
Facilities management in South East Asia

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Abstract

The purpose of this paper is to provide an insight into the growth stage of facilities management (FM) in the South East Asia region. A questionnaire study of local and international firms operating in South East Asia was used. South East Asia needs to open up to change, particularly with respect to parity in issues of global competition in FM standards. This study is based on a limited sample size using a self-reporting methodology. Further research is needed to further investigate the findings. This paper addresses a unique insight into the contrasting approach to FM in the South East Asia region.

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1. Introduction

The South East Asia (SEA) region represents a wide geographical base with a vast and ever-increasing population at varying stages of economic development. This contrast is evident between the established western-based economies of Hong Kong and Singapore, the developing economies of Thailand and Malaysia, and the struggling economy of Indonesia.

The purpose of this paper is to examine the characteristics of the facilities management (FM) sector in South East Asia. It examines the perception of facilities managers regarding the changing market, driving forces and market growth. Following a review of literature on the subject, this paper:

- presents a factor analysis of the South East Asia economy in relation to FM (contrasting it with the UK context);
- details the design of a questionnaire used in a survey of the market; and
- presents the findings of the questionnaire.

1.1 Previous research

Facilities management is gaining increasing recognition as a significant contributor to the overall effectiveness of many organisations in the Western world. FM now represents a relatively mature market in the UK, with service providers seeking the opportunity to diversify elsewhere internationally. This paper, in comparing and contrasting the general FM market characteristics between the UK and South East Asia considers whether there may now be a suitable platform for FM to grow within the South East Asian region, particularly as it is currently experiencing a similar recession to the UK in the late 1980s and early 1990s in terms of severity and duration.

FM generally involves a number of disciplines and services, and is perhaps confusingly often used to describe one specific area of FM (e.g. maintenance management). It involves the development, co-ordination, and management of all of the non-core specialist services of an organisation, together with the buildings and their systems, plant, IT equipment, fittings and furnishings, with the overall aim of assisting any given organisation in achieving its strategic objectives.

FM, like all other forms of management, remains an inexact science and continues to evolve, to a large extent reflecting something of an umbrella term under which a range of both property and user related functions are brought together.

This paper is based on a thesis submitted by Mike Moore in fulfilment of the MBA in Construction and Real Estate from the College of Estate Management, University of Reading.



Various authors have examined FM in the Asia Pacific region. Most notable amongst these are the studies by Ho *et al.* (2000), Gilleard and Wan Yeung Kam-shim (2001), Lomas (1999) and So *et al.* (1999). In the study investigating the development of FM in Hong Kong, Lomas (1999) observed:

FM benchmarking and best practices are, for Asia, a relatively new aspect of business, which will naturally take time to be adopted by more companies. As can be seen a number of practitioners and researchers have made attempts to introduce FM with varying success. In the writer's view this initial FM development will be aided by the continued expansion of global facilities management organisations, such as IFMA, which has done much to provide a forum for establishing international definitions and standards.

The paper by So *et al.* (1999) provides an interesting insight into the priorities of building owners and operators. In their study they considered the precise nature of intelligent buildings (IB) in the Asian context. The eight quality environmental factors identified as part of such a definition reflect a strong facilities management perspective of IB.

Innovations in Hong Kong FM contracting are described by Gilleard and Wan Yeung Kam-shim (2001) in a study of performance contracting of energy management. This study found that:

There is a need for ongoing communication between all partners involved in energy performance contracting, both to overcome barriers to traditional ways of working and also to develop an appreciation for the differing objectives of each partner involved in the contract.

A study by Ho *et al.* (2000) examined the perception and current practice of FM benchmarking metrics in the region. In their study they found that:

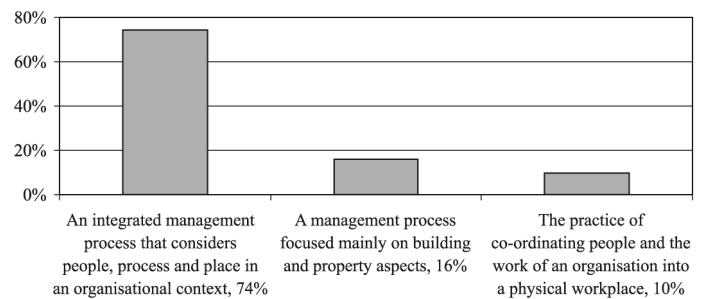
There is limited understanding and practice of FM benchmarking in the region. Respondents show an emphasis on the traditional function of property management in FM. Awareness of the impact of FM on overall business is low.

This finding concurs with the findings described later in this study. In the survey, respondents were requested to select the most appropriate definition of FM from a pre-determined choice (Figure 1).

Whilst FM is user led and the definition may vary, the majority of respondents selected a widely recognised industry definition.

South East Asia – and the Asia Pacific region in general – tends to be considered a second wave market by the FM industry. The long-term economic growth prospects of the region may have a significant impact on the global development of FM in the longer term.

Figure 1 Industry definition of FM



By way of example, in February 2001 during the opening of the Kuala Lumpur 21 Convention and Exposition, the then Deputy Prime Minister of Malaysia Datuk Seri Abdullah Ahmad Badawi made a statement:

Unless Malaysians change their mentality to become more aware of the need to provide good services and improve the upkeep of buildings, we will forever be a Third World country with First World infrastructure[1].

