentiment on whether the cost objectives of engaging FMs were met. On other reasons why clients engaged FMs, the following responses were obtained:

Figure 6.21: Advantages of using an FM Company



From the results it can be seen that FM companies are able to provide a wide range of solutions to the various problems that their clients experience. These problems include inadequate infrastructure; poor facility security; dilapidated

infrastructure and poor facility safety and health management issues. FM companies were also able to solve the problems associated with outdated technologies.

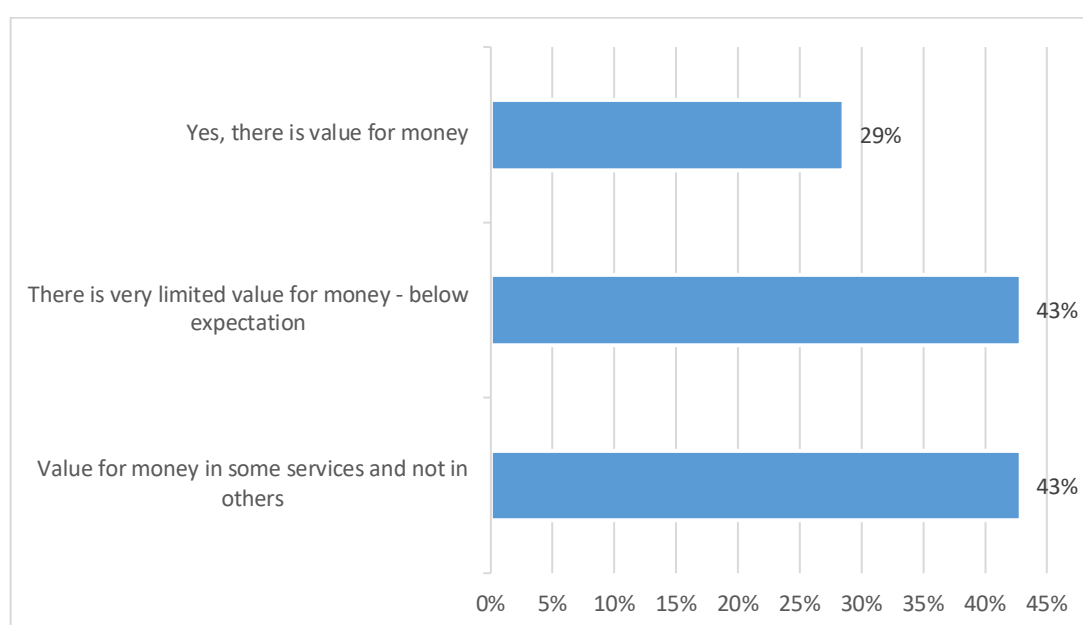
Of the clients who engaged FM companies as a solution to high operational risks associated with facilities, 40% believe that the FM company successfully resolved their problem. On operational efficiency challenges in their organisations, 40% indicated that the FM company successfully resolved this challenge.

The results show that FM companies were able to resolve challenges associated with infrastructure, safety and security and outdated technologies but failed to fully satisfy their clients on operating costs which clients view as an important financially-related indicator.

6.8.4 Value for money from FM services

Clients were asked if they derived value for money in respect of the FM services that they paid for.

Figure 6.22: Do FM companies deliver value for money services



Twenty-nine percent (29%) of the clients believed that they derived value for money from engaging FM services. Two of the respondents elaborate further stating that:

“We have saved a lot of money on capital expenditure. We lease most facilities equipment from the service provider. Also, we pay less on labour and security now than we did when we had our own teams”

– Client 2

And

“Working capital associated with the deal may be slightly high but we benefit through very reduced capex budgets including the risks of owning the equipment” – Client 3

In the above cases, clients cited capital expenditure savings and some savings on employment costs as major financial advantages of engaging FM companies.

However, 43% stated that there is limited value for money as they had expected to gain more financially from utilising the services of an FM company. A further 43% stated that they attained value for money in some service areas and not in others. The areas that were highlighted as not guaranteeing value for money were housekeeping operations. Client 4 also stated that value for money was compromised in some months:

“In some months we feel cheated really. We pay the same fees but generally get fewer or less satisfactory services. For example, one month, we had power challenges for almost a week and restoration services took so long. In another, the cleaning people were on strike and the FM did not provide provisional labour- you see, we lost out”

– Client 4

Overall, there were mixed feelings with some clients believing that they got value for money while others believed that they did not.

6.8.5 Directors' views on value for money

All directors were of the view that their companies provided value for money to their clients. This is in contrast to clients, some of whom did not believe that they were getting the promised or expected value. Some of the directors interviewed did however concede that there were some external factors that negatively affected the clients perceptions of value for money as conveyed by their comments below:

“There’s inflation, there are tax increases and unforeseen expenditures caused by issues like strikes, vandalism etc. These ordinarily are not always within the business’ capacity to foresee and control. But when they do occur, clients feel like they are not getting value for money”

– Director 7

“The problem sometimes is that we have different perceptions and definitions of what value for money is – we think its when a client get the best service for whatever they are paying for. Clients on the other hand think its when they incur less costs than market services. These two don’t always agree as one need to pay the price for service quality”

– Director 4

6.8.6 Intention to continue using FM companies

Finally, given the above views, clients were asked to summarily comment if they would continue using the services of FM firms. They responded as follows:

“Yes indeed, but we may need a new service provider, maybe we will get improved services” – Client 4

“Yes definitely. I’m sure we will need to renegotiate contracts though” - Client 6

“Definitely, yes -we cannot afford not too otherwise we would need large investments for the building” – Client 2

“Yes” – Client 5, Client 7, Client 1

“No, we may need to relook the whole outsourcing strategy” – Client 3

Thus there was strong sentiment that clients would continue with their current FM outsourcing strategies though they may need to switch from one FM to another in search of better service.

6.9 Thematic Analysis

In addition to descriptive analysis in a quantitative form and narrative analysis in a qualitative form, interviewees’ responses were analysed thematically. Thematic analysis was conducted on questions that required more elaborate views and perceptions from the sampled elements. The following themes emerged from the study:

- The nature of operational strategy evaluation.
- Methods used to evaluate operational strategies.
- Challenges associated with operational strategy evaluation.

These themes and their subthemes are discussed below.

6.9.1 The nature of operational strategy evaluation

This theme emerged in various elaborations on the types, purposes and characteristics of operational strategy evaluations that were discussed with managers, directors and clients. The findings relating to this theme indicate various types of operational strategies employed by FM companies and these

strategies are classified and defined in a variety of ways such as duration of strategy, type of contract, service offerings and purpose.

6.9.1.1 Operational strategy by planning horizon

With regard to duration, the participants classified strategies as either long-term or short-term. Short-term strategies were targeted for implementation and completion within short periods of time. These ranged from one month to twelve months. The quotations below briefly explain these:

“We sometimes focus on a particular strategy for a short period of time. For example we sometimes offer integrated services in 3 month cycles. These are our short-term strategies...” – Manager 3

And

“Operational strategies are either long term or short term. The short being up to six months or even a year and the long term any period beyond. Different contracts and service level agreements require different planning horizons hence these differences” – Director 4

And

“Our services are basically long term though some take this to be a medium term. We offer 12 months contracts as the minimum and these contracts obviously require a 12 month operational strategy ...”

Thus the classification of operational strategies by planning horizons that correspond with the clients' contracts is a common practice within the FM sector.

6.9.1.2 Ad hoc versus planned operational strategy

The respondents also highlighted the difference between ad hoc and planned operational strategy in FM, as conveyed by the quotations below:

“You can never plan for everything. There are unforeseen changes you have to respond to promptly but what’s important is to anticipate that one day you may have to quickly craft an emergency plan. Let me give you an example, until last December (2017), nobody had ever heard of a flood in a city centre building in Joburg - drought in the Cape. These are issues that just pop up but will require a new or emergency operational change” – Director 6

And

“ I expect a facilities managers to quickly come up with solutions that address unforeseen situations. I remember calling one of our security firms about a situation that had quickly deteriorated and they stated that this wasn’t in our contract. I don’t expect this. I expect an ability to quickly change operational modalities to accommodate dire situations”
– Client 4

Ad hoc strategy therefore differed from planned operational strategy in that it may not always be formalised but may become necessary to implement in emergency situations or special situations not covered by current operational modalities.

6.9.1.3 Operational strategies relating to nature of services

Operational strategies were also defined by the geographical extent to which services were provided. In this regards, FM managers identified single-site and multi-site models. Under single-site models, FM managers provided services to clients at a single organisational location while under a multi-site

arrangement, they took care of more than one branch of the same organisation. The quotations below convey their views:

“ We use to have a different local service provider for each our branches. However we changed this and opted for a supplier with branches countrywide. We wanted consistency in the management of our offices and shops” – Client 1

The above quotation indicates the change of preference from a single-site model to a multi-site model due to the need for consistency.

Others identified operational strategy models are the Total Facilities Management Model and the Task Management Model. Under the Total Facilities Management Model an FM company managed all the services that a client required at a site. This model is mentioned in the quotation below:

“We provide basically all types of services one needs to run a business organisation from leases, furnishings, security management, fleet management, safety, health and the environment, staff transportation, special events co-ordination - you name it” – Director 5

Client 3 was however sceptical about the total facilities management capacity of most FM companies. The client states that they do not have much option when it comes to total facilities management because most FM companies provide certain tasks that do not always cover their entire site needs:

“We struggle with options – we really do. You cannot easily find a contractor who will provide you with all the services you want. Also you don’t want to be going around looking for too many contractors to involve on a site. The costs and risks go up”

The above quotation conveys the client’s view that most FM companies are generally task management focused or at best they can manage a limited list of tasks at a site, but not all tasks.

6.9.1.4 Public-Private Partnerships

The director of one FM company indicated that his company worked with the Department of Education (DoE) to provide affordable schooling to marginalised communities. It did this by taking over schools that had major infrastructural challenges and renovating them. It then operated the schools for the government and received payment from the Provincial Government and from school fees paid.

“This school belongs to the provincial government but we are the ones who won the tender to renovate it and to operate it for 5 years – 2 of which are now gone. We get our returns from educational grants to learners – on non-paying learners or on percentages of fees paid in” –
Director 3

6.9.2 Methods used to evaluate operational strategies

Managers and directors in the sample discussed the various methods they used in evaluating operational strategies. These methods constituted the second theme.

The directors indicated that they used Porter’s Five Forces Model, Mckinsey’s 7S, SWOT Analysis, Balanced Scorecard, Checklists and In-house Operational Strategy Evaluation models as indicated by the quotations below:

“We sometimes use the ones recommended in management training - Porters Five (Forces Model) and even Mckinsey's 7S. These are significant for annual and semi-annual reviews” – Director 1

“The Balanced Scorecard is what we use for quarterly, semi-annual and annual reviews, We try to look at finances, human resources, client satisfaction etc and weigh how a branch performed on all these.”
– Director 2

“I have never had an annual review. We do monthly reviews where we use forecasted targets - we compare these with whatever is achieved.”

– Director 5

“We use an in-house model adopted from performance appraisals. It gives scores and justification of those scores on key performance indicators (KPIs)” – Director 6

‘We combine various models. On a daily basis we use checklists. They are quite effective in pointing out important operational areas’ – Director

3

The views above show that most directors relied on models that were designed for strategic management purposes in the evaluation of operational strategies. The quotation below justifies their actions.

“These are the only models that are conveniently available to us – they are not always the best. We are striving to come up with something easy to use and effective” – Director 1

Convenience was cited as a justification by directors 3, 5 and 6.

6.9.3 Challenges faced in monitoring and evaluating operational strategy

The third theme that emerged from the data collected was that there were various challenges that managers and directors faced in the evaluation of operational strategies. These challenges emerged when the interviewees were asked to elaborate on operational strategy challenges they faced in their organisations. The challenges are discussed below.

6.9.3.1 Disagreements with clients

Respondents indicated that there were evaluation conflicts between companies and clients. For instance, a positive evaluation by a manager can easily be disqualified by a client who may view it negatively. Managers 2, 3, 4 and 8 mentioned these evaluation disagreements in their responses as conveyed by the following quotations:

“Sometimes, in fact most times, we just do not agree with the clients on those type of evaluations that need to be signed off by the client. The problem is that this affects payments – clients can hold payments until an agreed position is reached. Not to demean clients – I think sometimes they do it deliberately to avoid paying on time.” – Manager 8

And

“Sometimes it is difficult to agree with a client on whether the services they requested has been conducted satisfactorily. I think as a company we need to develop a highly objective scoring system that can prevent such disputes” – Director 3

The findings indicated that disagreements on the accuracy or correctness of evaluation systems between clients and service providers have been noted as an important challenge that needs to be addressed.

6.9.3.2 Evaluation framework/model challenges

Respondents also indicated that there were challenges associated with the current models used in assessing operational strategy efficiency and effectiveness.

These challenges included the out-datedness of some models as explained by Manager 4:

“Our model is not able to assess new FM concerns particularly the environmental and sustainability concerns. It also has challenges in assessing the usage of soft resources like energy consumption and internet bandwidth”

Director 4 weighed in with a comment that some common assessment models like the Balanced Scorecard did not work well in their organisations.

“We use the Balanced Scorecard for quarterly assessments– it doesn’t work at all. We do not always have all the information at hand and afterwards, sometimes managers come up with high scores despite obvious problems being noted in their areas. This shows that there is a weakness somewhere”

Director 3 believed that operational evaluation models worked but they were easily manipulated by managers and supervisors to get good scores:

“Evaluation systems can easily be manipulated by managers and supervisors who want to make themselves look good. It is important to introduce checks and balances to ensure that this does not continue to happen”

Manager 8 concluded by stating that the problem is over-reliance on theoretical models mainly those designed for the business disciplines.

“We are sometimes asked to do a 5 forces model as an evaluation. This does not work well because it was never designed for FM. It leaves out various important parameters needed in evaluating FM, for example, it excludes the role of regulators – which is also a threat. It is best to custom make tools that fit every industry and then every organisation”

The sample therefore identified that there were weaknesses in evaluation methods and models and these need to be addressed.

