

Core business and supporting activities in Slovak enterprise

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Abstract

The latest boom of facility management, mostly seen as an essential part of large enterprises, leads us to start thinking about if the growing interest of this phenomenon is caused by a real need of a company and is it even possible start the discussion of usage of facility management in a different than large enterprise?

At the beginning base elements of core business and supporting activities are defined and then the question why facility management is a fundamental part of a corporate leadership is answered. The second part of the article identifies an area of interest and development of a hypothesis that can then be tested. The process of research will be targeted on the enterprises located in the central Slovak region. The digital answer sheet will be used as a baseline for the verification of stated hypotheses. All mentioned processes and procedures will help to clarify the necessity of Facility management for an enterprise.

Keywords: supporting activities, core business, facility management, facility management surveys.

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1. Introduction

Evolving business realities in the realms of process improvement, cost containment, speed-to-market accelerations, quality control, and workplace arrangements enforce companies to implement now trends. In case enterprises want to keep their competitiveness, they have to optimize their processes. Companies are focused all above on activities related to the core business. However we cannot forget even on so called supporting activities, which are not primary connected with the company business activity but they are very important indeed. The facility management is one of the trends trying to unload companies from managing those supporting activities.

There are more and more talks about the facility management in the business world. The western trend is slowly but surely starting to find its own application area also in Slovakia. Therefore we decided to research how this phenomenon is perceived by Slovak companies. So the surveyed sample would be little bit reduced, we focused ourselves on the companies located in the central Slovakia. The survey was accomplished via electronic questionnaire, which was sent to randomly chosen companies in the central Slovakia. After processing the specimens respondents we come to an interesting conclusion.

2. Theoretical background

Across the globe there are two types of accepted definitions of FM. First the ones used in official national (BSI, UNI, DIN, etc.), continental (such as EN for Europe) and global (ISO) standards and norms. Secondly there are commercial standards and norms defining FM such as the ones from RICS, IFMA, etc. According to the International Facility Management Association (IFMA), facility management is "a profession that encompasses multiple disciplines to ensure functionality of the built environment by integrating people, place, processes and technology." (Pavlov,2014).

The European facility management association, EuroFM, uses the EN15221 definition. The definition of facility management, EN15221-1, provided by the European Committee for Standardization (CEN) and ratified by 31 European countries is "the I(ntegration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities." According to this European standard the scope of FM is 'Space & Infrastructure' (planning, design, workplace, construction, lease, occupancy, 26 maintenance, furniture, cleaning, etc.) and 'People & Organization' (catering, ICT, HRM, HS&S, accounting, marketing, hospitality, etc.).

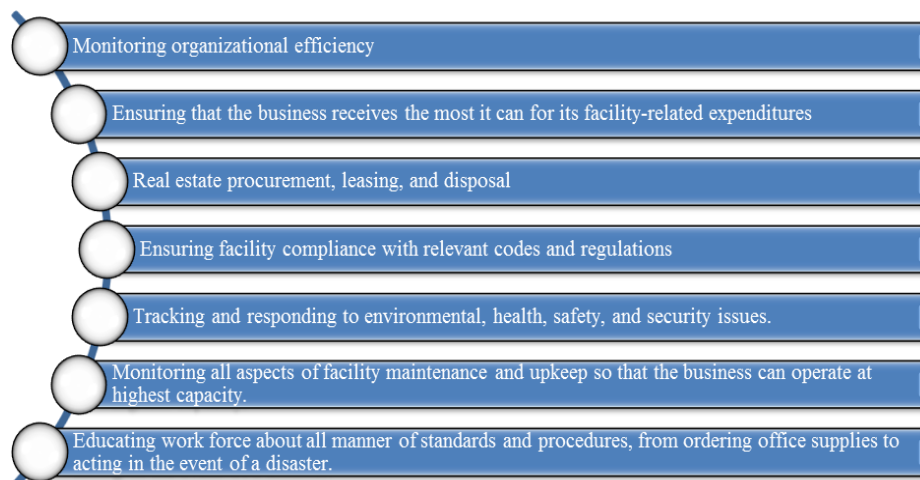


Figure 1. usage possibilities of a facility management Source: edited from source Baldry (2003)

The term "facility" is used to refer to a broad spectrum of buildings, complexes, and other physical entities. "The only thread common among these entities is the fact that they are all places,"(Levitt, 1997) "A 'facility' may be a space or an office or suite of offices; a floor or group of floors within a building; a single building or a group of buildings or structures. These structures may be in an urban setting or freestanding in a suburban or rural setting. The structures or buildings may be a part of a complex or office park or campus."

The key is to define the facility as a physical place where business activities are done, and to make facility management plans in accordance with the needs and demands of those business activities. After all, the facility needs of a movie theatre, a museum, a delicatessen, a plastics manufacturer, and a bank are apt to be considerably different, even though there will likely be certain basic needs that all will share (furniture, office space, air conditioning systems, light fixtures, etc.). Good facility management is concerned with addressing those needs in the best and most cost-effective ways possible. Indeed, facility management encompasses a wide range of responsibilities, see Figure1.