In terms of globalisation, the region remains slow to fully embrace the concept of global competition on an equal basis with many trade barriers remaining by several countries within the region. However, places such as Singapore are starting to initiate free trade agreements with the US and other regions as a stimulus to support economic recovery and hopefully establish precedents that others will follow.

The impact and importance of embracing globalisation in SEA should not be underestimated in FM terms. Globalisation brings with it global standards by way of western based organisations demanding equivalent building and service standards regardless of location, and seeking FM consultants and contractors who can deliver both regionally and globally. In addition, global competition results in a greater need and awareness for organisations to focus on quality, cost and innovation in their product and services in order to be able to compete effectively. This in turn generally increases the need for such organisations to concentrate on their core business and to demand increasing efficiency and thereby accelerates the demand for FM services in both core and non-core areas, all of which has been evidenced in both the UK and elsewhere.

2. Factor analysis of FM growth in South East Asia

Whilst the regional financial crisis of the late 1990s have dampened prospects for SEA and the region in general, it still has the capacity to contribute

significantly in the longer term. Some 3.7 billion people, representing more than 60 per cent of the world's population, live in Asia. This figure is expected to increase to 5.3 billion by 2050. By 2010 Asia is expected to account for two-thirds of all of the people in the world below the age of 35, and by 2025 China is predicted to account for 25 per cent of the total world economy. Many Asian economies have successfully exported high value electronics and related goods. In relation to economic robustness, many Asian countries are now attempting to introduce political and economic reforms following the regional financial crisis. Such reforms will provide the necessary ingredients to create a more long-term stable economy that will attract foreign investment. Asian success reflects a general conviction that continuous, predictable and reliable relationships are the best guarantee for successful co-operation, be it in private, political or professional life.

2.1 General factors

2.1.1 Globalisation

Whilst SEA has been keen to embrace global competition, it has been somewhat slower to adapt to the principles of global change.

SEA and Asia in general witnessed significant growth in the 1990s fuelled by western foreign direct investment (FDI) mainly due to its relatively cost effective labour base. Many of these now established foreign businesses, as well as equally established domestically grown businesses, contribute to Asia's position as a net exporter of electronic and related hi-tech products to the western world.

However, Asia has been slow to reduce trade barriers in many sectors, creating unfair competition and barriers to entry and operation. This situation continues to provide cause for concern to western organisations and potentially deter investment as these organisations consider the relative risk and reward scenarios of opportunities elsewhere globally.

2.1.2 Information technology

The use of and demand for IT is now prevalent in many SEA countries. Indeed SEA has become both a manufacturing and service hub for many IT related industries and in many instances is contributing to the drive for increasing efficiency and new generation products and services within the IT world.

In addition, the working environments of many Asian businesses, in parallel with their counterparts and competitors in the western world, continue to become increasingly more reliant on technical support with greater demand and use of ISAT.

2.1.3 High cost of space

Whilst the Asian region in general continues to suffer from a property overhang in most sectors, the cost of occupying, servicing and maintaining space continues to generally represent a high cost in business terms for both owners and occupiers, and hence demands a level of understanding, operation and management. The cost of space may therefore be considered as a further contributing factor to the development of FM. Moreover, in certain locations such as Hong Kong and Singapore where land supply is scarce there is a generally greater need for space efficiency by both occupiers and building owners.

Most of the regional property overhangs remain in secondary and tertiary sectors, whilst demand tends to be focused on the more modern new built or recently refurbished facilities. In addition, both landlords and tenants are faced with increasingly complex building environments and business needs in terms of IT demands.

2.1.4 Employee expectations

There is a general increase in the expectations of Asian employees in terms of the workplace environment. Property industry agents and consultants are driving for improvements to existing and new building specification levels in an effort to attract local and regional investment opportunities. Foreign companies are demanding building and space standards equivalent to the best in class elsewhere and in accordance with their own in house benchmarks.

Whilst the drive for improvement generally appears to be from those within or related to the industry, particularly in the absence of increasing regulated legislation relating to the workplace, there also appears to be a greater sense of ownership and recognition for the way in which resources are managed, with increasing emphasis on aspects such as energy conservation, waste reduction, salvage, and recycling. All of these factors should in time contribute to the development and demand for FM related services.

2.1.5 Cost of mistakes

As Asia continues to compete globally, and establish higher benchmarks in building quality, IT demand and usage, and the consequential expectations of its people, it too can ill afford to incur too many costly mistakes along the way in order to maintain its competitive edge and attraction.

2.2 Regional factors

2.2.1 Labour costs

Whilst the region continues to attempt to educate an increasing proportion of its population and workforce, the growing population of the region

continues to represent a cheaper labour source in relative terms for foreign companies and therefore a continuing attraction in investment and training terms. In addition the workforce remains, in many cases, adaptable, flexible and willing to learn and embrace quality standards, in the pursuit of a better quality of life.

The combination of these factors continues to provide countries in SEA with a competitive edge.

2.2.2 Regional economy

The continuing regional recession may have a two-fold effect in that whilst it may create the stimulus for companies to consider business efficiency and outsourcing, similar to the economic downturn and retrenchments associated with the UK in the early 1990s, it may also hamper foreign direct investment and with it the opportunity for foreign global players to import their FM disciplines and requirements.