6.9.3.3 Lack of evaluation skills capacity

Participants identified skills challenges as a major hindrance to effective operational strategy evaluation as conveyed by the quotations below:

“Evaluation is a high skills area. Most of us managers are not trained to do it but are just ordered to do it. It comes out wrong of cause” – Manager 1

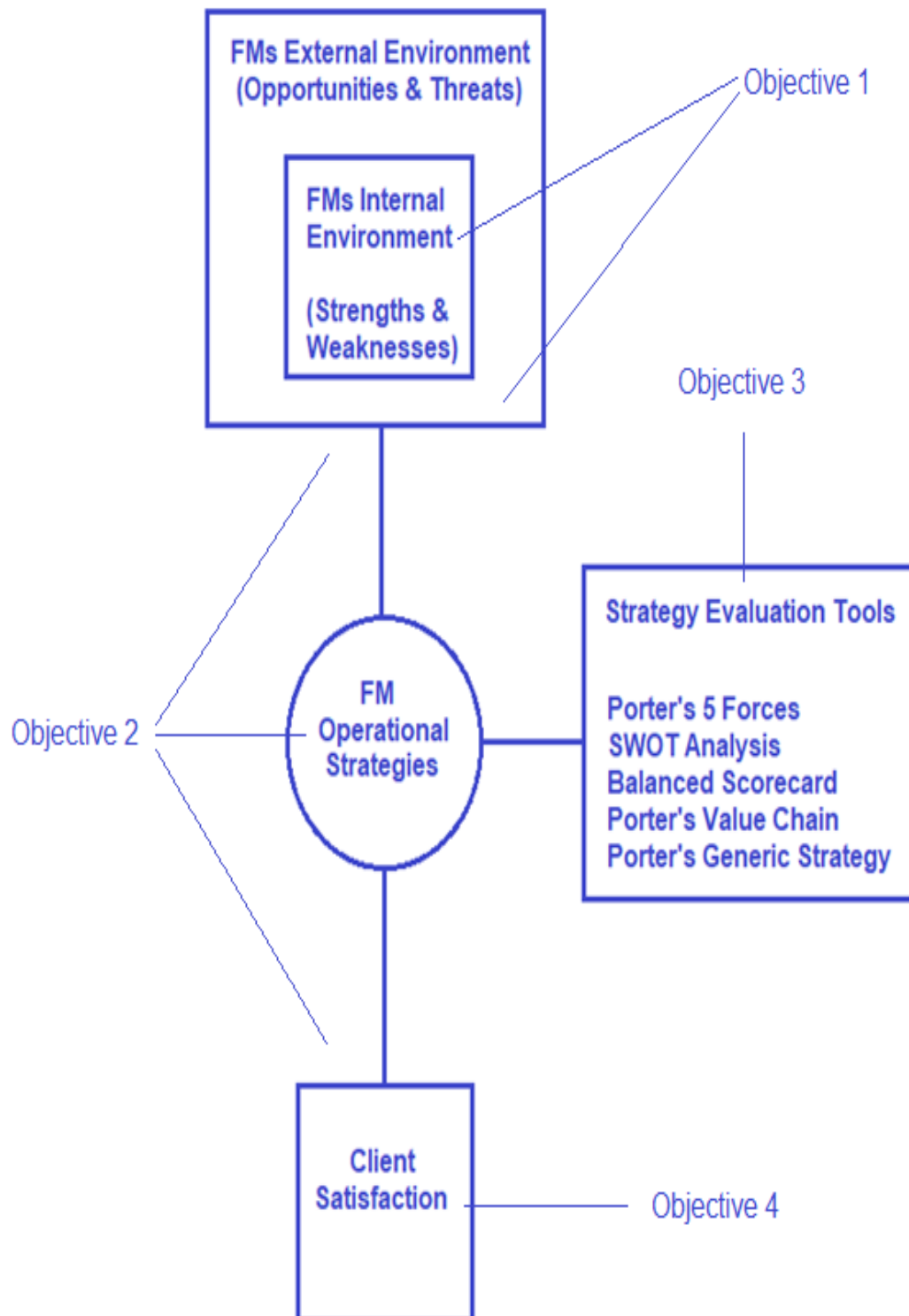
“We need the necessary skills and training to enable us to effectively evaluate the strategies we work with” – Manager 7

Manager 3, 5 and 6 and Directors 2 and 4 also mentioned skills challenges as a major hindrance in the monitoring and evaluation of operational strategies.

6.10 Study framework

To give a clearer picture of how the study objectives interact with and relate to each other, an overarching framework that connects the objectives is briefly discussed.

Figure 6.23: Research discussion framework



Source: Researcher's findings

From the above framework, this study acknowledges that FM operations and indeed FM strategies are affected by the external environment, represented

by opportunities and threats that FM companies are continuously exposed to. Opportunities represent potential situations that a FM company can exploit in order to attain its given objectives (Helms and Nixon, 2010:2016). For example, opportunities identified in this study included a general trend towards the use of FM companies by clients. This trend is also reported by Harrison (2010:160-172) and Trifonova and Pramatarov (2016:8-9). Threats on the other hand refer to risks that could derail the FM company's capacity to fully realise its goals. The internal environment relates to organisational circumstances (Trifonova and Pramatarov, 2016:7). Strengths are positive capacities and abilities that can be manipulated to achieve given objectives (Helms and Nixon, 2010:218; Trifonova and Pramatarov, 2016:7-8). Weaknesses are the opposites of threats and they are any negative internal situations and scenarios that can detract organisational achievement (Harrison, 2010:45-56).

In the above framework, the operational strategies applied by FM companies are a function of the environments that they operate in. FM companies apply several evaluation tools to assess the effectiveness of strategies to meet set objectives. As argued in the literature review, these evaluation tools need to be specific and applicable to the FM industry.

The study aimed to determine the factors that affect the strategic successes or failures of the FM industry. In the above framework, these factors can be found across all stages. They could be weaknesses in the internal environment, threats in the external environment or challenges associated with evaluation tools. The next section discusses the SWOT analysis results obtained from the data analysis.

6.11 SWOT analysis of current business operational strategies

This section discusses the results relating to the first objective of this study namely a SWOT analysis of the FM operational strategies.

6.11.1 Strengths

The study identified 11 strengths that were considered important in FM operational strategy management. These strengths are critical in how an operational strategy realise its goals. All 11 strengths listed below are important for the creation of a competitive advantage.

- SAFMA membership and a positive reputation;
- Strong brand reputation (national and local);
- A high BBBEE rating;
- Pricing advantages;
- Intact operational policies, systems and processes;
- Knowledge of latest operational technologies;
- Diverse workforce;
- Experience with dealing with government contracts;
- Highly skilled workforce that can execute the operational strategy;
- National presence - or presence in more than 1 province, and
- Offering a wide variety of services.

Trifonova and Pramatarov (2016:8) carried out a SWOT analysis of FM services. Although their study was confined to a hospital environment, the authors identified strengths that are common with this study. These strengths include a competent and committed labour force, relevant systems, structures and processes, offering a wide variety of services and a strong competitive position which can be compared to strong brand reputation in the above list. Trifonova and Pramatarov (2016:7) identified another strength that was not part of the list above namely, a very happy and committed clientele.

6.11.2 Weaknesses

This study identified a list of weaknesses that negatively affects the capacity of a FM company to benefit from operational strategies applied. These weaknesses include:

- Operational strategies mismatch with business strategy;

- No known operational strategy document, and
- Evaluation of operational strategies not regularly done

From the above weaknesses, M&E of operational strategies was in itself a weakness. Firstly, without known operational strategies, it is impossible to quantitatively and objectively evaluate or monitor strategies (Islam and Ali, 2011:81). This is because a set standard, which is usually an operational strategy document, is required to objectively measure performance. Secondly, in cases where there were operational strategy documents, weaknesses of strategy mismatch between business and operational strategy were noted which presented further M&E challenges and finally, in cases where there were elements of operational strategy, M&E was not always done on a regular basis. This means that information relating to competitive advantage was not always readily available (Magretta, 2012:89-93). Without this information, reacting to market changes was probably delayed, thereby suppressing competitiveness (Islam and Ali, 2011:76-77). The following scenarios emerged from the results of the empirical study and are supported by literature:

In the first scenario, an FM company is unable to gain any competitive advantage because of no known operational strategy.

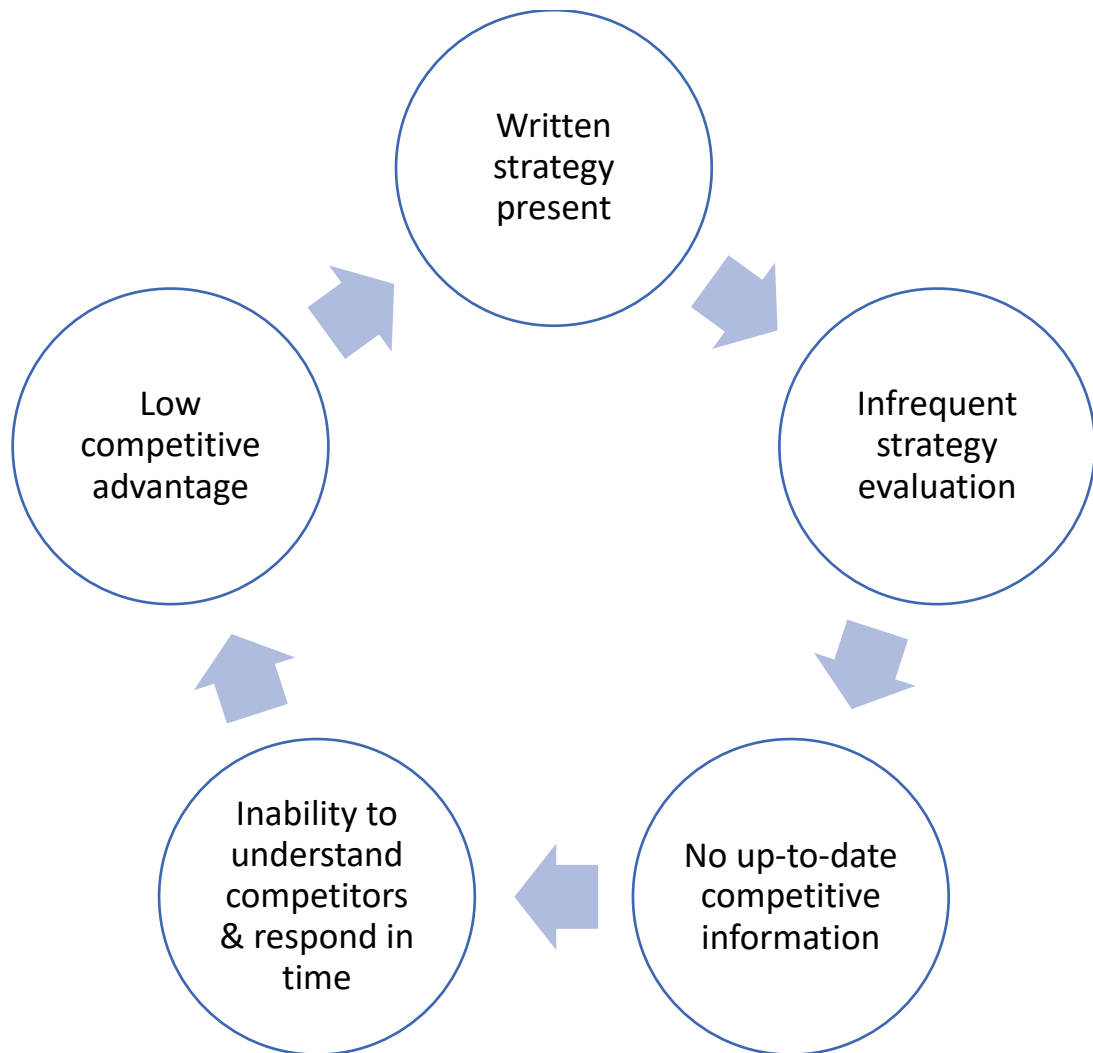
Figure 6.24: Scenario 1- No known operational strategy



Source: Researcher's findings

In the second scenario, an FM company has an operational strategy but the strategy is not regularly evaluated to determine its suitability to market conditions.

Figure 6.25: Scenario 2- Non-frequent evaluation of operational strategy



Source: Researcher's findings

Other related weaknesses that were identified were:

- Low involvement of executive management in operations;
- Compliance challenges especially with equity laws e.g. EE Act and BBBEE Act;
- Low adoption of latest operational technologies; and
- Staff that was not well-versed with operational strategies.

In relation to FM operational strategy weaknesses, a common weakness identified by this study and the study by Trifonova and Pramatarov (2016:1-9) was compliance issues. In another study, Kamutero, Mugwindiri and

Mutenhabundo (2013:230), identified infrastructural and process factors as key weaknesses in FM companies operating in Africa. They cited obsolescence of resources and failure of information systems to keep up with change as key weaknesses. This study did not find this to be true of FM companies operating in Gauteng, however this weakness was discussed in the research.

Some weaknesses revealed in this study show similarities with the Nigerian FM industry. These include the lack of adaptive strategic planning and implementation which is akin to having no known operational strategy document (Odediran et al., 2015:5). On the operational aspect, challenges faced in some sections of the Nigerian FM industries were lack of technological innovation resulting in the industry lagging behind and a poor regulatory environment which negatively affects the sector (Koleoso et al., 2017:131).

On the regulatory level, compliance with employment equity laws were discussed as a weakness and a challenge that affected many FM companies. Thus the South African challenges are not unique but are to an extent similar to what can be found in other mid-tier economies on the African continent.

6.11.3 Opportunities

This study identified various opportunities that are available to FM companies in South Africa. Most of these opportunities were competitiveness dependent, which implies that highly competitive companies have an advantage of converting opportunities into business success. The opportunities identified were:

- Increasing floor space for all types of facilities in S.A.;
- New technologies that increase the operational span in terms of services and processes;
- Organisations realising the need to outsource FM services;
- Increasing government contracting of small firms - Preferential Procurement Policy;

- The existence of a wide array of operations that a firm can venture into; and
- Expansions into the Southern African market as SA services are highly rated.

