

Service Quality, Facilities Management Practices and Outsourcing Service Provider Capabilities: A Critical Review and Conceptual Framework for Facilities Management Companies

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Abstract

Purpose: This study aims to develop a conceptual framework that links several key variables including facilities management (FM) practices and outsourcing service provider (OSP) capabilities to help determine service quality (SQ) of FM companies.

Design/methodology/approach: Literature review was extensively conducted, and the approach to the study was conceptualized into a proposed research framework.

Findings: This paper suggests a conceptual framework in understanding the SQ of FM companies through FM practices and OSP capabilities. The extensive literature review was performed to develop the three hypotheses which include 1) the relationship between FM practices and OSP capabilities; 2) the relationship between OSP capabilities and SQ, and 3) the relationship between FM practices and SQ through OSP capabilities as mediator.

Research limitations/implications: This study provides more opportunities for future researchers to expand the research in SQ of FM area using the social exchange theory.

Practical implications: The study attempted to explore the FM best practices for managing their OSPs in order to enhance the SQ. The study further supports the importance of the overall determinant of SQ in a service-based business entity.

Keywords: Service Quality, Facilities Management Practices, Outsourcing Service Provider Capabilities

Introduction

The economic driver for the growth of high-rise buildings is the lack of space in densely urbanised parts of the world, and this is true for the intense residential development city, like Hong Kong. The economic boost in Hong Kong affected the housing market a few decades ago. The property price increased by 144% in 10 years. The private domestic premises of 70 sq. m. to 99.9 sq. m. on Hong Kong Island was sold at HK\$91,877 per sq. m. in May 2009 (Census and Statistics Department, 2009), but it was raised to HK\$223,843 per sq. m. in May 2019 (Census and Statistics Department, 2019). Despite the increasing property prices, the demand for housing in Hong Kong is high. More than 150,000 families and single elderly are

queuing for the allocation of public rental housing with an average time of waiting for 5.3 years (The Chief Executive of the HKSAR, 2018).

Due to sky-high property price and excessive demand for the property market, the property owners expect high-level services to maintain these valuable properties. Not only the owners expect for enhancement on the overall condition of the buildings, the property owners also demand for upgrading of living standard and it is the trend on more mindful of the SQ on the property invested. However, the legislation of the government of Hong Kong put every effort onto strengthening general conditions of the building, such as building safety and fire safety in buildings, while ignoring the enhancement of the property value through FM. The Chief Executive of the HKSAR launched “Operation Building Bright 2.0” with funding of around HK\$3 billion, and deployed another HK\$2 billion to subsidize the aged composite buildings for the equipment in the fire safety enhancement measures (The Chief Executive of the HKSAR, 2017). With a lack of the government’s focus and support in FM, the property owners can only rely on the FM companies to provide better SQ for living and enhancement of property value. Among 40,000 numbers of private building in Hong Kong, approximate 24,000 numbers of them are managed by property management companies or called FM companies (Home Affairs Department, 2010). The market share of FM companies just for private buildings has reached 60%. It is believed that SQ of FM can inevitably influence millions of Hong Kong residents.

SQ is vital for FM companies to stay competitiveness in its industry. High SQ can help the FM companies for the success and competitive advantage. Parasuraman, Zeithaml, and Leonard (1988) mentioned that the intensified competition in the market and rapid change in deregulation induced service-oriented businesses to find profitable ways in order to differentiate themselves. Quality service is critical to the success in FM companies.

Due to large numbers of building in the urbanized cities, the demand for FM services surely increased. Thus, FM has been developed rapidly to expand its services into various disciplines (Elyna Myeda & Pitt, 2014). Moreover, the outsourcing services used in FM companies has been a common practice. The OSP capabilities are the critical factors in determining the SQ of FM companies. Efficient Unit (2011) revealed that the government of Hong Kong has the practice of widely adopting OSP in their projects and services which has reached to a peak record in 2010 (HK\$210 billion in annual for outsourcing expenditure). Approximate 12% (estimated HK\$25.2 billion) of the annual expenditure on outsourcing was for building and property management. Hong Kong people are now suffering high demand and high price in properties. Better returns including better living standard and property value enhancement are their expectations. With lack of government’s concern and support, a good SQ of FM is believed to be important for Hong Kong people to meet their expectations in the property.