2.2.3 Property market

The distinction of representation between landlords and occupiers that exists in the UK is also in evidence within SEA, with GP surveying firms tending to represent landlords in the main. This situation would appear to represent a similar opportunity for FM companies to fill a current void and support the potential occupier demand. Evidence of this trend can be seen from the survey results in section 4.3.

In property terms, property managers and owners are facing increasing competition and escalating maintenance costs, both of which should be focusing those involved to view the more strategic role of FM as opposed to simply managing and maintaining buildings, and thereby allowing their respective organisations to maximise the value of their property assets.

2.2.4 General business environment and conditions

Whilst many Asian countries have attempted to introduce political and economic reforms, there is general widespread recognition that this is a long-term issue and that many Asian countries still need to make further efforts to improve their corporate and financial sectors and liberalise trade.

Added to this factor are a number of related characteristics associated with the business environment of the region, including:

- There is often a general requirement for foreign companies to operate together with local partners, sometimes under onerous terms and conditions, which can and indeed has deterred foreign companies.
- The general business culture of Asians is to act in close networks with the idea of the family as a strong protective social entity, which can in some instance make foreign participation

extremely difficult. There is often a small company mentality with everybody wanting to be their own boss, which can create a great deal of subcontracting and fragmentation and fragmentation of the business process cycle. From a FM perspective this can impact on the supply side of the business and control of quality.

- The general business climate is often viewed as one that is strongly influenced by a combination of politics, nepotism, and cronyism, with business being conducted on a "whom you know rather than what you know basis". Relationship management is the key business driver for many companies.

2.2.5 Market maturity

There is little point in outsourcing unless there is a market to outsource to! The availability of specialist subcontractors and suppliers is a key requirement of the process. Given the relatively immature status of the overall market at present, initial experiences are likely to be similar to the advent of FM in the western world, with too few FM contractors and the lack of competition leading to initial complacency.

2.2.6 Procurement systems

Systems such as PFI, which embrace FM, have existed for several years in the region in the form of build own operate (BOO), or build operate and transfer (BOT) toll road concessions, and other infrastructure related projects.

These types of projects involve the transfer of ownership and overall management, including maintenance, to operating companies for a defined period. However, this does not always appear to imply the effective implementation thereof as such vehicles may often be created for political or other reasons.

In comparing and contrasting the market conditions and factors contributing to the successful development of FM in the UK, and the potential opportunity in SEA, this may best be summarised in Table I.

The table provides an overall high scoring for the UK where FM is established and the key drivers are in place. However, the table would also appear to indicate that SEA also has the necessary ingredients and essential drivers for FM to succeed.

3. FM maturity survey

3.1 Structure of questionnaire

The questionnaire has been formulated with a view to obtaining a general indication of the overall level and type of demand, and consequential

Table I Comparative weighting of market conditions between UK and SEA

Factor	Weighting	UK	SEA	Comments
<i>Key drivers</i>				
Globalisation				
Global change	10	10	10	SEA has yet to embrace the concept of global competition on an equal basis – presence of trade barriers, etc.
Global competition	10	10	4	
IT	10	10	10	A recognised global business tool and driver
<i>Other factors</i>				
Cost of space	5	5	4	Impact mainly affects major cities only in SEA
Employee expectations	5	5	3	Lack of government regulations and compliance does not make this such a key issue as in the UK
Mistakes	5	5	5	Cost implications considered to have equal impact generally
<i>Related considerations</i>				
Economy	10	10	5	Two-fold effect in SEA – may create stimulus for outsourcing and FM but may also deter foreign direct investment
Education	10	10	6	Increasing emphasis in SEA but still a large proportion of the population to be educated
Business environment and conditions	10	10	4	Many parts of SEA still have a protected business environment, with a local family/networking culture and barriers to entry – local partner requirements, etc.
Property market	10	10	7	Based on UK/RICS system but lack of maturity/development in certain aspects
Labour costs	10	5	9	SEA continues to represent a cheaper labour source in relative terms – training and education still required
Related FM procurement systems	5	5	2	SEA utilises BOO and BOT, similar to PFI in the UK, but fails to implement maintenance effectively
Total	100	95	69	

opportunities, for FM in SEA. In doing so, the basis of the questionnaire has been to include a series of general questions in terms of the type of business and operational markets respondents are involved in, their period of involvement in FM and the type of FM services provided. Respondents

have been further asked to demonstrate their understanding of FM by way of selecting the most appropriate choice from a list of definitions provided. In addition details of corporate and personal staff membership have also been requested.

Consideration has been given to the issue of in house versus outsourced as a means of attempting to identify the availability of market support in terms of suitably qualified and experienced subcontractors and suppliers, as without such support there is in effect no real opportunity to outsource.

Later questions ask about the use of service level agreements (SLAs) and penalty clauses, as well as third-party monitoring and control. These questions are designed to test how well developed and efficient the FM services provided by participants generally are, as without such provisions there is effectively no means of management or control. For example, the cleaning of toilets within a given facility may be actively maintained on a daily basis but not managed in the sense that whilst the floors and facilities are clean, the taps may be broken and not working, thus raising the essential issue of the level of performance monitoring.

New construction and renovation works have been omitted as an FM category as it was considered that such a generalisation could distort the findings in respect of active participation by respondents in the more core areas of FM.