Basically, all of the opportunities identified in this study, resonate with the views of SAFMA relating to FM industry trends. SAFMA (2017:13) pointed out that the FM industry was exposed to infrastructural growth trends across all sectors of the South African economy. The FM sector was at a point where it could increase its revenue, employment and innovative capacities (SAFMA, 2017:14). However, capitalising on the opportunities available was dependant on establishing a competitive advantage that would enable a business to get a greater share of the industry's opportunities.

There were similarities between the finding of this study and the literature reviewed. Sharma and Jain (2013:539), state that a strong and reputable industry body is an important opportunity to develop relationships with other industries and economic sectors. This study confirms that organisations that belong to national bodies like SAFMA would gain a competitive advantage. Sharma and Jain (2013:550) also mention a growing trend where FM services are exported to regional countries. They also list Public-Private Partnerships as potential areas for growth. Booty (2006:202-208), Atkin and Brooks (2009:5) and Portman (2016:53) discuss the growing importance of PPPs in the FM industry. Governments were slowly becoming the biggest clients for the FM industry due to changing public management philosophies. This study also found that there were opportunities for smaller firms to engage with the public sector as service providers, due the Preferential Procurement Policies under the auspices of the BBBEE Act.

Sharma and Jain (2013: 538-539) reiterate that the primary reasons why clients generally resort to outsourcing of FM services was to manage risks through reducing industry and market threats particularly the threats of:

- Infrastructure cost management increases;
- Growing employee demand for quality workplace environments;

- Growing influence of ICT infrastructure; and
- Growing need for operational efficiency.

These threats to clients constituted opportunities to FM companies.

6.11.4 Threats

The empirical study identified a list of threats that the study participants believed were dominant in the current operating environment. These threats were:

- Increasing operational costs could encourage an increase in in-house facilities management;
- Declining economic environment threatens operational viability;
- Increasing competition due to unrestricted market entry;
- Potential loss of business from farming clients given land repossession threats;
- Labour unrest, strikes, sit ins due to regular employment benefits disagreements;
- Preferential Procurement Policy threatens large, traditional firms as they are less preferred suppliers; and
- Negative effects of crime on operations

Sharma and Jain (2013:548-549) mention various threats that FM industries in emerging economies are exposed to. In their list of threats, they mention the possibility of clients failing to see the benefit of FM to their businesses. Some clients could therefore consider doing their own FM services. In addition, they cite the issue of skills shortages in the industry as a threat that could negatively affect industry growth. Sharma and Jains (2013:539) fears resonate with the first threat listed above i.e. Increasing operational costs could encourage an increase in in-house facilities management.

In terms of operational strategy evaluation and in relation to competitive advantage monitoring, threats are important for two reasons. Firstly, threats

may reduce industry attractiveness to clients. When clients leave the industry whilst the number of FM companies remains the same, it creates higher competition intensity. Under a highly competitive environment, firms that have poor competition monitoring mechanisms may fail to respond to the intensity of competition resulting in ultimate business failure. Secondly, threats result in increasing competition which is a disadvantage to FM companies that do not have effective operational strategy evaluation tools necessary to assess one's competitive advantage (Booty, 2009:205-206).

6.12 Operational strategy success/failure factors

The second objective of this study was, to determine the factors that contribute to the success or failure of the business operational strategies. Several factors emerged from the empirical study and the literature reviewed. To meet this objective, the researcher relied on data collected on strengths and weaknesses in the SWOT analysis as well as other factors that emerged during the course of the research. A list of questions was posed to determine how FM companies executed their operational strategies and whether this inspired strategy success or failure.

The first two statements on operational strategy success/failure factors were:

- “There is a strong link between adhering to set operational strategy and effective facilities management” and
- “Operational strategies improve our competitiveness in the market”

In both cases, the response with the highest frequency was “Strongly agree” indicating that operational strategy and facilities management enhanced the creation of a competitive advantage in the FM sector.

When this finding was cross referenced with the literature reviewed, it was found that several scholars had noted the relationship between operational strategy and competitive advantages, particularly the fact that effective or unique strategies usually resulted in better competitiveness against peers.

These scholars include Bogle (2010: 50-57) and Adewunmi et al. (2016:131-145) who discussed the view that an effective strategy will result in the creation of better value for clients, thereby creating a competitive advantage for the FM company. Another scholar who vehemently and convincingly holds this view is Porter (2008:32) who expresses his views in the Value Chain Model as well as in the Generic Strategies Model. In the Value Chain Model, he expresses the view that an organisation's strategy can create advantages through adding value at every level of the value chain. Therefore, if a company is successful at adding more value, through its strategies, in comparison to its competitors, then it would have created a sustainable market competitive advantage. Porter later discusses three generic strategies namely cost leadership, differentiation and focus strategies that could be applied along the value chain in a bid to create a competitive advantage.

An assessment of Porters views leads to the conclusion that the extent to which an operational strategy translates into a better way of doing business (adding value) is a key determinant of strategic success or failure. Following the logic of the findings from the empirical research, it can be concluded that if an operational strategy does not translate into a set of actions that adds value to the way an FM company operations, then it cannot translate into a competitive advantage for the company. This is in keeping with the views of Grimshaw (2003: 50-57) and Elyna (2014: 1-2) who state that all the factors that help an organisation to develop a superior operational capacity and ability will help to create a competitive advantage and hence are success factors of operational strategy.

The following additional factors were identified form the SWOT analysis as affecting the success or failure of operational strategies. The factors were classified into 7 main categories using the Mckinsey's 7s Model.

- Operational strategies mismatched with business strategy (strategy);
- No known operational strategy document (strategy);
- Evaluation of operational strategies not regularly done (strategy);
- Low involvement of executive management in operations (style);

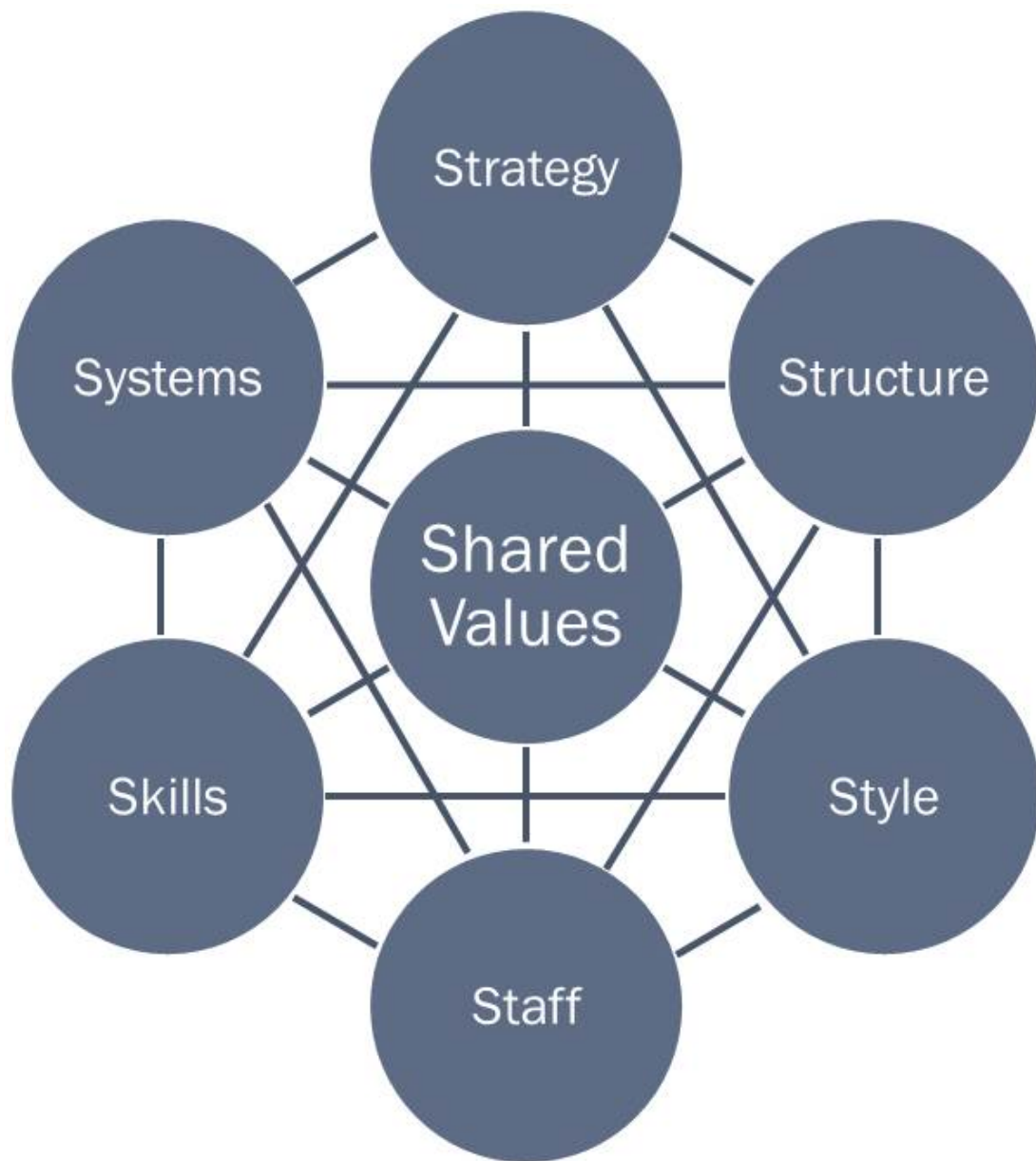
- Compliance challenges especially with equity laws e.g. EE Act and BBBEE Act (systems);
- Low adoption of latest operational technologies (systems), and
- Staff not well-versed with operational strategies (staff).

From the strengths facet, the following factors were identified:

- SAFMA membership and a positive reputation (system);
- Strong brand reputation (strategy);
- A high BBBEE rating (systems);
- Pricing advantages (strategy);
- Intact operational policies, systems and processes (systems);
- Knowledge of latest operational technologies (skill);
- Diverse workforce (staff);
- Experience with dealing with government contracts (skills);
- Highly skilled workforce that can execute operational strategy (skills);
- National presence - or presence in more than 1 province (structure), and
- Offering a wide variety of services (structure, strategy).

The study finally classified the various factors that affect strategy into the 7 facets of the Mckinsey's 7 S Model:

Figure 6.26: McKinsey's 7 S



Source: Alkhafaji and Nelson (2013:120)

The internal factors that determine the success or failure of operational strategies can therefore be successfully grouped in the 7s Model.

This study also found that operational strategies can succeed or fail as a result of external factors i.e. factors outside an individual firm. The factors are captured extensively in the PESTEL model that was discussed in the literature review from the perspective of Gupta (2013:35) and Perera (2017:2-4).

External factors such as political, economic, sociological, technological, ecological and legal factors (PESTEL) affect strategic success.

Table 6.7: External factors affecting operational strategy success

Identified External Factors Affecting Operational Strategy (Opportunities and Threats)	PESTEL Category
Increasing floor space for all types of facilities in S.A.	Economic
Organisations realising the need to outsource FM services	Economic
The existence of a wide array of operations that a firm can venture into	Economic
Expansion into the Southern African market as SA services are highly rated there	Economic
Increasing operational costs could encourage an increase in inhouse facilities management	Economic
Declining economic environment threatens operational viability	Economic
Increasing competition due to unrestricted market entry	Economic
Increasing government contracting of small firms - Preferential Procurement Policy	Legal
Potential loss of business from farming clients given land repossession threats	Political
Labour unrest, strikes, sit ins due to regular employment benefits disagreements	Political
Preferential Procurement Policy threatens large, traditional firms as they are less preferred suppliers	Political
Negative effects of crime on operations	Sociological
New technologies increase operational span in terms of services, processes	Technological

Source: Compiled from findings

The table above therefore identifies economic factors as the dominant set of factors that affect the success or failure of operational strategies. Political factors are shown to be the second most dominant set of forces followed by legal, sociological and technological factors. The findings that economic factors are a significant determinant of operational strategy success or failure comes as no surprise as several scholars have confirmed the strengths of economic policy and economic effects of the success of businesses including those in the FM sector. In the findings Adewunmi et al. (2016:131-143) economic factors determined the degree and extent to which FM strategies succeeded.

What was surprising is the absence of ecological factors as a prime determinant of operations strategy success or failure within the FM sector. Many scholars including Alkhafaji and Nelson (2013:157) emphasize the significance of the ecological and environmental aspects in operational strategy success and competitive advantage. They share a common view that social responsibility needs and expectations are driving clients towards environmentally sustainable FM standards and practices. FM companies that were able to efficiently offer environmentally-friendly solutions whilst meeting the cost and quality service expectations of clients generally enjoy an important market vantage point.

To conclude this objective, there are many factors that affect the success or failure of an FM company's operational strategy. In this section, McKinsey's 7s model was chosen to present all the internal factors identified in the study while the PESTEL model was used to present external environment factors. Factors presented under both models are dynamic and therefore require regularly monitoring and evaluating to determine how they affected a FM company and the competitive advantage that it enjoys.

6.13 The nature and extent of strategy evaluation

The third objective of this study was to determine the nature and extent of FM operational strategies evaluation. Various statements and questions in the

interview schedules collected data relating to this objective. This section discusses these results and links it to the literature reviewed.

This study identified six types of operational strategy evaluation methods. These methods were:

- Porter's Five Forces Model;
- Mckinsey's 7 S Model;
- SWOT Analysis;
- The Balanced Scorecard;
- Various checklists;
- Customer evaluation models; and
- Combinations of two or more tools.

The above findings confirmed that FM companies apply various types of strategy evaluation tools and models to assess the degree and extent to which their operational strategies enabled them to create a competitive advantage in the industry.