Literature Review

Service Quality

SQ is important in measuring business and service delivery in public and private organizations. Measurement or evaluation of SQ has been recognized to contribute significantly to different service sectors including property. Since the environment rapidly changes in FM companies, the function becomes more challenging. The functions include people and process, which resulted in the demands of FM companies to provide high quality of services (Brackertz & Kenley, 2002). Moreover, in order to meet the quality standard as expected by the property owners and to survive in the market, efficient and effective strategic management are developed as the main focus of FM companies.

As mentioned, delivering of SQ is considered to be the essential strategy to success and a vital element of survival in competitive world (Parasuraman, Zeithaml, & Berry, 1985). Baharum, Nawawi, and Saat (2009) indicated that SQ has lots of benefits which include to achieve and sustain the competitive advantage as it is believed as a determinant to the success of business or failure. SQ is also able to act as indicator to assess performance of corporation. In the service industry such as the FM, quality and perception of quality are essential. Therefore, the requirement of delivering quality service is vital to retain property owners as services are the criteria by using which we are able to differentiate customers, clients and users of real estate product and services from one organization to another.

In this connection, the pressure on the enhancement of SQ is generated by FM companies. In order to meet the growing trend on the enhancement of SQ, FM companies adopt the SQ improvement plans to improve their performance and maintain their competitiveness in the industry. One of the essential elements in striving for survival is to continuously meet customer needs and expectations through controlling quality and enhance reliability by FM companies. In Hong Kong, many FM companies provide value-added services by the means of implementation of quality management model to ensure their compliance on the control of service level. These include the implementation of the ISO 9001 Quality Management System, ISO 10002 Complaints Handling Management System, ISO 14001 Environmental Management System and ISO 45001 Occupational Health and Safety Management System. Apart from the recognition from international standards, different competitions are conducted by various leading FM organizations such as Hong Kong Association of Property Management Companies (HKAPMC) and Hong Kong Housing Authority (HKHA) to present awards to FM companies and commend them with outstanding performance and well-managed services. The awards include HKHA Estate Management Services Contractors Awards and HKAPMC Quality Property Facility Management Award. All these international recognition and industry awards to FM companies strongly affirm the business strategy, development trend as well as the high SQ of FM as ever competitive elements for sustainable growth and survival.

In Hong Kong, outsourcing is a common practice in the FM industry. The SQ of FM companies is inevitably linked up with the SQ of the OSPs. The OSP capabilities will influence the SQ of FM companies. In fact, outsourcing is the act of appointing a separate organization with contract base to provide services which could be in another alternative, performed by in-house staff. McBlaine and Moritz (2002) defined outsourcing is a partnership relation that professional services were provided. They stated that the service providers could contribute to solutions that work, offering of broad and evolving service, to provide financial and transition expertise to the FM companies. Capacity and schedule are critical. FM companies focus on outsourcing their activities. This is to achieve the purpose of using the operating budget effectively, providing high quality of customer services and satisfaction and reducing non-deliverables, thus the overall efficiency can be increased. In this connection, outsourcing in FM can be explained as a process of passing the authority of management and decision-making to the outside service provider (Kurdi et al., 2011). In response to the high demand for skilled and professional services in FM, FM companies to a large extent rely on the OSPs to shift the scopes of works which are not under their expertise and to reduce costs. However, the performance of OSPs should be closely monitored, otherwise, the SQ will be adversely affected.