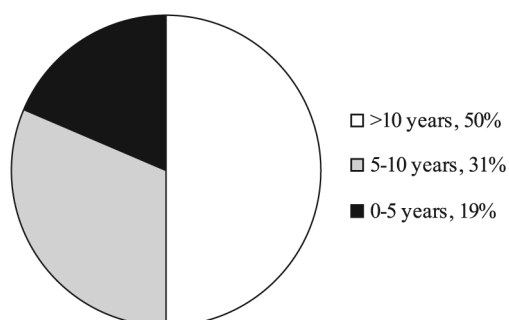
The distribution of the questionnaire focused on individuals and companies either known to the author or via the support and assistance of FM related institutions. Those FM related institutions who the author approached to assist in distributing the questionnaire included IFMA UK, Institute of Surveyors Malaysia (ISM), IFMA Singapore, APFM Singapore and IFMA Hong Kong.

3.2 Survey results

Half of the companies indicated an involvement of ten years or more in FM, although for foreign/international companies such a time scale may not be wholly applicable to SEA. One in five of the respondents had entered the market in the last five years (Figure 2).

The majority of respondents were from Hong Kong and Singapore, followed by Malaysia, other

Figure 2 Industry experience in FM

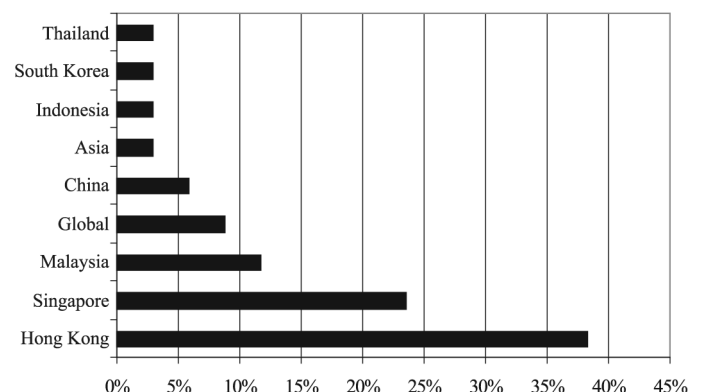


global clients (UK and elsewhere), and further locations in SEA/Asia including China, Indonesia, South Korea, and Thailand (Figure 3).

The key findings may be summarised as follows:

- The majority of respondents were foreign/internationally based companies with a regional presence.
- The majority of respondents were either client, consultant or contractor based.
- Main areas of FM involvement comprised the traditional core areas of maintenance, property management, and outsourcing, followed somewhat surprisingly by environmental, and health and safety issues, with IT scoring surprisingly low.
- The commercial/office sector represented the area of greatest involvement.
- A total of 84 per cent of respondents classified the definition of FM appropriately.
- A total of 50 per cent of respondents indicated an involvement of ten years or more in FM, although such a time period may not be wholly applicable to SEA in the case of those foreign/international companies responding.
- Over 60 per cent of respondents did not have any relevant corporate industry membership, although more than 50 per cent of staff within organisations had some form of personal membership.
- The market is generally considered to be either in its infancy or expanding, with respondents generally anticipating the continuing use and provision of FM services for the foreseeable future.
- One respondent expressed the view that "SEA has the potential to expand at a faster rate than Europe".
- A total of 70 per cent of respondents undertook FM in-house. Reasons included a preference for direct labour, availability of suitable resources, insufficient supply base.

Figure 3 Geographical location of respondents



- Where services were outsourced, they generally tended to comprise core services such as cleaning, catering and services installation maintenance and management.
- The majority of respondents confirmed the use of service level agreements and penalty clauses. A similar majority of respondents confirmed the involvement of third-party independent monitoring. The use of such contractual provisions would tend to reflect a more established FM marketplace, which is in contrast to the earlier view of respondents that the market is in its infancy.
- Just over half of respondents confirmed that their organisations had had relevant experience of FM outside of Asia. All confirmed that the provision of FM in such other locations as Europe and the US was more extensive in scope with greater technical expertise and skills base and more mature markets and generally a greater understanding of FM.
- The value of FM work undertaken (based on exchange rates prevailing during June 2003 and allowing for consideration of purchasing power parity) ranged from 0.10 million to 100 million US dollars with an average value of 19.59 million US dollars.
- Use was also made of the RICS "talk FM" Web site where the thesis hypothesis was posted with one respondent expressing interest in hosting a regional forum on the subject.

The survey response would tend to indicate that the drive for FM within the region is from foreign/international client based organisations, who represented the majority of respondents, and it therefore perhaps important in terms of the ongoing development of FM that such global companies remain both attracted and committed to the region with a local presence. The presence of such companies within the region will continue to "import" the concept of FM and influence its regional development, with issues of time zones being overcome by IT-based developments in communication (Figures 4 and 5).