Kamutero et al. (2013:230-238) suggests that the FM sector needs to adopt its own performance rating and analysis tools as a way of improving industry assessment, including computerised evaluation processes. The author comments that as a relatively new profession in most parts of the word, FM does not have adequate, highly practical performance assessment tools including those used for assessing strategies. From the list above, it is noted that the tools currently used within the FM sector, are borrowed from the strategic management discipline and are being forced to fit the FM sector. This is not an ideal situation as the FM sector needs to develop its own unique assessment tools that take into account the nuances of the sector.

In the literature reviewed, Porter's Five Forces Model, Mckinsey's 7 S Model, SWOT Analysis and The Balanced Scorecard are widely discussed as popular strategic assessment tools. The Balanced Scorecard (BSC) allows an FM company to link its own long-term strategy to tangible goals and actions by relying on four core assessment areas namely, financial performance, customer knowledge, internal business processes and learning and growth.

The Five Forces Model looked at five areas that influenced or affected the intensity of competition within an industry. An individual company could evaluate its competitiveness based on its strengths in the five core areas of bargaining power of suppliers, bargaining power of buyers, rivalry amongst firms, potential threat of new entrants and the threat of substitute products (Alkhafaji and Nelson, 2013:75).

The Michael Scriven's Key Evaluation Checklist as explained by Persaud, Woodhouse and Scriven (2016:3) is one of the most effective strategy reporting tools that is of a checklist nature. The authors highlight the fact that the use of checklists, which are more simplified than other strategic models and frameworks, is not new in operational strategy evaluation.

The literature reviewed did not uncover any custom-made evaluation tools that were specific to the FM sector. From the empirical study, it emerged that some FM companies have developed their own internal evaluation tools. However these tools do not represent the popular strategic assessment tools discussed in the literature. Whilst the literature reviewed recommended the use of evaluation tools that meet the specific objectives of the evaluation exercise, the empirical study found that convenience and the availability of existing tools determined the use of evaluation tools within the FM sector. In the view of Stenfors, Tanner and Haapalinna (2007:635-636), there is a common assumption that managers use evaluation tools because the tools enable them to effectively assess performance. However this assumption does not always hold true for the FM sector which has adapted and tweaked existing tools, but has not really developed evaluation tools specifically for the sector.

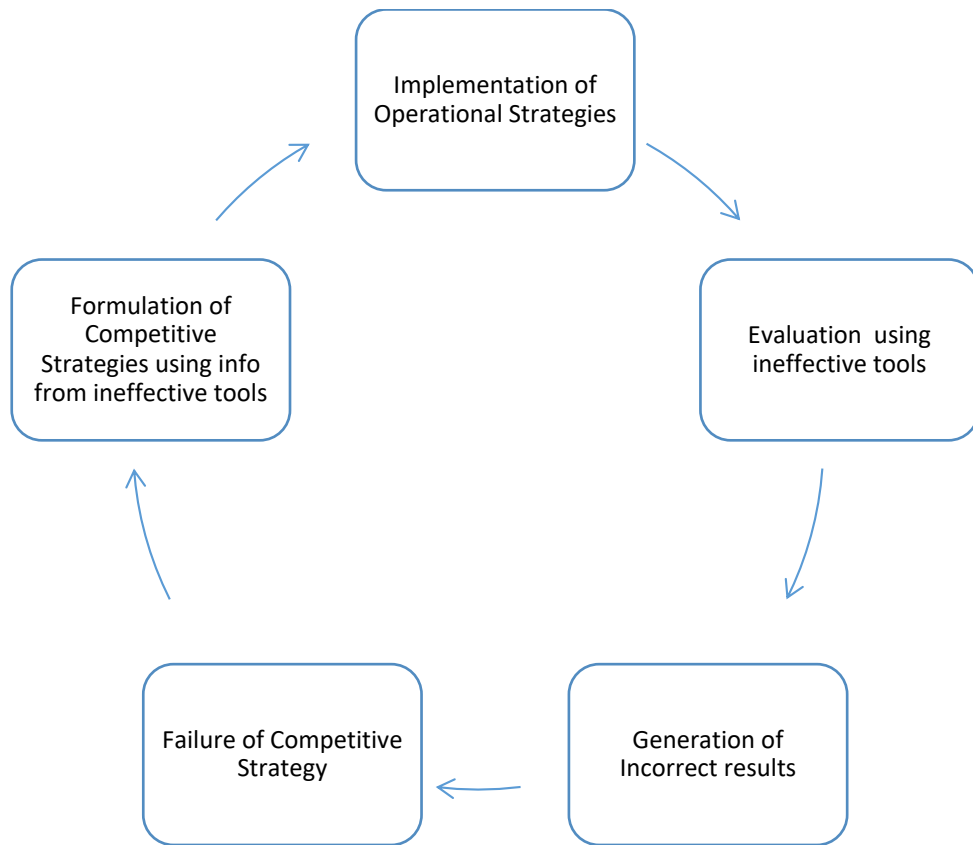
This study found that managers in the FM sector select or apply evaluation tools out of familiarity, convenience and other factors that may not necessarily be related to the effectiveness of these tools. Stenfors et al. (2007:641) further state that because of such possibilities, it is firstly necessary for organisations to evaluate the effectiveness of the tools they use before these tools are used to evaluate operational strategies. Stenfors et al. (2007) argues that current tools may not be effective, yet they continue to be used on a regular basis for making critical strategic and operational decisions, highlights the weaknesses

of the assessment strategies and the need to develop new assessment tools specific to each sector. This view is supported by Awadallah and Allam (2015: 91-95) who have listed various weaknesses and limitations of existing tools. These weaknesses include the view that it does not take cognisance of all the facets necessary for the effective evaluation of strategies. The authors point out that the BSC is a static model that assesses organisational scenarios at a particular point in time. It is not effective in analysing dynamic environments. Porter's Five Forces models has also been criticised for excluding major forces especially regulatory forces, political forces and legal factors. Dalken (2014) also highlights a weakness in using Porter's Five Forces as it excludes technology as a major force. While Dalken (2014:1) argues that the model cannot be considered outdated, several changes are required to ensure it catches up with the modern business environment that is driven by three new forces, namely "Digitalization, Globalization and Deregulation".

This research has identified weaknesses in major assessment models. These weaknesses support the view that FM companies in South Africa might be relying on weak systems to evaluate competitive strategies and other organisational concerns. It further prompts a debate on whether the use of ineffective strategic evaluation tools can result in effective strategy evaluations, which presents both a risk and a dilemma to the industry. With the three forces discussed by Dalken being evident in the South African FM environment, the use of both the BSC and Porter's Five Forces could exclude important competitive strategy determinants.

The model below attempts to harmonise the views of Dalken (2014), Stenfors et al.(2007) and Awadallah and Allam (2015:91-95) that imperfect operational strategy evaluation tools can upset the strategy evaluation process.

Figure 6.27: Potential Scenario from using ineffective tools



Source: Researcher's findings

In the cyclical diagram above, organisations risk using strategic and operational information and inputs acquired through ineffective tools. The organisation may also use the same tools for post-implementation evaluation processes and this also generates imprecise results. The ultimate outcome would be the failure of the evaluation process to identify and quantify the competitive advantages of the business and for the business to benefit from them. This type of behaviour may continue as a cyclical pattern as business re-strategise using imprecise or incomplete information.

The above scenarios occur in an evaluation environment that is characterised by evaluation skills challenges as cited by one respondent:

“Evaluation is a high skills area. Most of us managers are not trained to do it but are just ordered to do it. It comes out wrong of cause” –
Manager 1

Within the evaluation environment, there is also the potential for subjective and / or biased use of available evaluation tools for the production of results that suits certain parties (Awadallah and Allam, 2015: 95-97).

The lack of evaluation skills means that users of the evaluation models will not be able to identify evaluation weaknesses and suggest more rigorous evaluation solutions. This is in addition to their failure to diagnose problem by using outputs from the presented evaluation tools (Qehaja, Kutllovci and Pula, 2017:35). Subjectivity or bias may result in managers sticking to evaluation strategies that do not work effectively. However, manager continue using these strategies and tools as a means of fulfil their obligations (Roy, 2009:45).

Operational strategy evaluation issues require multiple approaches in its resolution. Firstly, a workable model needs to be developed or adopted. Secondly, users of such a model or evaluation framework need to be skilled to effectively use it and thirdly, there is a need to control abuse and the deliberate misrepresentation of output from the evaluation model. Pitt (2013) suggests that the last issue can be addressed by formulating standard rules on strategy evaluation processes that ensure there is no room for subjectivity.

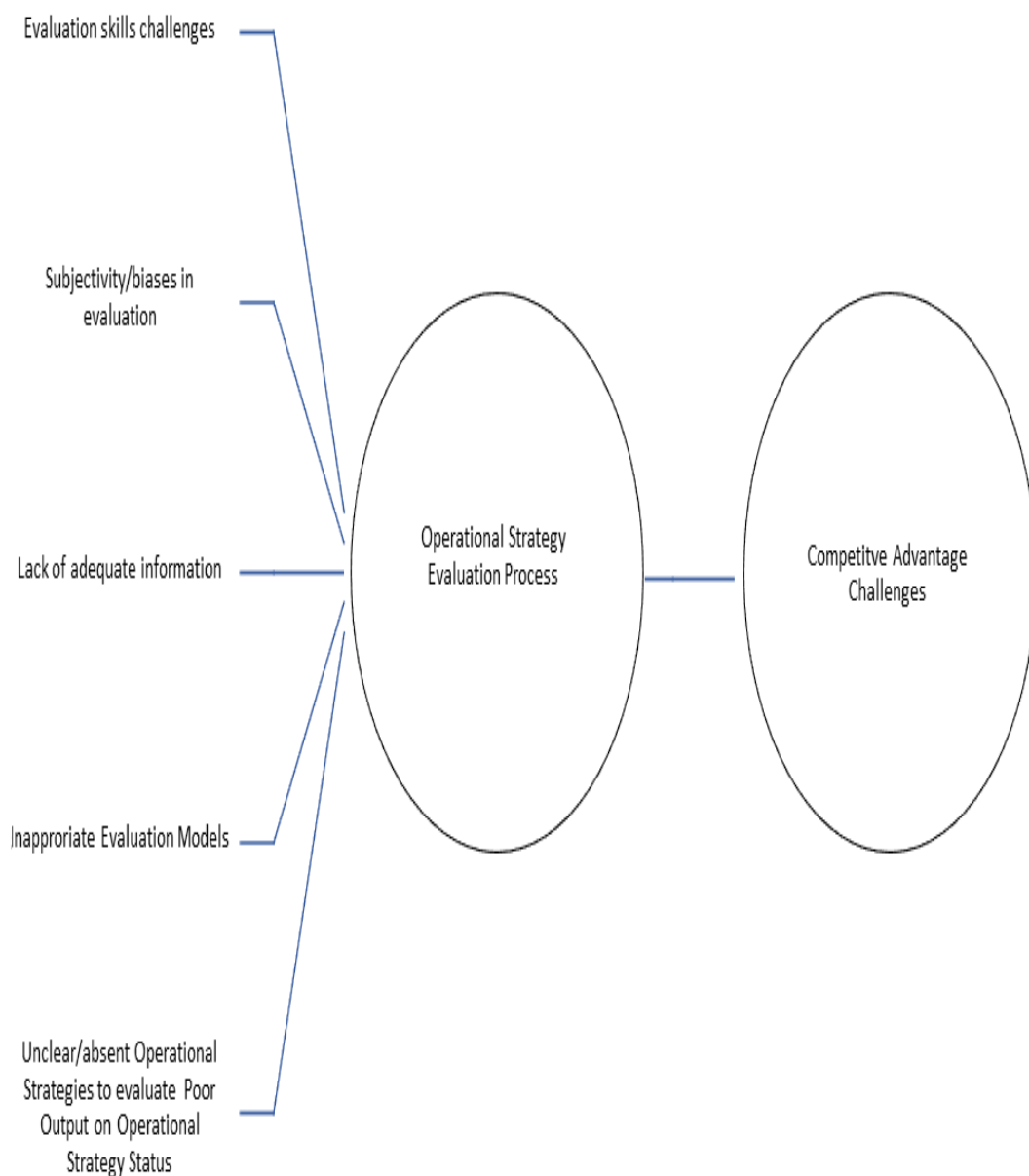
Other evaluation challenges highlighted by the participants of this study were the lack of input information that is required to make a comprehensive evaluation. One participant discussed this problem in relation to the BSC by stating that:

“Other units of the organisation did not always provide all the adequate data needed to create a score.”

In the literature reviewed, this issue was also identified as a common factor that affects the authenticity of an evaluation.

To conclude the discussion of this objective, the diagram below summarises the major evaluation challenges and illustrates how these challenges lead to a poor understanding of the marketing competitiveness and the competitive advantage status of a FM company.

Figure 6.28: Summary of operational strategy evaluation challenges/issues



Source: Researcher's findings

The challenges identified include a lack of adequate skills to effectively conduct evaluations, the issue of subjectivity and bias in strategy evaluation, the lack of adequate information for operational strategy evaluation, the use of inappropriate evaluation models and the absence of clear strategic goals upon which to base an operational strategy evaluation.