Service Quality Models

The aim of this paper is to conceptualize the SQ model of FM companies in Hong Kong through the influence of FM practices and OSP capabilities. Ghobadian, Speller, and Jones (1994) as cited in Seth, Deshmukh, and Vrat (2005) mentioned that the relationships between salient

variables can be shown in a simplified description of the actual situations through using a conceptual model. Since SQ is able to assist management to differentiate quality the problems, it is expected that through using conceptual models, it is possible to plan for the implementation of quality improvement program after identifying the problems. Therefore, profitability, efficiency and overall performance can be improved. Seth et al. (2005) studied 19 types of SQ models between 1984 and 2003 which covered the topics of conventional services to web interacted services. The primary aim of the above study of 19 models is to provide the means for the management to analyse and therefore, to enhance the quality of the organization and its offering.

Subsequent to the study of Seth et al. (2005), another study adopted and modified the principles developed within the FM-SERVQUAL of Yusoff, Ismail, and Newell (2008) for the approach of SQ measurement framework in FM is established. This approach measured the five essential attributes under the SERVQUAL model and also considered a new attribute of “professionalism” in respect of technical construct. As mentioned above, the SQ of FM companies is inevitably linked up with the SQ of the OSPs. If gap-spotting existed in the service deliverables (or called attributes) by OSPs, the SQ of FM companies would be affected. In this connection, different characteristics of outsourcing services should be adopted to measure the SQ in FM, especially in the field of property management. Thus, PROPERTYQUAL in the study of Baharum et al. (2009) will be examined.

Under the trend of rapid growth on the completion of large-scale properties, there is an increasing demand for the requirement of professionalism and costs control. Instead of recruiting direct staff, outsourcing is a means to reduce the operating costs in FM. As stated by Lehtonen and Salonen (2006), the partners in outsourcing were able to find the synergies to develop concepts in the form of efficiency and ultimately to achieve cost-saving. Mentzer, Min, and Zacharia (2000) noted that operational partnering intended to seek for improvement on efficiency and effectiveness. The SQ of OSPs in property management has grossly developed over the years since the demand of quality services of customers has increased in the competitive business world. Business model collaborating SQ of FM and OSPs in the FM industry is thus a must.

Parasuraman et al. (1985) viewed that SQ is a function of the differences between performance along the quality dimensions and expectation. They developed a SQ model based on gap analysis which is reviewed by Seth et al. (2005) as Gap Model. SERVQUAL is a means designed to measure SQ particularly (Zeithaml and Bitner, 2003). SERVQUAL composed of five factors which included tangible, responsiveness, empathy, assurance and reliability (Parasuraman et al., 1988). The aim of the study of Baharum et al. (2009) is to take care of the SQ of property, namely PROPERTYQUAL. It is a means to measure SQ by property management profession and contribute to further study to analyse the relationship between the expectations of services and perceptions of SQ by customers. PROPERTYQUAL aims to use a gap analysis based model to measure the difference between the tenants’ perceptions of SQ delivered to purpose-built office buildings under the stream of property management in Malaysia. In dealing with the research objectives of this study, the above aim using a gap analysis is adapted by this study to measure FM practitioners’ perception on SQ of OSPs.

Facilities Management Practices

Elyna Myeda and Pitt (2014) pointed out that the discipline of FM included wide aspects of covering property, support services, environmental control, space, health and safety and delivery of operational and strategic objectives.

FM involves guiding and managing areas and community infrastructure, the maintenance and operations of buildings on behalf of property owners. FM industry acts an important role in the realization of operational and strategic objectives of a business, the wider community and government. It is a long-lasting practice and has existed on the base of necessity since the first construction of buildings to support human activities (Facility Management Association of Australia, 2012). The demand for FM has grown rapidly as increasing number of high rise buildings have been developed over the past decades. Nowadays, the FM practitioners require a broad and diverse skill set, much more in line with management and business services than the building trade-oriented services of those who once dominated the industry.

The duties of FM practitioners involve organizing, controlling and coordinating the operational and strategic management of facilities and buildings. Therefore, the efficient and proper operation of all its physical aspects can be ensured and a safe and productive environment for all occupiers can be created and sustained. The services of FM consist of a team in which may be outsourced and delivered by dedicated OSPs. Though some of the services are outsourced, FM practitioners still play an important role on supervising the services of the OSPs. Therefore, the FM practices play an integral part to determine the relationship between the OSP and SQ. The FM practices can be long-listed through a literature review in respect of the definition of FM adopted by various scholars, organizations and British Standards, as shown in Table 1.