4. Conclusion

The overall survey findings show that FM is establishing itself within the region, although with varying degrees of success at the present time. There are clear signs of progress in locations such as Hong Kong and Singapore, together with somewhat mixed signals in locations such as Malaysia, where some two years on there appears

Figure 4 Breakdown of foreign/international and local respondents

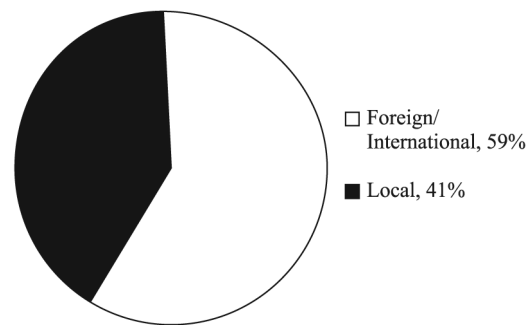
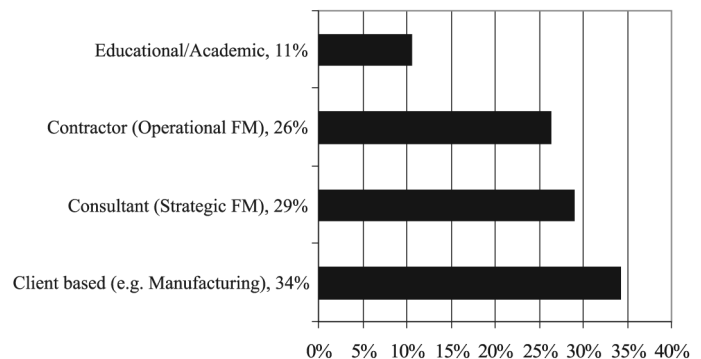


Figure 5 Classification by organisation type



to be little evidence of real tangible and visible progress, generally, in respect of the comments made by the Prime Minister referring in particular to the need for a change in mentality by those involved. There would appear to remain a general lack of understanding, and consequently progress, of the key drivers and which continues to hamper the development of FM in the latter.

From the results of the questionnaire survey, opinion is unanimous that FM has arrived within SEA and that the market is generally considered to be either in its infancy or expanding, with respondents generally anticipating the continuing use and growth of FM in the longer term.

In conclusion, the main areas for consideration appear to comprise the following:

4.1 The primary drivers of FM in SEA

4.1.1 Globalisation and IT

The influence of IT is without doubt one of the main driving forces of the growth of FM. Surprisingly IT management scored lowest of all, despite the fact that the impact of IT is generally recognised as one of the global drivers of FM. Perhaps this indicates this area has the most growth potential?

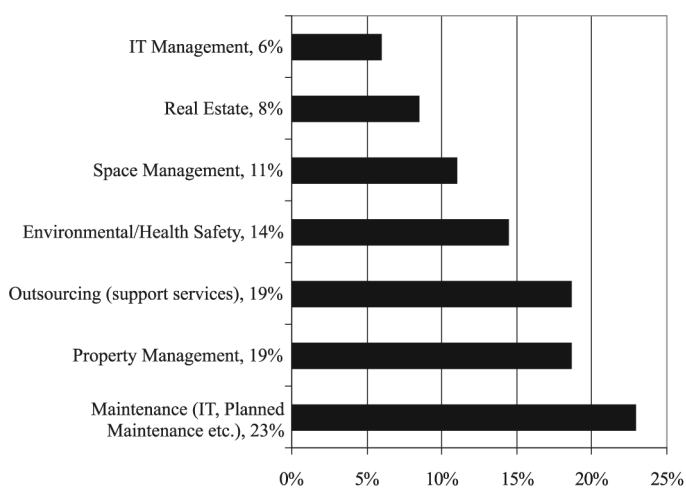
4.1.2 Built environment

The FM industry elsewhere is dominated in the main by property, as the primary facility under management, and therefore property related people. These same ingredients appear to be present in SEA; there is an established property industry with many of the recognised global players represented, either directly or via associations. Building standards and specification levels of all types continue to increase in complexity, supporting an increasing in management and maintenance, and a consequential growing awareness of FM. This position is further supported by the survey response which highlighted the main areas of FM involvement comprising the traditional core areas of maintenance, property management, and relating in particular to the commercial/office sector.

Whilst the former categories would typically represent core areas of FM involvement it is interesting to note that environmental/health and safety issues, which are not traditionally recognised as high priority factors in SEA, precede space management (Figure 6).

Leading business entities are increasingly realising that maintaining a well-managed and highly efficient facility is critical to success. Greater accountability for environmental and health and safety issues generally within the region, as indicated by the survey response, will translate into greater responsibility on the part of building owners for the management of their buildings. It should be noted that whilst health and safety is not perhaps such a prominent issue in Asia, generally at the present time, as it is in the western world, where it has been a further contributory factor in the development of FM in the workplace as organisations have found themselves having to

Figure 6 Summary of FM services provided



comply with an increasing amount of related legislation, it is expected to gain increasing recognition within SEA in the longer term. Facility managers will continue to witness an increase in their responsibilities for providing a safe and effective workplace for employees, for example making workspaces more accessible to people with disabilities, etc.

Property investment has in many cases served as a serious drag on the financial performance of many companies in SEA following the Asian financial crisis. In the UK greater emphasis is being placed on the management of non-core assets by both property and other companies, through such methods as PFI, PPP, and securitisation, all of which involve FM as a part of their respective processes. The benefits of such methods can only serve to assist in improving the management of existing property portfolios and improve overall standards through the involvement of FM, whilst at the same time releasing equity for the benefit of all concerned (Figure 7).