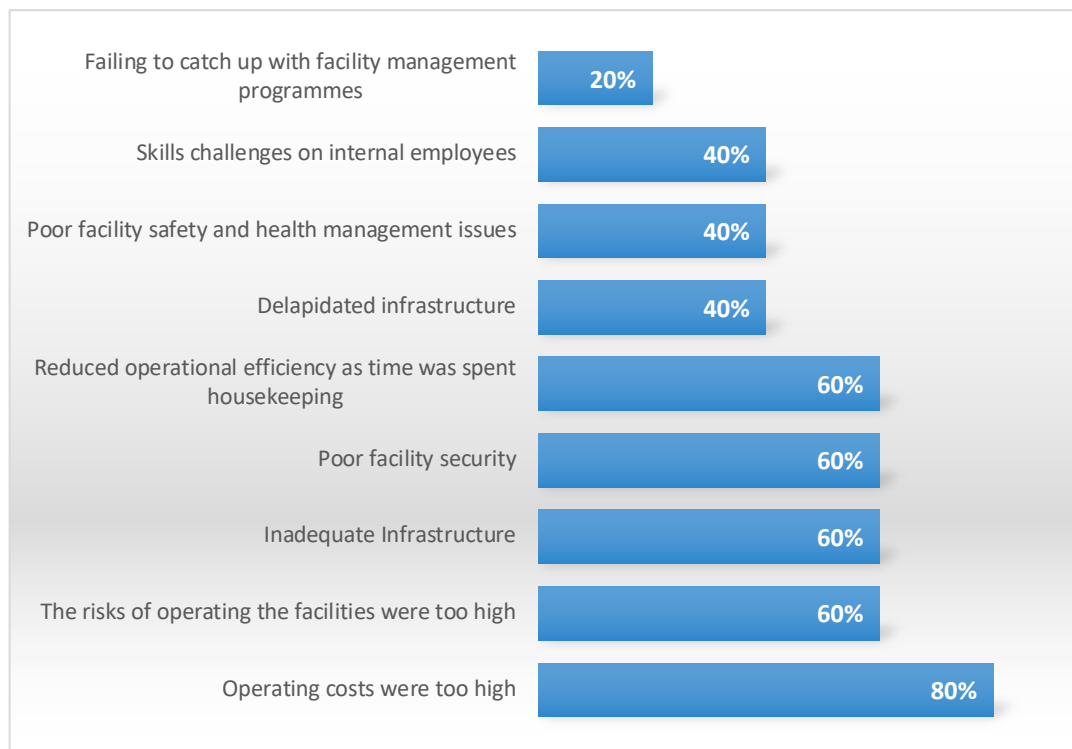
6.14 Client perceptions of FM operations

The fourth objective of this study was to determine the extent to which clients of FM companies are satisfied with the business operational strategies of the FM Company that they employ.

6.14.1 Expected benefits and reasons for using FM companies

Clients of FM companies listed various reasons for engaging the services of a FM company. The reasons are summarised in the diagram below:

Figure 6.29: Reasons for engaging an FM service provider



Source: Researcher's findings

This discussion seeks to assess the extent to which clients get the value they hope for when they engaged the services of a FM company. Most of the clients interviewed cited high operational costs as the main reason for engaging the services of a FM company. The services of FM companies were engaged with the hope that costs would decrease or at least stabilise. In the literature, the cost reduction motive for using FM services is well documented. Spedding and Holmes (2015), Jensen (2008) and Wiggins (2014) are amongst the many authors who argue that one of the greatest values that a client expects to get from engaging the services of a FM company is a reduction in costs.

Risk transfer also emerged as an important benefit that clients expect to derive from engaging the services of a FM company. The literature reviewed supports this finding as Borisova (2011) discusses how using an FM service provider, transfers risks associated with managing a facility to the FM company. This is an important benefit for clients. Risk transfer also includes the transfer of personnel related risks and investment related risks in situations where the FM company owns and operates the facility. Borisova (2011) lists the following benefits of engaging the services of a FM company:

- Infrastructural provision benefits and maintenance expectations;
- Facility safety, security, health standards and image;
- Skills challenges of internal staff in managing a facility; and
- The need to keep up with technological change.

The findings on the benefits that clients expect, resonates with those that were identified by another researcher – Jennings (2002). These included cost reductions, operational efficiency, enhanced ability to respond to competition and improved access to physical assets.

6.14.2 Benefit realisation

Whilst the above section discussed the benefits that clients expect to get from engaging the services of a FM company, this section discusses whether they actually derive these benefits or not. Clients of FM companies generally agreed that they were able to realise certain benefits from utilising the services

of a FM company, albeit to different extents. In relation to cost savings, there were mixed views with some clients indicating that they did realise cost savings benefits while others stated that they did not. This disputes the commonly held view amongst scholars like Spedding and Holmes (2015), Jensen (2008), Wiggins (2014) and Jennings (2002) who cite cost saving as a guaranteed benefit from using a FM service provider. Nonetheless, with a greater proportion of clients indicating different degrees of positivity on the issue of cost savings, it can be concluded that some clients were able to realise this benefit, depending on who their FM service provider was. This was supported by the views of some clients that they would consider changing their current FM services providers rather than giving up on the sector altogether.

6.15 Conclusion

This chapter analysed data collected through three semi-structured interview schedules that allowed for the collection of both quantitative and qualitative data from 22 respondents involved with the FM sector. The interviewees is made up of 8 managers or supervisors of FM companies, 7 directors of FM companies and 7 directors of clients companies that utilised the services of FM companies. Data were analysed through the use of three methods namely descriptive statistical analysis, narrative analysis and thematic analysis. The data collated from the sample was used to specifically to answer the research questions and to address the research objectives. This chapter analysed the results by integrating the findings of the primary research with the views expressed in the literature reviewed. This chapter addressed the first four objectives of the study. The last fifth objective of this study was to offer recommendations to improve the business operational strategies of FM companies. This objective is discussed in the next chapter as part of the conclusion and recommendations of this study.

7 CHAPTER SEVEN: CONCLUSIONS AND RECOMMENDATIONS

7.1 Introduction

This chapter summarises the findings of the study and makes recommendations based on the findings. The summarised findings herein are empirical in nature, being based on the analysed primary data. The practical implication for each finding is briefly discussed. The findings of this study are related to and summarised in terms of the study objectives. This chapter also provides recommendations for further studies that will help bridge the identified theoretical and conceptual gaps. Practical recommendations on overcoming the identified challenges are also presented.

7.2 Findings from the study

From the research framework that was presented in Chapter 6, figure 6.20, the study acknowledges that operational strategies of FM companies are affected by the internal and external environments. The internal environment relates to the organisational circumstances of the FM companies that manifests in the strengths and weaknesses of the company and the external environment relates to opportunities and threats that FM companies are continuously exposed to (Trifonova and Pramatarov, 2016:7-8).

Opportunities represented potential situations that a FM company can exploit in order to attain its given objectives (Helms and Nixon, 2010:215-216). An opportunity identified in this study was the general trend towards the use of FM companies by clients (Harrison, 2010:48-56; Trifonova and Pramatarov, 2016:7-8). Threats refer to risks that could derail the FM company's capacity to fully realise its goals. A threat identified in this study was the rising costs of FM services. Due to the increased costs, some clients believe that it is not cost effective to outsource FM services (Nkala, 2015:3; Toe, 2015:12).

Strengths are a FM company's positive capacities and abilities that can be manipulated to achieve given objectives (Helms and Nixon, 2010: 215;

Trifonova and Pramatarov, 2016:8). A strength identified in this study was the ability of FM companies to provide a comprehensive service package of product offerings that can provide both their clients and themselves with a competitive advantage in their respective sectors (Grimshaw, 2003:50-51). Weaknesses refer to any negative internal situation or scenario that can detract organisational achievement (Harrison, 2010:118). A weakness identified in this study was that the FM sector in general, is suffering from a lack of skilled and professionally qualified personnel (Sullivan et al., 2010:91).

In the research framework, it was accepted that the operational strategies that are applied by FM companies are a function of the internal and external environments in which they operate. FM companies apply several evaluation tools to assess the effectiveness of operational strategies designed to meet their objectives. This study evaluated the effectiveness of these operational strategies. The findings of the empirical study are presented in terms of the objectives of this study.

The study's contributions to FM operational strategy evaluation are discussed below.

7.2.1 Objective One - To conduct a SWOT analysis of current business operational strategies utilised by FM companies.

From the SWOT analysis, the following strengths emerged:

- SAFMA membership and a positive reputation. The mean score for this identified strength was 64% across all 3 categories of interviewees. This was the highest mean score achieved for all strengths listed by the interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 57% and amongst directors of client companies was 86%. Directors of client companies were therefore most concerned with employing FM companies that are affiliated to SAFMA. SAFMA is recognised as the largest and most visible association for facilities managers in South Africa. SAFMA

provides leadership within the FM sector. Membership of SAFMA therefore enhances the reputation of a FM company and instils confidence in the credibility of the FM company employed.

- Strong brand reputation (national and local). The mean score for this identified strength was 51% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 38%, amongst directors of FM companies was 43% and amongst directors of client companies was 71%. Directors of client companies were therefore most concerned with employing FM companies that have a strong brand reputation. FM companies with a strong brand reputation are more likely to provide a higher quality of service in order to maintain their reputation. Directors of client companies view FM companies with a strong brand reputation as being more reliable.
- A high BBBEE rating. The mean score for this identified strength was 46% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 25%, amongst directors of FM companies was 71% and amongst directors of client companies was 43%. Directors of FM companies were therefore most concerned with attaining a high BBBEE rating. Given the changing political landscape in the country; government rewards companies that have a high BBBEE rating with tenders and contracts as a way of addressing the economic imbalances of the past. Thus directors of FM companies recognise that have a high BBBEE rating is a competitive advantage necessary for securing government contracts.
- Pricing advantages. The mean score for this identified strength was 40% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 57% and amongst directors of client companies was 14%. Directors of FM companies were therefore most concerned with pricing advantages. Directors of FM companies realise that if their services are priced better than their competitors they gain a competitive advantage and would most likely secure the business. The mean score of 14% amongst directors of client companies was surprisingly low. It is

possible that clients know that FM companies will compete with each other on price and they will have the luxury of choosing the best price.

- Intact operational policies, systems and processes. The mean score for this identified strength was 40% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 63%, amongst directors of FM companies was 57% and amongst directors of client companies was 0%. Managers of FM companies were therefore most concerned with the operational policies, processes and systems as they are the individuals responsible for the day to day management of the business operations. Having functional and operational policies, systems and processes facilitate the effective management of the day to day operations of the FM company.
- Knowledge of latest operational technologies. The mean score for this identified strength was 32% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 38%, amongst directors of FM companies was 57% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with staff members possessing knowledge of the latest operational strategies. The directors are responsible for decisions relating to the operational strategies implemented by a company. Through implementing the latest operational strategies, the FM company enhances its reputation and brand amongst existing and potential clients. When staff are capacitated and knowledgeable about the latest operational strategies, the service levels offered increase and the reputation of the FM company is enhanced, thereby conferring a competitive advantage to the FM company.
- Diverse workforce. The mean score for this identified strength was 32% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 38%, amongst directors of FM companies was 57% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with the FM company having a diverse workforce. A diverse work force adds to the BBBEE rating of a company thereby increasing the competitive

advantage of the company is securing government business. This finding is in line with the earlier finding that directors of FM companies are most concerned with the BBBEE rating of their FM companies. Having a diverse workforce promotes social cohesion amongst employees and assists the company in complying with the employment equity quotas.

- Experience in dealing with government contracts. The mean score for this identified strength was 31% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 43% and amongst directors of client companies was 0%. Managers of FM companies were therefore most concerned with staff having experience in dealing with government contracts. An experienced staff will draw from their past experiences and apply best practices to their current situations, thereby providing clients with superior service delivery. Directors of client companies showed no interest in this aspect of a company. This is probably because the demands of the government sector and the private sector are different.
- Highly skilled workforce that can execute operational strategies. The mean score for this identified strength was 31% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 29% and amongst directors of client companies was 14%. Managers of FM companies were therefore most concerned with having a highly skilled workforce. The managers are responsible for the day to day management of the business operations. Having a highly skilled workforce will ensure that the business operations of the FM company are conducted smoothly. A highly skilled workforce will be able to comply with the established operational policies, systems and processes of the FM company, thereby ensuring superior service delivery. A highly skilled workforce means that the FM company will have a greater array of internal capacities amongst its staff members. This would allow the FM company to take on a greater number of service provisions and would also overcome the need to contract outside specialists.

- National presence - or presence in more than 1 province. The mean score for this identified strength was 27% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 38%, amongst directors of FM companies was 43% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with their companies having a national presence. By having a national presence, 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 presence also implies that the FM company is expanding. A national presence allows FM companies to tender for national contracts. This finding indicates that directors of FM companies are desirous of growing their businesses.
- Offering a wide variety of services. The mean score for this identified strength was 18% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 25%, amongst directors of FM companies was 29% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with the capacity of their company to offer a wide variety of FM services. 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 that have a diverse and skilled workforce will be able to offer a wider variety of services.

From the SWOT analysis, the following weaknesses emerged:

- Low involvement of executive management in operations. The mean score for this identified weakness was 55% across all 3 categories of interviewees. This was the highest mean score achieved for all weakness listed by the interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 57% and amongst directors of client companies was

57%. Directors of both FM companies and client companies were therefore most concerned with the low involvement of executive management in the operations of FM companies. This situation needs to be urgently addressed as the directors are ultimately responsible for the fortunes of the company and are answerable to the shareholders of the company (in the case of listed companies). Directors of FM companies need to become actively involved in the company's operations so as to improve the efficacy of the operational strategies implemented. Directors of client companies are concerned with the lack of involvement of the FM company executives in the operations of the FM companies, as this could lead to a drop in service levels.

- Compliance challenges especially with equity laws e.g. EE Act and BBBEE Act. The mean score for this identified weakness was 54% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 75%, amongst directors of FM companies was 71% and amongst directors of client companies was 14%. Managers of FM companies were therefore most concerned with complying with equity laws. In most cases, managers are responsible for employing staff. Managers have to ensure that their staff compliment is compliant with BEE legislation. The failure to comply may result in the company being fined and will also decrease its BBBEE rating. A decrease in the BBBEE ratings will make it difficult for the FM company to secure government contracts and will therefore have a negative impact on the competitive advantage of the company. Fines imposed on the FM company will decrease the profitability of the company and erode the company's credibility.
- Operational strategies mismatch with business strategies. The mean score for this identified weakness was 40% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 71% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with the mismatch between operational strategies and business strategies. A previous weakness identified, was the low involvement of executive management in the operations of the

FM company. It is possible that this low involvement is resulting in the mismatch between the operational strategies and business strategies of the FM company. This mismatch is a cause for concern as it will have a negative impact on the competitive advantage of the FM company.