Table 1: FM practices (adopted and adapted by the definition of FM as identified from the property development industry perspective)

Author / Organization	Definition of FM	FM practices		
		People management (i.e. people)	Process management (i.e. process)	Strategic management
1. Alexander (1992)	The success in FM can be measured on the extent of how facilities can support the “business” operation. The effectiveness of planning on the facilities will definitely affect the performance. Moreover, the service quality achieved in practice relied on the system effectiveness for controlling service delivery.		•	
2. Hinks and McNay (1999)	... common interpretations of the FM remit: accommodation standards; project management for new-build and alterations; the general premises management of the building stock; maintenance management; the administration of associated support services and space management.		•	
3. Then (1999)	The practice of FM is concerned with the delivery of the enabling workplace environment - the optimum functional space that supports the business processes and human resources.	•	•	
4. Nutt (2000)	The primary function of FM included strategic and operational levels of support and resource management. Resource management in generic types are physical resources, the management of resources of information, human resources, knowledge and the management of financial resources.	•	•	•

5. Varcoe (2000)	... it is a focus on delivery of the business “outputs and” the management of these entities [the real estate and construction industry]; which is the use of building assets for workplaces.		•	
6. Atkin, Finch, and Björk (2007)	At the highest level in our building owner model, we can observe the primary inputs of Business needs and Schedule of facilities, which enable the FM function. Primary outputs are delivering Best value and satisfaction for the client and users of the facilities. The primary controls (or constraints) are related to quality (i.e. performance), productivity and financial limits. High-level functions include formulating the FM strategy, analyzing requirements, developing solutions, implementing solutions and monitoring service providers.	•	•	•
7. Facility Management Association of Australia (2012)	FM practitioners play an important role to provide support, information, meet varying expectations and services. The role consists of dealing with various suppliers and contractors in conducting works for upgrading and maintenance, to provide cleaning, security and property maintenance services.		•	
8. Atkin and Brooks (2014)	FM is about to provide support to the core business of the organization in the form of services. To benefit most, the organization has to understand that it needs to be an informed client in managing any facility. It focuses on the delivery of service that provides satisfaction to the end-user and the best value in an environment where risks abound.	•	•	•
9. British Standard (2006)	FM is the integration of processes within an organization which aimed to develop and maintain the agreed services which improve and support the effectiveness of the primary activities. <i>(this BS was superseded by BS EN ISO 41011:2018)</i>		•	
10. Institute of Workplace and Facilities Management (2019)	Organizational function which integrates, place, people and process within the built environment for the purpose of enhancing the life quality of people and the productivity of the major business.	•	•	
11. British Standard (2018)	FM is the organizational function which integrates place, people and process within the built environment with the purpose of improving the productivity of the core business and the quality of life of people. <i>(this BS superseded BS EN 15221-1:2006)</i>	•	•	•

12. European Facility Management Network (2019)	In 2006, all 29 European countries agreed to use the official definition of FM: <i>Integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities.</i>		•	
13. International Facility Management Association (2019)	FM is a profession that involves multiple disciplines to ensure the built environment are in function by integrating place, technology, people and process.	•	•	•
14. Hong Kong Institute of Facility Management (2019)	FM is a process by which an organization integrates its work process, physical assets and people to serve its strategic objectives. Being a discipline, FM is the art and science of managing the integrative process from operational to strategic levels for the purpose of promoting the competitiveness of the organizations.	•	•	•
Total		8	14	6

Based on the definition of International Facility Management Association (2019), FM is a profession that required multiple disciplines to ensure the built environment by integrating place, technology, people and process in function. In addition, the SQ theory can be adopted to FM to form a more customer-oriented approach. Furthermore, the definition of FM provided by European Facility Management Network (2019) and consented from British Standard (2006) stated that FM is the integration of processes within an organization to develop and maintain the agreed services which support and improve the effectiveness of its primary activities. The Hong Kong Institute of Facility Management (2019), the local (i.e. Hong Kong) practice, defined that FM is the process by which an organization integrates its work process, physical assets and people to serve its strategic objectives. Being a discipline, FM is the art and science of managing the integrative process from operational to strategic levels for the purpose of promoting the competitiveness of the organizations.