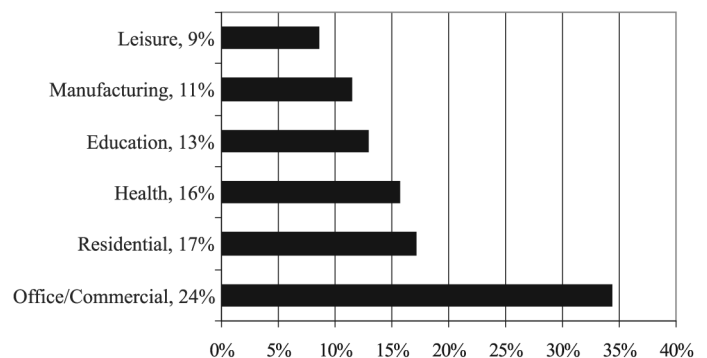
4.1.3 Economic and business environments

Whilst the current regional slowdown could create the stimulus for businesses to focus on efficiencies and related FM services such as outsourcing, foreign direct investment – and the increased level of FM activity that this may bring with it – may be deterred by such an economic environment, general failure to fully apply political and economic reforms, as well as cultural aspects of the business environment in SEA. The region cannot continue to rely on its attraction as a relatively low cost labour base and needs to consider fully address these aspects successfully.

4.2 Key questionnaire findings

Although geographically borderline in terms of SEA, the results of the survey indicate that FM has certainly arrived in the British based colony of Hong Kong, where western principles are still widely recognised, followed and accepted. Some

Figure 7 Summary of FM activity by sector



survey responses received via IFMA Hong Kong appeared to also already be using Hong Kong as a gateway into China where clearly vast potential market opportunities exist in the longer term.

In the same way Singapore would appear to be following suit, perhaps given its similar western-based influences and growing recognition as a regional hub. However, the relative merits and successes of the existence of two separate FM institutions in Singapore at the present time has to be questioned and would appear to bear similarities to the inefficiencies which hampered the early growth and development of FM in the US with the existence of both FMI and NFMA at the same time.

Whilst Malaysia has successful examples of the development of FM in Malaysia, overall mixed signals remain here, and in other similar locations, where there would appear to remain a general lack of understanding, and consequently progress, of the key drivers which continues to hamper the successful development of FM. In Malaysia, only property management is recognised through the main professional body, The Board of Valuers, Appraisers, and Estate Agents (BOVAEA), providing little identity for property management as a profession in its own right and leading to the perception that FM is part of property management.

The overall survey results indicated a relatively large average FM contract value of US\$19.59 million, with the level of FM provided reflecting a developed format. Respondents whose organisations had had relevant experience of FM outside of Asia confirmed that the provision of FM in such other locations as the UK, Europe, and the US was indeed more extensive in scope with a greater technical expertise and skills base reflecting a greater understanding of FM and more mature markets.

A total of 70 per cent of respondents state that service level agreements and penalty clauses are common within the contracts that they operate. That said, a large majority of respondents confirmed the use of service level agreements and penalty clauses. Such a large majority would tend to be more reflective of a mature market status, which is in contrast with earlier connotations.

Perhaps where FM is implemented it is based on a more developed format from elsewhere – UK, Europe, US etc.

A similar majority of respondents confirmed the involvement of third-party independent monitoring within the contracts undertaken by them, again perhaps reflective of the use of a developed basis of implementation from elsewhere.

The real opportunities for FM in SEA at the present time would therefore appear to be in those economies with a more western-based culture and influence – Hong Kong, Singapore to an extent and perhaps other regional locations such as Japan. If Hong Kong is excluded from the questionnaire survey, the results although a little more subjective still provide positive indications that FM is establishing itself.

All that said, experiences of western companies are still mixed with one major established top ten UK consultant withdrawing from Hong Kong recently and selling its business to a similar UK competitor, blaming the intense level of competition and resultant returns on investment as unacceptably low.

4.3 FM skill and knowledge base

Whilst the survey results indicate a good understanding of FM, there would appear to be a general lack of FM skill and knowledge in SEA at the present time that is perhaps itself reflective of the relative level of maturity of the market place.

FM, globally, is in many respects still a relatively embryonic and developing business having only really started to develop as a cohesive concept as early as the 1980s. It embraces a breadth of activities requiring a broad base of skill and knowledge by those involved, although invariably the overall function is often undertaken by a number of individuals whose skills and knowledge combine to compliment each other. Traditionally, managing a facility was only associated with operations and maintenance duties. Today, a vast array of responsibilities has come to be associated with the FM profession. New technologies, security issues and health concerns also have had a major impact on the importance of and need for facility professionals in organisations.

Facilities professional today need to be trained and equipped with a tremendous amount of knowledge and the management ability to cope with and solve a multitude of complex problems and challenges, regardless of location. For the SEA market to develop, users have to acquire the necessary knowledge and skills to manage facilities. Although there is an increasing regional emphasis on education, and relevant academic courses are being established regionally within SEA, it is evident that consideration needs to be given to the availability of suitably experienced professionals.

Whilst IFMA has evolved to become a global organisation and influenced the development of FM on a more global basis including SEA locations such as Hong Kong and Singapore, locations such as Malaysia and elsewhere still appear to need to address the basics in terms of

establishing a formal FM organisation to assist in formulating and supporting the general direction of FM (Figure 8).