- No known operational strategy document. The mean score for this identified weakness was 36% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 57% and amongst directors of client companies was 0%. Directors of FM companies were therefore most concerned with the lack of an operational strategy document. This is a serious cause for concern as the absence of operational strategy documents effectively means that the FM company has no documented, formal and established operational strategy. Operational strategy is therefore being made up on a situation by situation basis. This will result in a lack of consistency and cause confusion amongst staff and clients who will not know what to expect. This further highlights the need for FM company executives to become actively involved in operations so that there is an alignment between the established operational strategies and business strategies of the FM company. All FM companies must develop operational strategy documents that must be available to staff and clients. The operational strategy document must be workshopped with all staff and must be used in induction programs for all new employees.
- Evaluation of operational strategies not regularly done. The mean score for this identified weakness was 30% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 63%, amongst directors of FM companies was 29% and amongst directors of client companies was 0%. Managers of FM companies were therefore most concerned with the irregular evaluations of operational strategies. As stated previously, managers are responsible for the management of the company's daily activities. Through conducting regular evaluations of the operational strategies, weaknesses can be identified and measures put in place to capacitate employees and to adapt strategies for the changing market conditions.

- Low adoption of latest operational technologies. The mean score for this identified weakness was 18% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 25%, amongst directors of FM companies was 14% and amongst directors of client companies was 14%. Managers of FM companies were therefore most concerned with the lack of technological in the operational strategy of FM companies. Given the technological advancements of the world and the digital era that we live in, FM companies that do not incorporate the use of technology into their operational strategies risk becoming obsolete. Such companies will no longer be able to service clients' needs and will not provide industry best practices, thereby losing their competitive advantage to their peers who have managed to adopt the latest technologies.
- Staff not well-versed with operational strategies. The mean score for this identified weakness was 08% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 25%, amongst directors of FM companies was 0% and amongst directors of client companies was 0%. Managers of FM companies were therefore most concerned with the staff not being well versed with operational strategies. This weakness could possibly stem from a weakness identified earlier that companies have no known operational strategy document. If there is no established operational strategy, it follows that staff will not be well versed in the operational strategy of the FM company. Regular training workshops must be conducted with all staff so that all staff become well versed with the operational strategies of the FM company.

From the SWOT analysis, the following opportunities emerged:

- Increasing floor space for all types of facilities in S.A. The mean score for this identified opportunity was 73% across all 3 categories of interviewees. This was the highest mean score achieved for all opportunities listed by the interviewees. The mean score amongst managers of FM companies was 75%, amongst directors of FM

companies was 86% and amongst directors of client companies was 57%. Directors of FM companies were most concerned with increasing the floor space of facilities. This indicates that directors of FM companies are interested in growing their businesses and are seeking opportunities to expand their operations. This finding supports an earlier finding that indicated that directors of FM companies are desirous of growing the business.

- New technologies increase operational span in terms of services and processes. The mean score for this identified opportunity was 68% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 63%, amongst directors of FM companies was 86% and amongst directors of client companies was 57%. Directors of FM companies were most concerned with increasing the use of new technology. Through embracing the use of new technology, FM companies will be able to overcome the weakness identified earlier of low adaptation to latest operational technologies.
- Organisations realising the need to outsource FM services. The mean score for this identified opportunity was 64% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 71% and amongst directors of client companies was 71%. Directors of both FM companies and client companies were most concerned with the outsourcing of FM services. The fact that clients were concerned about the need to outsource FM indicates that the growth potential of the FM industry is increasing. Directors of FM companies realise that this is an opportunity for them to increase their market share.
- Increasing government contracting of small firms - Preferential Procurement Policy. The mean score for this identified opportunity was 60% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 38%, amongst directors of FM companies was 71% and amongst directors of client companies was 71%. Directors of both FM companies and client companies were most concerned with securing government contracts. The South African

government is one of the biggest providers of tenders and contracts in the South African economy. Companies are interested in securing government work as a means of growing their businesses. The procurement policies of the South African government favour companies with a higher BBBEE rating. The procurement policies promote black entrepreneurship and are an attempt at redressing the economic imbalances of the past.

- The existence of a wide array of operations that a firm can venture into. The mean score for this identified opportunity was 58% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 75%, amongst directors of FM companies was 71% and amongst directors of client companies was 29%. Managers of FM companies were most concerned with expanding the array of operations. Embracing the use of technology, having a skilled workforce and offering a wide variety of services have already been identified as strengths of FM companies. Thus the identified strengths and opportunity are aligned to each other. Companies that offer a wide array of services have a competitive advantage as they are able to offer bundled service products and TFM to their clients.
- Expansion into the Southern African market. The mean score for this identified opportunity was 36% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 57% and amongst directors of client companies was 0%. Directors of FM companies were most concerned with expanding their operations into the Southern African market. This finding is aligned to an earlier finding that directors of FM companies are interested in growing their businesses and are seeking opportunities to expand their operations. Africa is seen as a continent with huge growth potential. Thus, for FM companies looking to expand their operations, expansion into the African continent represents a logical step.

From the SWOT analysis, the following threats emerged:

- Increasing operational costs could encourage an increase in in-house facilities management. The mean score for this identified threat was 87% across all 3 categories of interviewees. This was the highest mean score achieved for all threats listed by the interviewees. The mean score amongst managers of FM companies was 75%, amongst directors of FM companies was 86% and amongst directors of client companies was 100%. Directors of client companies were therefore most concerned that an increase in FM cost would result in an increase in the use of in-house FM. FM companies must therefore become cost efficient if they want to retain their existing clients and expand their client base in the future. FM companies must be cognisant of the tough economic climate as clients are constantly looking at ways of decreasing their costs.
- Declining economic environment threatens operational viability. The mean score for this identified threat was 77% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 88%, amongst directors of FM companies was 71% and amongst directors of client companies was 71%. Managers of FM companies were therefore most concerned that the declining economic environment threatens their operational viability. Managers interact with the clients on a daily basis. They are therefore more aware of the economic challenges that clients are facing and of the cost saving measures that clients intend to implement. This finding supports the previous finding that FM companies must become cost efficient if they want to retain their existing clients and expand their client base in the future.
- Increasing competition due to unrestricted market entry. The mean score for this identified threat was 73% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 75%, amongst directors of FM companies was 71% and amongst directors of client companies was 71%. Managers of FM companies were therefore most concerned with competition. Competition affects

the profitability of companies. FM companies that are unable to match their competitors in terms of costs and service levels will become unsustainable and will be forced to close down their operations. FM companies must accept that globally the trend is towards a free market economy. FM companies must therefore structure their operational strategies such that they are able to compete in a global market.

- Potential loss of business from farming clients given land repossession threats. The mean score for this identified threat was 64% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 63%, amongst directors of FM companies was 57% and amongst directors of client companies was 71%. Directors of client companies were therefore most concerned with the potential loss of business from farming clients amidst the land repossession threats. Given the political climate in South Africa, and the sensitivity of the land issue in South Africa, nobody can tell for certain what will happen with land and whether South Africa will go the route of Zimbabwe or not.
- Labour unrest, strikes, sit-ins due to regular employment benefits disagreements. The mean score for this identified threat was 60% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 71% and amongst directors of client companies was 57%. Directors of FM companies were therefore most concerned with labour unrest issues. Workers in South Africa are unionised and labour unrest is common in the South African economy. Labour unrest can result in FM companies not honoring their contracts with clients. This may result in reputational damage to the FM company. Reputational damage will decrease the credibility of the FM company thereby eroding its competitive advantage.
- Preferential Procurement Policy that threatens large, traditional firms as they are less preferred suppliers. The mean score for this identified threat was 50% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 71% and amongst directors of client companies

was 29%. Directors of FM companies were therefore most concerned with preferential procurement policies. This is linked to the changing political climate in the country and with BBBEE policies. Given the political history of South Africa, the government, as part of its Black Economic Empowerment (BEE) policies is giving preference to emerging black owned businesses as opposed to the traditionally white owned, established businesses. Thus, white owned businesses in South Africa are of the opinion that the business environment is skewed in favour of black owned business and they feel marginalised.

- The negative effects of crime. The mean score for this identified threat was 50% across all 3 categories of interviewees. The mean score amongst managers of FM companies was 50%, amongst directors of FM companies was 43% and amongst directors of client companies was 57%. Directors of client companies were therefore most concerned with the negative effects of crime. Crime in South Africa is closely linked to the social circumstances that prevail within the country. It is accepted that crime is a threat to the future growth and sustainability of businesses and the economy of the country.

7.2.2 Objective Two - To determine the factors that contribute to the success or failure of the business operational strategies.

Factors that emerged from the SWOT analysis obviously contribute to the success or failure of the operational strategies of FM companies. As these factors have already been discussed under objective one, the influence of these factors will not be repeated in the discussion of this objective.

The following factors were identified in the primary research as contributing to the success of operational strategies:

- The majority of managers and executives of companies operating within the FM sector are highly experienced and academically qualified. The combination of qualifications and experience bodes well for the growth and sustainability of the FM sector in South Africa.

- The majority of FM companies offer a bundled package of services as part of their operational strategy. This implies that the FM companies take over the full management of support services as part of a single contract. Clients serviced by such companies enjoy the convenience and cost benefit of dealing with a single FM service provider.
- Adherence to set operational strategies improves the effectiveness of FM which enhances the reputation of the FM company.
- FM companies must be flexible in the implementation of operational strategies. They must be able to switch between servicing clients on short and long term contracts, between ad hoc and planned operational strategies and between single site and multi-site models.

The following factors were identified in the primary research as contributing to the failure of operational strategies:

- FM companies that do not regularly reviewing their operational strategies are unable to service the changing needs of clients. This has a negative impact on their ability to gain a competitive advantage.
- Employees that do not understand the operational strategies of their company will not be able to effectively implement the strategies. This has a negative impact on the competitive advantage of the company.
- The lack of training of employees in strategic areas such as the use of ICT technologies has a negative effect on the implementation of the operational strategies.
- The use of outside service providers because of the lack of in-house capacity often results in poor service delivery and the failure of the operational strategy.

7.2.3 Objective Three - To determine the nature and extent of FM operational strategies evaluation

From the primary research, it emerged that the FM industry relied on models that were designed for strategic management purposes in the evaluation of operational strategies. As the FM Industry does not have industry specific

evaluation tools, convenience was cited as the main justification for using the following methods to evaluate operational strategies:

- Porter's Five Forces Model;
- Mckinsey's 7 S Model ;
- SWOT Analysis;
- Balanced Scorecard;
- Checklists, and
- In-house Operational Strategy Evaluation models

From the primary research, the following challenges emerged with regard to the evaluation of operational strategies:

- Disagreement on evaluation ratings between FM companies and clients.
- The use of outdated evaluation models and non-industry specific models reduced strategy evaluations to a mere formality as opposed to a developmental process.
- The manipulation of evaluation models by managers and supervisors to get good scores
- The lack of evaluation skills and evaluation training for the evaluators, posed a major challenge that hindered the effective evaluation of operational strategies

7.2.4 To determine the extent to which clients of FM companies are satisfied with the business operational strategies of the FM Company that they employ.

From the primary research, the following perceptions of clients emerged regarding their level of satisfaction with the operational strategies of the FM companies that they employ:

- Clients provided various reasons for engaging the services of FM companies as summarised in Figure 6.26.
- The primary reason for engaging the services of FM companies was the hope that costs would decrease or at least stabilise.

- The operational strategies of FM companies allow clients to transfer risks associated with managing a facility to the FM company.
- Risk transfer also included the transfer of personnel related risks to the FM company.
- Clients were not satisfied with the process of service level evaluation conducted by the FM companies. There were often disagreements between the FM companies and their clients regarding evaluation ratings.
- Clients of FM companies generally agreed that they were able to realise certain benefits from utilising the services of a FM company. However the benefits derived differed amongst clients and from one FM company to another.
- Clients were of the view that they may consider changing the FM company employed to maximum benefits derived from outsourcing services to FM companies rather than giving up on the sector altogether. This implies that whilst clients may lose faith in a particular FM company, they retain their faith in the FM sector as an industry that can assist and advance their business.
- FM companies allow clients to focus on their core business activities rather than being distracted by issues relating to the use and management of their facility.

7.2.5 Objective Five - To make recommendations to improve the business operational strategies of FM companies.

The following recommendations are made to FM companies as a means of improving the effectiveness of their operational strategies.

7.2.5.1 Recommendation 1

FM companies must maintain their registration with SAFMA. Membership of SAFMA enhances the reputation of a FM company and gives clients the satisfaction of knowing that their FM service provider belongs to a credible association of facility managers. SME FM companies should be encouraged

to become SAFMA members as they could benefit from business and networking associations and gain a competitive advantage that could potentially benefit the company.

7.2.5.2 Recommendation 2

FM companies must invest in branding of the company and their service offerings. Through establishing a brand, a company enhances its reputation to potential clients and creates a competitive advantage based on its reputation in the market. Recommended strategies include the use of professional branding companies to design unique brand concepts that they can sell as key attributes to their clients. Developed brands need to be supported with actually quality service that meets or surpass clients expectations.

7.2.5.3 Recommendation 3

FM companies must attempt to improve their BBBEE rating. This would afford them a competitive advantage in securing government contracts. This is important considering the huge impact that the government sector has on business. SAFMA (2017:3-6) discusses the contribution from government (local, provincial, national) to the FM industry. FM companies with the capacity to deliver quality services at competitive prices may be left out of this lucrative market as a result of BBBEE non-compliance. BBBEE ratings can be improved through forming alliances with SMEs, communities and employee empowerment schemes that benefit previously disadvantaged groups.

7.2.5.4 Recommendation 4

FM companies must price their services competitively in an attempt to gain a competitive advantage over their peers. Competitive pricing assists in maintaining existing clients and in attracting new clients thereby ensuring the sustainability of the business. The increasing number of competitors in the industry and the increasing price-consciousness of clients, demands that FM companies address their pricing structure whilst simultaneously maintaining an acceptable level of service quality. This creates a challenging balancing act

wherein quality services need to be offered at lower affordable prices. FM companies could consider process innovations that lowered operational costs, for example the use of automated security monitoring systems.