With the overall reference to the literature review in respect of the definition of FM adopted by various scholars, organizations/associations, British Standards, and local practice, the FM practices can be identified to encompass multiple disciplines to ensure the built environment are in function by integrating place, technology, people and strategic management.

Outsourcing Service Provider Capabilities

Outsourcing is a strategic tool used by various industries. For example, government departments outsourced cleaning works to private cleaning companies to clean the public pedestrian roads, companies may outsource information technology support to individual companies to avoid imposing extra costs by employing direct labour. Atkin and Brooks (2014) mentioned that outsourcing was the act of transferring part of the organization's internal activities and decision rights to service providers which had been stipulated in the contract. Therefore, outsourcing is an approach to allow business organizations to maintain or develop their competitive advantage. There are two strategic approaches for developing of competitive advantages which include 1) to concentrate the organization's resources and investments on what it best-called core competence does; and 2) to outsource all other activities for which the company has neither a special capability nor a strategic need.

High quality of outsourcing performance can attract long-term benefits for the FM companies, thus, the OSP plays a critical part while determining performance or called SQ of FM. Unfortunately, it is difficult to measure the influence on OSP capabilities and organizational structure on the performance of firm (Plugge, Bouwman, & Molina-Castillo, 2013). The capabilities of OSP such as resources allocation, technology initiatives and time management will affect the SQ of FM companies. The capabilities of OSP were also long-listed through a literature review containing the following scholars.

Jennings (2002) pointed out that outsourcing is able to provide a wide range of benefits to an organization including better access to superior quality, opportunity to focus on core competencies, cost reduction, facilitate the development of product diversification and flexible in responding to market change.

Feeny, Lacity, and Willcocks (2005) viewed that capability for outsourcing based on 12 OSP capabilities in three major competencies. The three competencies include 1) delivery competence which determines the extent to which a service provider can react to a customer's day-to-day need for operational services, including business management, domain expertise, and behaviour management; 2) transformation competence which includes process improvement, technology exploitation, customer development and program management; and 3) relationship competence which focuses on the relationship between client and provider, including organizational design, planning and contracting, leadership and governance.

Maechling and Bredeson (2005) mentioned that FM outsourcing is a way out for large organizations to cut down operating costs and to allocate more focus on the core mission and provide them with more resources to improve their competitive position. Plugge et al. (2013) worried about uncertainty as a result of environmental changes which forces companies to allocate more significant resources to maintain high performance. The major reason which a firm should be adaptable is the external contingencies. OSP should adapt their business to interact easily with their customers in order to maintain the effectiveness in outsourcing. To assess whether outsourcing services are effective to support FM to meet the operation needs or not, allocation of resources is a useful indicator to measure the results.

Pratap (2014) introduced a matrix by taking into account of the potential risks and gains of outsourcing. The matrix depends on the particular context which the firm has, informs about the specific element of the outsourcing capabilities to be deployed to obtain the benefits of outsourcing and mitigate related risks. Pratap named his outsourcing matrix as FARM as he believed that outsourcing arrangement can be best managed by emphasising differently on Flexibility (F), Absorptive Capacity (A), Relationship (R) and Monitoring (M).