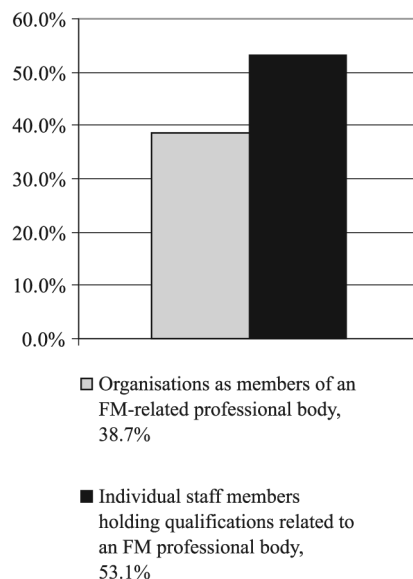
The majority of respondents were not affiliated with any professional body. This factor would appear to give rise to two issues – the level of awareness and marketing by the respective professional bodies, and the level of effective industry training undertaken by companies without such affiliations and the consequential impact on future development. Of those who were affiliated, memberships ranged from both local to globally recognised organisations, with the larger revenue companies having at least one affiliation. Membership of IFMA was the most popular by a large majority.

In contrast, there was a slight majority in the number of respondents who confirmed that staff members held qualifications related to a relevant professional body. This would appear to indicate a “grass root level” movement with individual staff membership and awareness higher than corporate membership, allowing companies to benefit indirectly through the feedback of their staff. However, a large proportion of staff still held no relevant memberships.

With over 60 per cent of survey respondents indicating no relevant corporate industry membership, and only a similar number of staff within organisations possessing some form of personal membership, there would appear to be scope for further potential for IFMA within the region.

There is little doubt that the components of FM have arrived within SEA and the wider region and

Figure 8 Individual and corporate membership of FM professional bodies



that the increasing expectations of occupiers and building users in markets which look set to remain tenant-led for sometime to come, will only serve to provide a more formalised structure, and the establishment of the requisite drivers in order for this important service to gain increasing recognition and wider general acceptance. Greater support and recognition from the public sector would no doubt assist in the overall development of FM.

In response to a further question, all respondents confirmed the market to be to be either in its infancy or maturing. Nobody considered the market to be mature. This indicates that industry players or service providers themselves believe there is a potential for growth in South East Asia (Figure 9).

What may change from time to time within the ongoing development of FM within the region is the concept of in-house versus contracting-out. A total of 70 per cent of survey respondents considered that the majority of FM work undertaken was in-house citing reasons such as a preference for direct labour, availability of suitable resources, and an insufficient supply base. Where services were outsourced, they generally tended to comprise core services such as cleaning, catering and services installation maintenance and management (Figure 10).

Figure 9 Industry opinion of FM market in SEA

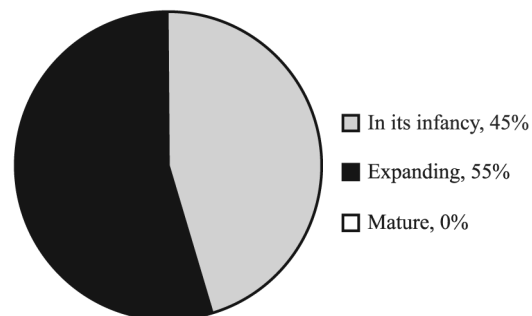
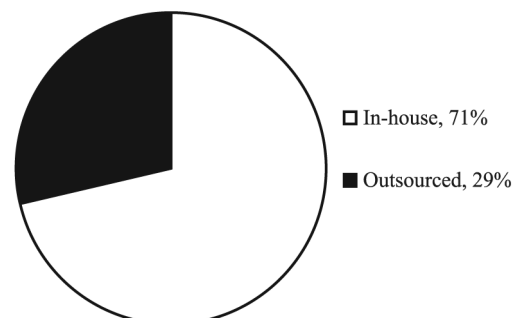


Figure 10 Industry view of in-house versus outsourced FM projects



Companies in Asia who chose to outsource cited the need for cost reductions, works being non-core business and the need for specialist expertise in certain cases. As has been mentioned previously there appears little point in considering contracting out unless the supply side of the market is mature enough and until supply markets mature, the added value to be gained from FM is in integrating and co-ordinating internal resources. FM is user-led and contracting out is therefore not always a pre-requisite and therefore not a driver to its growth and development. That said, it should also be noted that the growth of FM in the UK, US, and Europe only really accelerated once the supply side of the market had stabilised and matured in parallel with the growth of FM itself (Figure 11).

The SEA and Asia Pacific market represent huge opportunities, both geographically and as a function of population density, for the growth and development of FM. Whilst it has not been possible to ascertain an estimate of the potential value of the market for SEA, it is possible to contrast the potential opportunity with that of the UK where the market is estimated to be worth in the region of in excess of US\$200 million per annum. FM has already arrived in its infancy in SEA and is set to mature. The market opportunities cannot afford to be ignored by those involved within the industry. For regional businesses, FM can assist in the need to maintain a competitive edge, which has never been more critical in the current economic climate.