7.2.5.5 Recommendation 5

FM companies must have established and functional operational policies, systems and processes that facilitate effective management of the day to day operations of the company. These policies, systems and procedures are critical in ensuring that operational and business strategies are applied systematically towards benefitting clients. These policies, systems and procedures should be effectively communicated to management and employees and should also form part of their performance appraisal variables. In addition, management and employees should be trained on the importance of policies so that they can effectively apply them in providing quality service and meeting internal and external operational compliance requirements.

7.2.5.6 Recommendation 6

FM companies must have knowledge of the latest operational strategies. Implementing the latest operational strategies will modernise the services of the FM company and introduce first world standards into the South African FM sector. This will enhance the company's reputation and branding amongst existing and potential clients.

7.2.5.7 Recommendation 7

FM companies must have a diverse work force which will add to the BBBEE rating of the company and place it in a better position to secure work from the South African Government in terms of Government's preferential procurement policies. A diverse workforce will also increase the skills base of employees thereby allowing the FM company to offer a wider array of services. Additionally, the researcher contends that a diverse workforce can also appeal to a diverse client base thereby increasing the client base and volume of business to the company.

7.2.5.8 Recommendation 8

FM companies must strive to establish a national presence. This enhances the brand and reputation of the FM company thereby providing the company with a competitive advantage. Companies that have a national presence can tender for contracts nationally. As this may pose a challenge to lowly-capitalised SMEs, operational strategies that support a wider distribution network at a lower cost can be considered particularly virtual offices and cost-contained representative offices and agents.

7.2.5.9 Recommendation 9

FM companies must move away from offering single services and must strive to offer a wide variety of services thereby making the company more marketable and giving it a competitive advantage over its peers. Expanding the range of services offered and moving towards a one-stop-shop can however be challenging for SMEs in the FM industry. Financing support schemes should therefore be advocated for this group in a similar fashion that other economic sectors have mobilised funding of SMEs in their realms through various Department of Trade and Industry initiatives. Examples of these include Aquaculture Development and Enhancement Programme (ADEP) and the Automotive Investment Scheme (AIS) for the SME aquaculture and automotive industry respectively (DTI, 2019:1).

This action must be led by SAFMA and other FM industry bodies in consultation with their members.

7.2.5.10 Recommendation 10

Directors of FM companies need to become actively involved in the operations of their companies. Directors are ultimately responsible for the fortunes of the company and need to become proactive in ensuring that the company conforms to industry specific best practices so as to maintain a competitive advantage over its peers. Their presence in the day-to-day operations help to

increase compliance and commitment to strategies for the rests of their teams. Additionally, this also ensures that they are fully aware of the operational challenges of their companies and can therefore lead appropriate actions to manage these challenges. At the same time, they also need to be cautioned against taking over the management functions of the company as this will intrude into the managers' operational space and be counterproductive.

7.2.5.11 Recommendation 11

FM companies must employ compliance officers to ensure that the company is compliant with legislation relating to the EE Act and BBBEE Act. This will prevent fines being imposed on the company. Compliance with legislation will enhance the company's chances of obtaining contracts with the South African Government.

7.2.5.12 Recommendation 12

FM company executives must ensure an alignment between the operational strategies and business strategies of the company. Strategy alignment increases the efficiency of service delivery thereby enhancing and maintaining the company's competitive advantage in the market. Various methods can be applied in ensuring this alignment. This study proposes regular monitoring and evaluation of the relationship between operational and business strategies and the use of models and frameworks such as SWOT analysis with an emphasis of relating operations to strategic goals.

FM companies must consider engaging internal evaluation tools that are specifically designed for a particular company or a particular service. This will be more effective in identifying and addressing nuanced operational strategy issues. FM companies can therefore develop and test their own models internally or with the help of strategic management consultants. Tailor-made

models can have a stronger effect because of their ability to capture and relate company-specific variables.

7.2.5.13 Recommendation 13

FM companies must regularly evaluate their operational strategies. Strategy evaluation is necessary to identify weaknesses and to implement measures to capacitate employees to adapt to the changing market conditions. The study recommends an operational strategy evaluation process at least once every six months. This will reduce the risks of operational strategies straying away from client satisfaction goals and business goals in general. Regular evaluation affords FM organisations a better chance to be proactive and to effectively react to the ever-changing operational environment. In the process new opportunities arising from change can be identified and manipulated while new problems can be quickly resolved.

7.2.5.14 Recommendation 14

FM companies need to incorporate the use of latest technology into their operational strategies so as to remain relevant in the market. Technology can be applied in the evaluation of operational strategies. Various technological breakthroughs that effectively apply to FMs in South Africa include energy monitoring and management systems; automated systems for security and access; safety and health risk monitoring systems and space management systems.

7.2.5.15 Recommendation 15

FM companies must have regular training and capacitation sessions for all employees so that they are aware of the operational strategies and trends within the market. The training needs of employees must be identified and relevant training programmes must be implemented. Induction of new employees must become a norm.

7.2.5.16 Recommendation 16

Training programmes that develop capacity amongst internal staff must be regularly conducted. Training programmes will enable FM companies to develop sufficient in-house capacity so that the company can avoid having to employ outside service providers.

7.2.5.17 Recommendation 17

Training workshops, informal discussions, mentoring and literature could be used in the training processes.

7.2.5.18 Recommendation 18

FM companies must consider engaging internal evaluation tools that are specifically designed for a particular company or a particular service. This will be more effective in identifying and addressing nuanced operational strategy issues.

7.2.5.19 Recommendation 19

FM companies must regularly collect data on customer expectations and on the quality of service received. This will assist in identifying service level lapses and service quality gaps that need to be addressed to enhance customer satisfaction and company competitiveness.

7.2.5.20 Recommendation 20

FM companies that know and understand clients' concerns, stand a better chance of gaining a competitive advantage in the industry.

7.2.5.21 Recommendation 21

FM managers needed to keep records of employee and service level evaluations. The records must indicate the evaluation dates, the findings of each evaluation, recommendations, courses of action and persons

responsible for corrective actions required. This process will link individuals to the operational strategies identifying how each contributes towards the attainment of operational goals. In addition, this creates a sense of personal responsibility towards the team in the execution of operational strategies.

This will ensure that operational strategy evaluation does not become a futile exercise that does not have any effect or consequence.

7.3 Suggestions for further studies

This research identified knowledge gaps that need to be addressed through further research. The following recommendations are made on the types of research that should be conducted to close the identified gaps:

7.3.1.1 Suggestion 1

The FM sector needs to design custom made evaluation tools that specifically speak to the needs and nuances of the FM sector and the services rendered.

Studies that aim at developing such tools are therefore recommended considering findings that strategic management tools are not always well-suited for FM evaluation.

7.3.1.2 Suggestion 2

Investigate the process of Branding FM companies and FM processes as a means of gaining and sustaining a competitive advantage locally, nationally and globally. While branding is discussed in the literature and highlighted as important in this study, detailed research on how it impacts the FM industry is required considering that not much research has been undertaken in this area.

7.3.1.3 Suggestion 3

This research also suggests a study on the factors that influence the decision-making processes of clients regarding how they choose a particular FM service

provider, and the point at which they consider changing the FM service provider or opting to resort to in-house FM. This study should provide a decision-making framework that FM managers can use to make informed decisions on engaging current and prospective clients.

7.3.1.4 Suggestion 4

Investigating the effects of affirmative action and Preferential Public Procurement policies on the growth and effectiveness of the FM industry. Affirmative action and preferential procurement policies are official policy position of the South African Government. Thus their effectiveness in achieving economic redress and in advancing the FM sector needs to be investigated.

7.4 Conclusion

This study set out to evaluate the effectiveness of business operational strategies used by FM companies. The study investigated 10 purposively selected FM companies based in Gauteng. A sample of managers and directors drawn from the FM companies and a sample of directors drawn from companies that use the services of FM companies was conveniently selected and invited to participate in this study.

The study was able to effectively meet its desired objectives and to answer the research questions. The study revealed that the FM industry in South Africa applies various tools and methods to assess and improve operational strategy performance as a way of improving market competitiveness. Compliance with operational strategies was strongly linked with market competitiveness in a highly contested market. Several factors that affect the success and failure of operational strategies and competitiveness of FM companies were identified. These factors were both internal and external to the FM companies. Internal factors stem from the company's strategies, systems, resources, culture, staffing and structure. External factors stem from political, economic, sociological, technological, ecological and legal domains (PESTEL). Operational strategy evaluation tools guide FM companies to assess their

strategic performance towards achieving set market and operational goals and towards strategy modification and remedial action.

The study found that the strategy evaluation tools used in the FM industry are not specifically designed for the industry in terms of its nuanced characteristics and services offered. Thus the suitability of the evaluation tools currently used was largely overlooked and sacrificed at the altar of convenience. The current evaluation tools are not a perfect fit for the FM industry as they have weaknesses that affected how operational strategies are evaluated. The study makes several recommendations on ways of improving operational strategy evaluations within the FM industry. Areas for further study to bridge the knowledge gaps relating to the FM industry were identified.

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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APPENDICES

APPENDIX A: Letter of Introduction



Title of the Research Study: Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten(10) Facility Management Companies in Gauteng, South Africa.

Principal Investigator/s/researcher:, Masters in Business Administration

Brief Introduction and Purpose of the Study: I am a Doctorate student in the Faculty of Management Science, at the Durban University of Technology (DUT) conducting research under the supervision of Professor Mohamed Saheed Bayat. My research topic is Monitoring and Evaluating the Effectiveness of Business Operational Strategies to enhance competitive advantage for Facility Management Companies: A Case Study of Facility Management Companies in Gauteng, South Africa. This study seeks to define the scope of Facility Management (FM) and to provide an in-depth overview and understanding of facilities management and the operational strategies used by FM companies in order to determine the extent to which the monitoring and evaluating of the business operational strategies of FM companies produce a competitive advantage for the company.

Outline of the Procedures: The researcher will conduct interviews on a one-to-one basis with selected sample elements. Interviews will be recorded and all recordings will be kept safely by the researcher. All participants will be given a letter of confidentiality and consent to participate prior to any collection of data.

Risks or Discomforts to the Participant: There are no expected discomforts to the participants, but if it happens that some of the questions in the interview schedule pose discomfort to a participant, the participant will be advised to skip those questions or to stop participation until they are ready to continue. Participants may also choose to terminate their participation without providing any reasons.

Benefits: The results of the study will benefit the facilities managements industry by giving new insights and new knowledge to existing FM companies. Knowledge on Monitoring and Evaluating Business Strategies of the Facility Management Industry would ensure a competitive advantage to certain companies.

Reason/s why the Participant may be withdrawn from the Study: Except for the possibility of discomfort arising from the questions of sickness on the day of an interview, there should be no other reasons for participants to withdraw. .

Remuneration: There is no remuneration or incentive to participate in this study. Participation is voluntarily. However, all participants will get feedback of the findings and receive a soft copy of the completed research study.

Costs of the Study: No costs of the study are expected to be covered by participants.

Confidentiality: Confidentiality refers to protection of the information provided by the participants in the study. To ensure confidentiality all the relevant information received through the data collection tools will be treated in complete confidentiality and will be stored securely by the researcher in his home..

Research-related Injury: No Injuries and risks anticipated.

Persons to Contact in the Event of Any Problems or Queries:

Supervisor: Prof. Mohamed Saheed Bayat

Tel: +27 83 786 1326

The researcher: or the Institutional Research Ethics administrator on 031 373 2900. Complaints can be reported to the DVC: TIP, Prof F. Otieno on 031 373 2382 or dvctip@dut.ac.za.

APPENDIX B: Participant's consent letter



Statement of Agreement to Participate in the Research Study:

- I hereby confirm that I have been informed by the researcher, _____ about the nature, conduct, benefits and risks of this study - Research Ethics Clearance Number: _____,
- I have also received, read and understood the above written information (Participant Letter of Information) regarding the study.
- I am aware that the results of the study, including personal details regarding my sex, age, date of birth, initials and diagnosis will be anonymously processed into a study report.
- In view of the requirements of research, I agree that the data collected during this study may be processed and analysed by the researcher through computerised systems.
- I may, at any stage and without prejudice, withdraw my consent and participation in the study.
- I have had sufficient opportunity to seek clarity regarding any aspect of this research and willing declare myself prepared to participate in the study.

Full Name of Participant
Right Thumbprint

Date

Time

Signature /

I, Povendran Naidoo (Julian) herewith confirm that the above participant has been fully informed about the nature, conduct and risks of the above study.

Povendran Naidoo (Julian)

Full Name of Researcher

Date

Signature

Full Name of Witness (If applicable)

Date

Signature

Full Name of Legal Guardian (If applicable)

Date

Signature

APPENDIX C: Permission to conduct research letter



Faculty of Management Sciences
Department of Public Management and Economics

Date: / /

Permission to conduct research letter.

Dear Participant

I am a Doctorate (Ph.D.) student in the Faculty of Management Science, at the Durban University of Technology (DUT). I am conducting research on the following topic: Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa. This study seeks to define the scope of Facility Management (FM) and to provide an in-depth overview and understanding of facilities management and the operational strategies used by FM companies in order to determine the extent to which the monitoring and evaluating of the business operational strategies of FM companies produce a competitive advantage.

I kindly request permission to conduct research with employees of your company/ organisation. The data collected will be used only for the benefit of this study and the researcher will ensure total anonymity of all research participants. The South African Facilities Management Association (SAFMA), the research participants and their respective companies will benefit from this study through enhancing the value of facility management in South Africa.

There will be no remuneration given to participants. There will be no injuries and risks related to this study.

Instructions to Research Participants

1. Please answer all questions to the best of your knowledge.
2. There is no right or wrong answer.
3. I am interested in your opinion on the issues.
4. DO NOT write your name on the questionnaire/ interview schedule.

I thank you in anticipation of you granting me permission to conduct the research with employees of your organisation.