In respect of determination of OSP capabilities, the selection criteria on supplier's attributes should be involved. Zhang, Pawar, Shah, and Mehta (2013) indicated some scholars' literature on supplier's attributes. The model of Ohdar and Ray (2004) measured 4 attributes of supplier, they are service, delivery, price and quality. Ounnar, Pujo, Mekaouche, and Giambiasi (2007) also developed a supplier evaluation process comprising 5 criteria including quality, reliability, lead time, cost, and strategy. Ross and Buffa (2009) assessed 3 attributes which include quality and delivery execution, the use of monetary incentives and information and communication technology to evaluate suppliers. Wu and Blackhurst (2009) adopted the criteria for evaluation of price and quality, proprietary design partnerships and delivery performance. Ordoobadi (2009) studied on the attributes of product, service, cost and quality delivery. Chen and Hung (2010) developed a framework for the evaluation of partners in the outsourcing of manufacturing in pharmaceutical industry through assessing the criteria of service performance, financial consideration, compliance, culture and quality.

From the literature review above, different scholars identified the encompass of various OSP capabilities to support technically and functionality of the built environment in terms of resources allocation, technology initiatives and time management as shown in Table 2.

Table 2: OSP capabilities (as identified from literature)

Author	OSP capabilities		
	Resources allocation	Technology initiatives	Time management
	Capable to allocate resources such as mobilization etc.	Capable to transform and transact competence	Capable of managing time and allowing flexibility or adaptability
1. Jennings (2002)	•		•
2. Ohdar and Ray (2004)	•		
3. Feeny et al. (2005)	•	•	
4. Maechling and Bredeson (2005)	•		
5. Ounnar et al. (2007)	•		•
6. Ross and Buffa (2009)	•	•	
7. Wu and Blackhurst (2009)	•		
8. Ordoobadi (2009)	•		
9. Chen and Hung (2010)	•		
10. Plugge et al. (2013)	•		•
11. Pratap (2014)	•		•
Total	11	2	4

Underlying Theory

In Miles (2012), the major criterion in the social exchange theory is for parties to enter into and maintain relationship of exchange with each other according to the expectation that the acts will be rewarded. He also mentioned that based on the theory, each party has items of value that the other would like to have. Therefore, the two parties decide on the items to exchange and the numbers of quantity. The resources exchanged can be in the sense of social or economic or for both. Economic resources include tangible items, such as assets, money, information, advice, goods or services. Social resources include intangible items, such as amenities, social friendship and prestige. Apart from the above scholars, the studies from Gottschalk and Solli-Sæther (2005) and, Gainey and Klaas (2003) will be further applied to specify switching behaviour in between the FM practitioners and OSPs through social exchange theory.

When dealing with the FM and outsourcing context, the SQ attributes and OSP capabilities expose the competitive performance of an organization. Social exchange theory is adopted to explain the phenomena and also the relationship between FM practices, OSP capabilities and SQ of FM.

Theoretical Framework and Hypothesis Development

The Relationship between FM Practices and OSP Capabilities

According to Gottschalk and Solli-Sæther (2005), the social exchange was originated from the scarcity of resources, therefore, urging an individual to obtain valuable inputs. While social exchange theory is the business relationship associated with two companies. Gainey and Klaas (2003) indicated that the partnership of the parties might begin with the arms-length

relationship and disciplined through market-based mechanisms, but it might transform via a social exchange process throughout time. Gainey and Klaas (2003) also believed that when the relation of the parties had developed deeply throughout time with tight identification of each other, they would look after the interests of among them. Therefore, a long-term concern of welfare can be achieved as a binding relationship. When looking back to FM, a tight working relationship of outsourcing through best FM practices depends on whether the principal and the service provider can strengthen the competition power by working closely in the business world. Thus, social exchange theory can be applied since both FM practitioners and OSPs enter into and maintain exchange relationship with others. This is the important rationale in this study to examine the relationship between the practices of facilities managers and the capabilities of OSPs when determining of SQ of FM. The concept can be established by applying the above scholars' studies in which the FM practices can influence OSP capabilities. However, the question is which FM practices can be adopted to examine the influence on OSP capabilities?