The questionnaire survey feedback highlighted the views and thoughts of some companies in the UK and Europe, in that whilst they recognised the potential market opportunity, this has to be considered against barriers to entry and the potential market opportunities closer to home in Europe, particularly the development of Eastern Europe. Globalisation and foreign direct investment within the region has tended to be historically led by the US who may therefore also

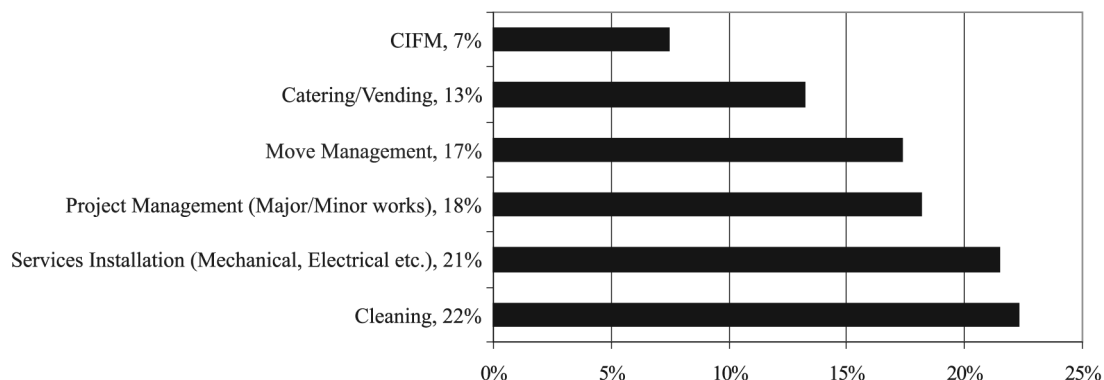
lead the initiative in moving FM forward, perhaps supported by the mix of other foreign and local players within the region.

5. Recommendations

The findings and conclusion provide a number of key recommendations, including:

- (1) South East Asia needs to open up to change, particularly with respect to parity in issues of global competition in FM standards.
- (2) Whilst embracing a more open policy towards global competition will no doubt bring positive benefits in terms of increased foreign direct investment and alleviate some of the main concerns of the western world, in FM terms it will allow the concept and practice of FM to grow, with new foreign entrants likely to enter the market place and in so doing help to improve the quality of service. In parallel with this there should also be a general improvement in the formulation of appropriate contractual arrangements, with well-defined output specifications and the continuing use of associated contractual mechanisms.
- (3) The development of FM within the region would certainly appear to stand to gain from greater public sector participation and support which should perhaps be actively promoted and encouraged by such industry bodies as IFMA, etc. Greater public sector participation would create a top-down approach involving government recognition and support, through the establishment of regulatory boards, in order to create a maintenance culture.
- (4) Countries within SEA need to fully implement political and economic reforms, and address issues of the cultural aspects of the business environment.

Figure 11 Type of outsourced services



(5) Industry bodies such as IFMA need to have a more cohesive regional presence beyond existing chapters in Hong Kong and Singapore, similar to the existence of EuroFM which has been established to promote FM throughout the whole of Europe. The role of IFMA as the leading global industry body should be fully supported and encouraged in order to influence issues such as:

- Greater promotion and awareness of FM is required in order to gain wider industry recognition, overcome cultural barriers and the general lack of understanding and appreciation of what FM actually constitutes and comprises, which currently appears to be the case.
- Promotion and integration of modern western techniques is needed, such as the management of property assets through PFI, PPP, and securitisation models.
- There is a need to promote FM through a singular body in locations such as Singapore, where IFMA currently exists alongside the NFMA and which could undermine the overall growth of FM in the same way as its early development in the USA.
- There is also a need to develop relevant learning and academic programmes to support the existing skill and knowledge base. IFMA has developed standards to recognise quality facility management, and first-professional degree programs at colleges and universities elsewhere.

Note

- 1 The Deputy Prime Minister of Malaysia, Datuk Seri Abdullah Ahmad Badawi (February 2001), *The Star*, Malaysia.

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Further reading

- So, A.T.P. and Wong, K.C. (2002), "On the quantitative assessment of intelligent buildings", *Facilities*, Vol. 20 No. 5, pp. 208-16.

Abbreviations

AFM	= The Association of FM.
BIFM	= British Institute of FM.
BOO	= Build own operate.
BOT	= Build operate transfer.
BOVAEA	= The Board of Valuers, Appraisers, and Estate Agents.
CCT	= Compulsory competitive tendering.
CIFM	= Computer integrated facility management.
CMIS	= Computer management information system.
EDS	= Electronic Data Systems Corporation of Dallas, Texas.
FDI	= Foreign direct investment.
FM	= Facilities management.
FMI	= Facility Management Institute.
FMS	= Faber Medi-Serve.
GP	= General practice (surveying firms).
HR	= Human resource.
IFM	= Institute of FM.
IFMA	= International FM association.
IMF	= International monetary fund.
ISAT	= Information software and technology.
ISM	= Institute of Surveyors Malaysia.
IT	= Information technology.
KL	= Kuala Lumpur.
MOH	= Ministry of Health.
MSC	= Multi-media super corridor.
NFMA	= National Facility Management Association.
PFI	= Private finance initiative.
PM	= Property management.
PPP	= Public private partnership.
RICS	= Royal Institute of Chartered Surveyors.
SEA	= South East Asia.
SIBC	= Siemens Industrial Building Consultants.
SLA	= Service level agreement.
UK	= United Kingdom.