

An Investigation into the Cycle and Prediction of Organisation Facility Management Procurement

A thesis submitted to the University of Technology, Sydney, in
Candidacy for the Degree of Doctor of Facility Management

by

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CERTIFICATE OF AUTHORSHIP/ORIGINALITY

I certify that the work in this thesis has not previously been submitted for a degree nor has it been submitted as part of requirements for a degree except as fully acknowledged within the text.

I also certify that the thesis has been written by me. Any help that I have received in my research work and the preparation of the thesis itself has been acknowledged. In addition, I certify that all information sources and literature used are indicated in the thesis.

Paul James Luciani

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ABSTRACT

Facility Management (FM) is an emerging industry in Australia and in various nations throughout the world. The annual Australian national investment of the FM *industry* contributes approximately 4% to GDP and there are more than 404,000 people working in FM service industries.

Some conjecture exists to whether or not FM is a discipline in its own right. However, a review of FM history reveals its existence embedded within various organisational operating environments, however, under differing labels. The creation of an acceptable global FM definition is yet to be achieved.

The procuring and delivering of FM services is an activity that is predominantly managed from inside an organisation through direct employment (in-house), or by others outside the organisation (outsourcing). The latter has gained considerable popularity of late, yet it is argued that it remains an ill-defined term, resulting in its possible incorrect application to the FM function.

Further, there has been some suggestion as to the existence of indiscriminate cycling through these two main forms of FM procurement and delivery methods by organisations that has attracted some debate. Limited research has been performed on the dynamics associated with the decision to manage FM in-house or to outsource the function.

It is argued that on a medium to long-term basis there may exist an inadequacy in identifying and associating the drivers of value and costs, as they are perceived by organizations, for the two main procurement and delivery methods of FM.

By researching organisational operating environments it was found that in-house and outsourced methods may have different cost and value drivers. Further, each method, under certain conditions, was found to produce a different set of perceived value and costs, seemingly independent from each other.

Also, these operating environments seemed to change over time, influencing the perceived FM value and cost levels. This apparent link with organisational operating environments and perceived FM procurement and delivery value and cost suggests that neither method may be regarded as a permanent solution.

Thus, under certain conditions, the dynamic alteration of outsourcing levels during these changes in organisational operating environments may capture this value for longer periods of time, whilst minimising the costs associated with FM procurement and delivery.

KEYWORDS: Facility Management (FM), outsourcing, in-house, value, cost, time.