FM can be treated as the total care of the building the extent of management service, during the operation stage and the strategy and capability of the FM companies although the individuality of the staff members, their actions are collectively influenced by the practices. The literature review sorted out a number of FM practices through the definition of FM formulated by various scholars, organizations and British Standards. These are mainly for generic business settings, and there was one developed for best FM practices in managing buildings. This study will examine this purpose conducted in Hong Kong. Firstly, aspects of FM practices were long-listed through a literature review. Facilities managers will assess the appropriateness of using these aspects to identify the FM practices in managing the OSPs. Through a principal component factor analysis, these aspects are arranged into a three-factor FM practices framework. The three-factor included 1) people management; 2) process management; and 3) strategic management. This study will determine which FM practices be the best to influence OSP capabilities positively.

From the findings and discussion above, the hypothesis relates to the relationship between FM practices and OSP capabilities are proposed as below: -

H1(a-c): FM practices (people management, process management, strategic management) will positively influence OSP capabilities

The Relationship between OSP Capabilities and SQ of FM companies

Forming a sustainable competitive advantage such as enhancement of SQ is necessary for FM companies. The benefits of outsourcing influence competitive capabilities which generate returns for FM companies. Thus, outsourcing is a useful method for modifying the boundaries of the companies in response to external pressures of the economy and allows FM companies to concentrate their strategy by the restructuring of activities to attract the growth of the core business. In this connection, outsourcing, as well as the OSPs, formed an integral part to support the growth of FM companies (Bustinza, Arias-Aranda, & Gutierrez-Gutierrez, 2010). According to Holcomb and Hitt (2007), outsourcing was the behaviour of an organization when they relied on the provision of specialized capabilities to supplement the existing capabilities of the organization.

The performance of the OSP can affect the SQ of FM, which in turn affects the satisfaction of customers. There is a knowledge gap concerning the link between OSP capabilities and their performance influence SQ and thus, client satisfaction. However, issues have yet to be

analysed OSP capabilities, particularly concerning the relationship between OSP capabilities on SQ of FM.

The studies and discussion in previous sections explored the OSP capabilities, namely resource allocation, technology initiatives and time management. Atkin and Brooks (2014) initiated that FM is the use of the total quality techniques to reduce the risks involved in occupies a building, to enhance the SQ, delivering reliable support services and also add the value of a building. This is an approach which required to sustain and provide an environment for the operation need to meet the strategic planning of an organization. Therefore, SQ can provide a base to safeguard that business processes are well integrated and able to support the operational environment. The process may produce result to be tested against SQ in relation to the OSP capabilities in terms of 1) resources allocation for provision of appropriate capability and reliability such as manpower and equipment mobilization; 2) technology initiatives for support to transform and transact competence through sufficient information and effective communications; and 3) time management for support services and flexibility, time response and scheduling to satisfy the user and operation needs. However, the question is whether these three OSP capabilities will positively influence the SQ of FM or not?

From the findings and discussion above, the hypothesis relates to the relationship between OSP capabilities and SQ of FM are proposed as below: -

H2: OSP capabilities will positively influence on SQ of FM companies

The Relationship between FM Practices and SQ through OSP Capabilities as Mediator

With reference to Grover, Cheon, and Teng (1996), a good relationship between FM practitioners and OSPs enables two organizations to build competitive advantage and reach key organizational objectives such as the enhancement of SQ in their respective industries. Therefore, it is expected that the extent of outsourcing in an organization and its success will be influenced by their relationship. However, since a relationship is mutually effected between two organizations, it is mediated by the OSP, e.g., the capabilities when determining the relationship between FM practitioners in a certain extent.

In fact, the relation between FM practices, OSP capabilities and SQ, OSP capabilities play an important role as a mediator between FM practices and SQ since FM practices cannot directly affect the SQ in the case of outsourcing.

Handley (2012) has the view that organizations often use mediated power to control the behaviour or influence the decisions of other members of the value chain. The mediated power of FM practitioners is demonstrated by the execution of FM practices upon the service provider to generate desirable capabilities of the OSP. Handley (2012) also mentioned about mediated and non-mediated forms of power. Mediated forms such as strategic decision and reward are commonly used in strategic management and contract management respectively. Non-mediated forms of powers such as related in performance management is also an important element for an OSP which is willing to use their reference to tender through procurement management for the jobs.