Yours faithfully

Povendran Naidoo

Student

Contact Details: 083 666 3885 or email on julian.julz828@gmail.com

Prof. Mohamed Saheed Bayat

Supervisor / Promoter

Contact Details: 083 786 1326

APPENDIX D: Interview Schedule for FM Managers /Supervisors



Dear Respondent

I am a Doctorate student in the Faculty of Management Science, at the Durban University of Technology (DUT). I am conducting research on the following topic: Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.

This study seeks to define the scope of Facility Management (FM) and to provide an in-depth overview and understanding of facilities management and the operational strategies used by FM companies in order to determine the extent to which the monitoring and evaluating of the business operational strategies of FM companies produce a competitive advantage.

Completion of the interview will take approximately 20 minutes of your time. The findings of the research will be made available on request. Your participation will be greatly appreciated and the data collected will be used to for the purpose of this study only. You are requested not to write your name on the interview schedule as data will be treated with utmost confidentiality. Your honest response to the questions would be appreciated.

I place on record my thanks to you for your participation.

Yours faithfully

Povendran Naidoo

Student

Contact Details: 083 666 3885 or email on julian.julz828@gmail.com

INSTRUCTIONS TO COMPLETE THE INTERVIEW SCHEDULE

- You will require approximately 25 minutes to complete this interview schedule.
- Please respond to all the questions honestly;
- Please take note of the fact that, in terms of this study, there are no correct or incorrect answers;
- For multiple choice questions, please a cross (X) in the block that is relevant to you or your organisation;
- For the open ended questions, you are requested to provide as much information as possible.

SECTION A: DEMOGRAPHICS

INSTRUCTIONS: Please place a cross (X) in the appropriate box. Mark one box only.

1. Indicate your age group (Years)

Below 20	20 - 29	30 – 39	40 – 45	45 - 55	55 - 65	Above 65

2. Indicate your race group

African	Coloured	Indian	White	Other (Please specify)

3. Indicate your gender

Female	Male

4. Indicate your position in the organisation

Senior Managerial Staff	Middle Managerial Staff	Junior Managerial Staff	Site Supervisor

5. State the number of years of experience that you have in FM

Less than 1 year	1-4 year	5 -10 year	11- 20year	21-30 year	>30 years

6. What is your highest qualification?

Matric	
Diploma	
Bachelor degree	
Honours	
Masters	
PhD	

SECTION B: SCOPE OF FACILITY MANAGEMENT

7. Which of the items listed below, form part of the scope of facility management in your organisation? (Mark the most relevant function(s) with an 'X')

Event management		Emergency Management		Environment		Disaster recovery	
Life Cycle costing		Complaint handling		Contract Administration		Asset register/tracking	
Financial control		Disposal of Waste		Purchasing		Property Management	
Support services Management		Space planning		Furniture Management		Strategic Planning	
Programming Requirements		Construction Management		Records retention and document management		Hotel Management	
Safety and health		Project Management		Ongoing maintenance management		Sustainability	

Lease management		Fleet management		Food catering Services	or		Other/Specify	
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Note: The above table is a comprehensive list of FM functions and services provided, but not a complete list. The idea of the question is to determine just how diverse the services of the FM company are and also to determine the demand for services that clients have.

8. What other items, in your opinion, would form part of the scope of facility management?

SECTION C: LINK BETWEEN OPERATIONAL STRATEGIES AND FACILITY MANAGEMENT

To what extent do you agree with the following statements regarding operational strategies?

Item No.	Item	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
9	In my company operational strategies are strictly adhered to					
10	There is a strong link between adhering to operational strategies and effective facility management.					
11	Operational strategies improve our competitiveness in the market					
12	Operational strategies in our company are regularly evaluated – (at least 4 times a year)					

13	All employees of the company are familiar with the operational strategies.					
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SECTION D: SWOT ANALYSIS

14. What do you regard as the strengths, weaknesses, opportunities and threats (SWOT) to your current business operational strategies.

Strengths_____

Weaknesses_____

Opportunities_____

Threats

SECTION E: SENIOR MANAGERS PROVIDES THE FOLLOWING SUPPORT

15. Does your senior managers support you in the implementation of the company's business operational strategies?

If yes, please elaborate on the type of support that you receive. If no please elaborate on the type of support that you would like to receive

16. As a manager how often do you receive training to capacitate you to perform your job functions?

17. Comment on the nature and the effectiveness of the training received

18. List any specific area /s in which you believe you require training / capacity building in

19. Elaborate on how you monitor and evaluate the implementation of the company's business operational strategies at the facility that you are responsible for

20. List the challenges that you face in your capacity as a Facility manager / supervisor

21. In your opinion, what can be done to overcome the challenges listed above?

22. What recommendations would you like to make to improve the business operational strategies of your company?

APPRECIATION

Thank you for your time. Kindly email the completed questionnaire to julian.julz828@gmail.com. If you require any clarity on any of the questions above, please contact the researcher on Cell: 0836663885 or e-mail: julian.julz828@gmail.com.

Appendix E: Interview Schedule for Directors of FM Companies



Dear Respondent

I am a Doctorate student in the Faculty of Management Science, at the Durban University of Technology (DUT). I am conducting research on the following topic: Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.

This study seeks to define the scope of Facility Management (FM) and to provide an in-depth overview and understanding of facilities management and the operational strategies used by FM companies in order to determine the extent to which the monitoring and evaluating of the business operational strategies of FM companies produce a competitive advantage.

Completion of the interview will take approximately 20 minutes of your time. The findings of the research will be made available on request. Your participation will be greatly appreciated and the data collected will be used to for the purpose of this study only. You are requested not to write your name on the interview schedule as data will be treated with utmost confidentiality. Your honest response to the questions would be appreciated.

I place on record my thanks to you for your participation.

Yours faithfully

Povendran Naidoo

Student

Contact Details: 083 666 3885 or email on julian.julz828@gmail.com

INSTRUCTIONS TO COMPLETE THE INTERVIEW SCHEDULE

- You will require approximately 25 minutes to complete this interview schedule.
- Please respond to all the questions honestly;
- Please take note of the fact that, in terms of this study, there are no correct or incorrect answers;
- For multiple choice questions, please a cross (X) in the block that is relevant to you or your organisation;
- For the open ended questions, you are requested to provide as much information as possible.

Section A: DEMOGRAPHICS

1. Indicate your age group (Years)

Below 20	20 - 29	30 – 39	40 – 45	45 - 55	55 - 65	Above 65

2. Indicate your race group

African	Coloured	Indian	White	Other (Please specify)

3. Indicate your gender

Female	Male

4. Indicate your position in the organisation

Executive Director	Director	Non-Executive Director

INSTRUCTIONS: Please place a cross (X) in the appropriate box. Mark one box only.

5. State the number of years of experience that you have in FM

Less than 1 year	1-5 years	5 -10 years	11- 20years	21- 30 years	>30 years

6. What is your highest qualification?

Matric	
Diploma	
Bachelor degree	
Honours	
Masters	
PhD	

SECTION B - OPEN ENDED QUESTIONS

7. As an FM company, what services do you offer your clients?

8. Discuss the business operational strategies that are used by the company to ensure efficient service delivery

9. What strategies are used to monitor and evaluate the FM service offerings of the company?

10. Comment on the frequency, nature and success of these monitoring strategies

11. List the challenges that you as an FM company experience with:
Staff/ Service providers

Clients

Business Legislation and Regulation

12. Explain mechanisms are in place to deal with the following?

Staff/ Service provider complaints

Client complaints

13. Do you believe that the company offers a value for money offering?

14. What steps, if any is the company taking to improve its service offerings?

SECTION C: SWOT ANALYSIS

15. What do you regard as the strengths, weaknesses, opportunities and threats (SWOT) to your current business operational strategies.

Strengths_____

Weaknesses_____

Opportunities_____

Threats_____

Appendix F: Interview Schedule for Directors of Client Companies or Organisations that utilise the services of FM companies.



Dear Respondent

I am a Doctorate student in the Faculty of Management Science, at the Durban University of Technology (DUT). I am conducting research on the following topic: Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.

This study seeks to define the scope of Facility Management (FM) and to provide an in-depth overview and understanding of facilities management and the operational strategies used by FM companies in order to determine the extent to which the monitoring and evaluating of the business operational strategies of FM companies produce a competitive advantage.

Completion of the interview will take approximately 20 minutes of your time. The findings of the research will be made available on request. Your participation will be greatly appreciated and the data collected will be used to for the purpose of this study only. You are requested not to write your name on the interview schedule as data will be treated with utmost confidentiality. Your honest response to the questions would be appreciated.

I place on record my thanks to you for your participation.

Yours faithfully

Povendran Naidoo

Student

Contact Details: 083 666 3885 or email on julian.julz828@gmail.com

INSTRUCTIONS TO COMPLETE THE INTERVIEW SCHEDULE

- You will require approximately 25 minutes to complete this interview schedule.
- Please respond to all the questions honestly;
- Please take note of the fact that, in terms of this study, there are no correct or incorrect answers;
- For multiple choice questions, please a cross (X) in the block that is relevant to you or your organisation;
- For the open ended questions, you are requested to provide as much information as possible.

SECTION A: DEMOGRAPHICS

INSTRUCTIONS: Please place a cross (X) in the appropriate box. Mark one box only.

1. Indicate your age group (years)

Below 20	20 - 29	30 – 39	40 – 45	45 - 55	55 - 65	Above 65

2. Indicate your race group

African	Coloured	Indian	White	Other (Please specify)

3. Indicate your gender

Female	Male

4. Indicate your position in the organisation

Executive Director	Director	Non-Executive Director

5. State the number of years of experience that you have in FM

Less than 1 year	1-5 years	5 -10 year	11- 20year	21- 30	>30 years

6. What is your highest qualification?

Matric	
Diploma	
Bachelor degree	
Honours	
Masters	
PhD	

SECTION B - OPEN ENDED QUESTIONS

7. What services do your company/ organisation require from an FM company?

8. For how long has your organisation been using the services of an FM company?

9. Prior to employing the FM Company, how was the facility managed?

10. Elaborate on the challenges that were experienced with the above arrangement

11. By using the services of an FM Company, do you believe that the challenges highlighted above have been taken care off?

12. Kindly elaborate on your answer above

13. Do you believe that your organisation is getting value for money from the FM Company employed?

14. Kindly elaborate on your answer above

15. Does your organisation intend to continue using the services of an FM company?

16. What suggestions (if any) would you like to make to the management of the FM Company to enhance their service offerings?

SECTION C: SWOT ANALYSIS

17. What do you regard as the strengths, weaknesses, opportunities and threats (SWOT) of the FM company that you employ.

Strengths_____

Weaknesses_____

Opportunities_____

Threats_____

APPENDIX G: Gatekeepers letters

Gatekeepers Permission Letters I have requested permission from all the
Facilities Management Companies.





JHI Retail (Pty) Ltd
Reg. No. 2013/192532/07
VAT No. 4310297590

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Private Bag X45, Benmore 2010, South Africa
Tel: +27 11 911 8000
Fax: +27 11 911 8145
www.jhi.co.za

Date: 25 August 2017

To whom it may concern

This services to acknowledge JHI Retail hereby support Julian Naidoo on his studies and wish him prosperity and success in his future

Yours Faithfully

Kim Moore (HR – JHI Retail)

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Date: 25 August 2017

To whom it may concern

Excellerate Real Estate Services (JHI) wish to acknowledge our support and well wishes to Mr Julian P Naidoo on his studies towards his PHD. May his future be filled with much success.

Yours Faithfully

Marius Van Wyk (HR – JHI)

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Date: 25 August 2017

To whom it may concern

We at Excellerate Property Services hereby wish to acknowledge that we are in full support of Mr Julian Naidoo as he studies towards his PHD.

We wish him every success in the future

Yours Faithfully

Henry Van Der Bank

Page 1 of 1
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Excellerate CRES (Pty) Ltd
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Private Bag X45, Benmore 2010, South Africa
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www.cwexcellerate.com

Date: 25 August 2017

To whom it may concern:

This services to confirm that we at Excellerate CRES division hereby support Mr Julian Naidoo on his PHD studies.

We wish Mr Naidoo all the success in his future endeavors.

Yours Faithfully

Themba Radeba (HR – CRES)

Signature	Themba Radeba
Company Name	Excellerate CRES (Pty) Ltd

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APPENDIX H: Editor's letter



Ground Floor, Lakeview Building
1277 Mike Crawford Avenue, Centurion 0157
Tel: +2712 683 8714, +2712 683 8731, Fax: +2712 643 0204
Email: consultants@afregarde.co.za
Websites: www.afregarde.co.za

25 March 2019

TO WHOM IT MAY CONCERN

RE: CONFIRMATION OF PROOFREADING SERVICES – MR PJ NAIDO

I hereby confirm carrying out proofreading services for the above client, on a work entitled: *Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.*

In offering this service, I worked on the following:

- Spellings and terms
- Sentence construction
- Paragraphing
- Punctuation
- Use of tenses

For any enquiries relating to this work please contact the undersigned using details on the header of this document.

Yours faithfully,

A Kampira

PAN Research and Editing Services

72 Sixth Avenue, Morningside, Durban, 4001

Tel 031-3037775 / 0837777045

saleshpanday@mweb.co.za

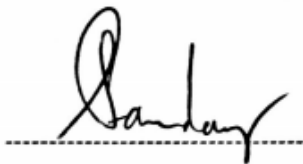
31 March 2019

To whom it may concern

This serves to confirm that I have edited the thesis of Mr Povendran Naidoo (Julian).

The title of the thesis is:

Monitoring and Evaluating the Effectiveness of Business Operational Strategies that Enhance Competitive Advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Companies in Gauteng, South Africa.

A handwritten signature in black ink, appearing to read 'Salesh Panday', is written over a horizontal dashed line.

Salesh Panday (MEd)

APPENDIX I: Turnitin Report



Turnitin Originality Report

Monitoring and Evaluating the Effectiveness of Business Operational Strategies that enhance competitive advantage for Facility Management Companies: A Case Study of ten (10) Facility Management Company by Povendran (Julian) Naidoo

From Research (Research)

- Processed on 03-Apr-2019 20:13 CAT
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