Facility Management was brought to Slovakia by Western companies. Those, by using the facility management, reduced their operating costs and thus were acquiring the advantage from competitors. Step by step, Slovak companies began to adapt to the western trend. In order to be able to compete with western companies, they began to apply new controls' methods in their management. This is where the facility management found its way into Slovak companies. It is generally known that facility management has the biggest benefits for large enterprises. In Slovakia, however, the majority of enterprises are small or medium-sized enterprises. It is 99% out of all Slovak enterprises. In absolute terms this makes 391,803 (Rondeau, Brown & Paul,2006). Today, the majority of companies focus on costs' reduction. When speaking of costs' optimization, the attention is always driven on the core business. However, to gain competitive advantage, enterprises must reduce costs throughout the entire company. Therefore, legal support activities is something where there is a space for optimization at a managerial level. Facility management plays an important role here. Our aim is to determine to what extent is the facility management being used in companies in central Slovakia. At the same time we would try to verify claims that facility management has its place in the majority of Slovak companies.

3. Facility management surveys

This survey was conducted in a form of questionnaires with a choice of predefined answers. The entire interview consisted of three parts. Each part had 5 questions. The aim of the first part was to identify how companies respond to the demonstrations of the facility management tools. We left out the term "facility management" of these questions by purpose, so that it didn't have an influence on answers. Hence, the enterprises were able to make decisions based on their own experience. With the second set of questions we investigated what opinion has companies about facility management. We asked for their practical experience, but also their point of view which they could make out of the articles on this subject. We focused here on facility management benefits in reducing business costs. The last part of the questionnaire was focused on recommendations and companies' opinions on bringing the facility management into the corporate practice. Companies which have already established the facility management could express here their contributions into the practice. On the contrary, companies that had facility management not in place yet, could say whether they liked the idea of their implementations into their company.

The questionnaire has been sent out since 02.01 2016. The period of the survey was depended on the number of required respondents. The total number of 195 we managed to achieve on 12/04/2016. That was also the date of completion of the entire survey, after which followed data processing.

3.1. Hypotheses

Based on the objective of the questionnaire, as well as allegations of literature, we set the following hypothesis. As the first hypothesis H1, we have established the claim that the facility management in management system has benefits for the core business in small and medium-sized enterprises. The second hypothesis H2 is that most enterprises have facility management applied in the system management in any form. By any form we mean the facility management, which is established in companies in whether the intuitive or professional level.

3.2. Methodology

This study applied the questionnaire survey to verify the hypotheses and research framework. The object of this research study was use facility management enterprises located in the central Slovak region. The questionnaires were randomly mailed to enterprises from register of company. Enterprises located in the central Slovak region are basic sample of survey. According to statistical office records, the number of registered small and medium-sized enterprises in central Slovak region was 65 022. For the calculation of relevant sample we have used statistical approach based on formula:

$$n = \frac{z_{t-a/2}^2 * S^2}{H^2}$$

For easier sample size quantification, we used electronic calculator provided by Creative Research Systems, it is free of charge and available (surveysystem.com). It determines how many enterprises are needed to be surveyed results that reflect the target population as precisely as needed. The final sample size is calculated at a confidence level of 7%.

3.3. Empirical results

The surveyed businesses (further referred as respondents) were interviewed to answer fifteen questions which helped to create a table of Factors influencing attitude towards facility management. Table1 shows the results. 127 surveyed (more than 65%) react positively for different examples of facility management tools efficiency. Those tools were presented to respondents so they would not know that the main theme is related to the facility management. From the results of the next survey questionnaire part, we can see that more than 62% respondents do not use facility management. Overwhelming part of companies (up to 24,0% from overall number of respondents) however replayed that by implementation of a facility management there was an noticeable work efficiency growth. According to the company's responses, employees could dedicate more time for core business activities. Considerable part of supporting activities were ceded exactly to the facility management scope. By comparison of facility management advantages and subsequent necessity of creation of new working places, 45% respondents expressed positive attitude. It means that 89 respondents answered that it was, or is worth to implement facility management into the leadership system. Up to 83% respondents perceive facility management as a positive element in leadership, by which the hypothesis H1 (the FM in management system has benefits for the core business in small and medium-sized enterprises) was confirmed. The second hypothesis H2 (most enterprises have FM applied in the system management in any form) was however denied

Table 1. Factors influencing attitude towards facility management

Factors influencing attitude towards facility management	Responses [%]
Positive perception of implementation of facility management tools	65,13%
Positive experience with facility management in costs reduction	30,26%
Employee satisfaction and increasing of job performance	24,10%
Effectiveness of potential facility management implementation	45,64%
Perception of facility management as a positive element in leadership	83,08%



Figure 2. Factors influencing attitude towards facility management

4. Conclusion

At the time when companies are waging price wars on customers, every help aimed on profitability increase is welcomed. Companies are forced to optimize their processes and procedures, so they could keep up with the competing businesses. Here has the facility management its place. Facility management helps companies to target their focus on the core business. It takes on many supporting activities. Therefore it relieves the workers themselves, and as a result it increases their performance. Except of providing supporting activities, facility management helps to decrease operation costs. By correct implementation of a facility management into the managing system, companies acquire the powerful tool in the business competition.

The results of the survey revealed justness of facility management in the managing system. 83,08% of small and medium sized enterprises perceive facility management as a positive element in leadership. On the other hand just 38% of small and medium sized enterprises located in the central Slovak region has applied facility management into the management system. Those numbers shows

that although companies perceive facility management in a positive way, their behavior is however conservative and hinder the introduction of new trends in management system.

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