From the findings and discussion above, the hypothesis relates to the relationship between FM practices and SQ through OSP capabilities as a mediator are proposed as below: -

H3(a-c): OSP capabilities will mediate the relationship between FM practices (people management, process management, strategic management) and SQ of FM companies

Conceptual Framework

The aim of this study is to develop a conceptual framework that links several key variables including FM practices and OSP capabilities to help determine the SQ of FM companies. This study attempts to conceptualize a SQ model of FM companies which can be influenced by FM practices and OSP capabilities. The OSP capabilities are adapted to the connection of the FM practices and SQ of FM companies.

With reference to the literature review, findings and discussion above, the conceptual framework of the study is to further identify the relationship between the variables as shown in Figure 1.

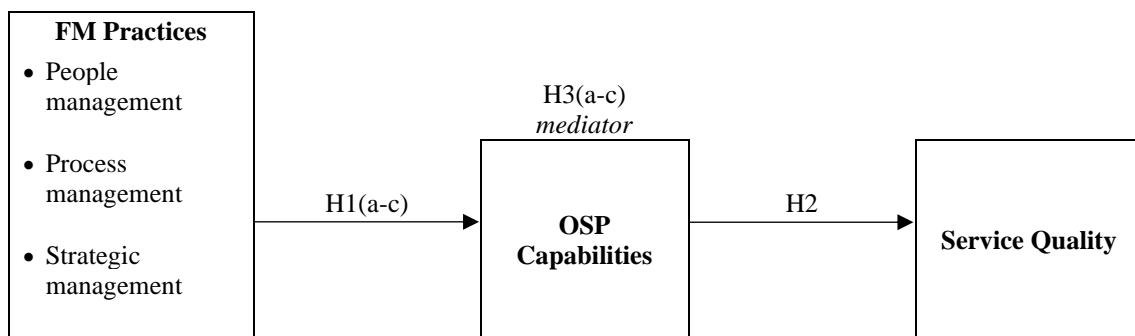


Figure 1: The proposed conceptual framework

Conclusion

This study tries to combine SQ model and social exchange theory (Miles, 2012) to identify the service gaps in FM practices and OSP capabilities, and categorize each service attribute so as to effectively implement best FM practices and high OSP capabilities. Tools used in this study include Gap Model (Seth et al., 2005) and Gap Analysis (Zawawi, Khalid, Ahmad, Zahari, & Agus Salim, 2016). The technique of integrating Gap Model and Gap Analysis enables us to gain broader insights into FM practices and OSP capabilities for SQ improvement.

The theoretical perspective is to apply social exchange theory to examine the FM practitioners and OSPs for the purpose of regulating their interactions according to the framework of a self-interested analysis of benefits and costs. The benefits do not require to be tangible, as the FM practitioners and OSPs may involve in an interaction under the anticipation of reciprocity in the near future. From this perspective, SQ will be positively influenced when the FM practitioners/OSP trusts that this interaction will be reciprocated with some benefits in the future. The social exchange theory and the relevant papers measuring service quality, FM practices and OSP capabilities will be adopted and adapted to develop the constructs for the coming questionnaire survey to test the hypotheses of the relationships between SQ, FM practices and OSP capabilities.

The practical perspective attempts to assist the FM companies in Hong Kong to identify the FM service attributes that required improvement and provide the companies with solutions and strategies for further improvement on SQ, which will lead to a higher level of customer satisfaction and market share. It is the first attempt to employ the technique in the field of FM in Hong Kong. It is expected that the study is able to attract more studies in this field.

Based on the ground of literature review and the study on the topic, it is expected that the influence on the enhancement of SQ in FM through the determination of the relationship between FM practices and OSP capabilities can be explored. As a result, a SQ model on best

FM practices and high OSP capabilities can be conceptualized as a valuable reference for the FM companies.

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