

## **Outsourcing Property Management Perspective: Universities in the District of Perak Tengah**

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### **Abstract**

Outsourcing is the most popular property management practice especially when the management demanded a portion of skilled labor. Generally, the scope of the outsource property management differs from one organization to another. Due to that, sometimes none of these areas hit the desired objectives of outsourcing since they are absent of clear policies by the organization. Furthermore there is lack of awareness on the existence of these entities. The study on outsource property management perspective in universities have never been discussed. This discrepancy needs to be addressed as universities are the starting place to inculcate this awareness since the services provided will indirectly affect the students and staff performances. Thus, this study is carried out (1) to identify the types of outsource property management used by universities in the district of Perak Tengah (Universiti Teknologi Mara, UiTM (Perak) and Universiti Teknologi Petronas, UTP), (2) to gauge the extent of awareness among the students and staff towards the services provided; and (3) to measure the level of satisfaction amongst the respondents on the services provided. This study hopes to contribute towards the awareness of the existence of property management outsourcing and to improve the quality and sustainability of the property management profession. The quantitative method of data collection is used in this study. Structured questionnaires were randomly distributed among students and staff of both universities. Data from the questionnaire was analysed using the SPSS software. The results revealed that 63% of the respondents are aware of the existence of property management outsourcing in their area while 38% are not. Mean analysis showed most of the respondents are satisfied with the services provided where the mean score achieved lies within the range of ( $3.50 \leq \text{value} < 4.50$ ). This implies that even though they are not aware of the existence of property management outsourcing in their area, they still scored a high level of satisfaction with the services provided.

*Keywords:* Awareness, Outsourcing, Outsource Property Management, Property Management, Satisfaction

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### **1.0 Introduction on Outsourcing property Management**

Outsourcing in property management is the most popular property management practice in organizations especially when there is high demand for skilled labor. Cleaning services, landscaping and mechanical services commonly require outsource services. The main reason the organizations prefer to outsource is to minimize the operating costs of an institution while allowing the organization to focus on their core business. Cybernetics (1996) found that cost savings is also regarded as a key motive why outsourcing management practices are applied in an organization. In the competitive environment of global business today, the effectiveness of property management is needed to ensure the success of the core business of an organization and to ensure the business goals can be achieved. Thus most organizations choose to outsource part of their property management services to the contractor in order to make sure the quality as well as ensure the effectiveness of the service provide. In addition, an organized and systematic planning of property management is needed for the building to always be in a good, comfortable and safe condition to be used (Najib, 2002). This approach of outsource property management also applicable to most educational institution service whether locally or overseas. An efficient and effective property management in educational institution is very important to ensure a sustainable learning environment and all campus activities can be carried out smoothly. Generally, the scope of the property management outsourcing differs from one organization to another. Hence not all organizations are able to meet the desired objectives of outsourcing since they are absent of clear organizational policies besides lower awareness on the existence of these entities. Property management outsourcing from the universities' perspective has never been discussed despite it being critical to be discussed as a university is the starting point to inculcate this awareness as the services provided will indirectly affect the students and staff performances. This study hopes to contribute towards the awareness on the existence of outsourcing in property management besides improve the quality and sustainability of property management.

## 2.0 Literature Review

Outsource property management is defined as an external property management organization appointed by the management corporation or owner to manage the property in return for a fee. Outsource also means a process where the user or organization uses a separate company (contractor) under contract to perform a function, service, and/or management (Barret, 1992). According to Peter (2006), outsourcing refers to the concept of finding the expertise to handle specific support business functions outside of its own organization. Outsourcing in this context is viewed as critical business capabilities to improve the overall profitability. According to Yin Fang (2000), Outsourcing is a contractual agreement between the customer and one or more suppliers to provide services or processes that the customer is currently providing internally. This is supported by the Franceshini et. al (2003) where outsource is defined as external source management approach that allows delegating to an external agent operational responsibility for process or services previously delivered by an enterprise. According to Charles (2000) in Abdul Hakim et. Al., (2006) outsourcing parts of the property management by organizations commonly to reduce costs while improving the organization and encouraging management to focus on core activities. Outsourcing allows managers to control resources and capabilities with a focus on efficiency core values established for the companies only (Yoon and Naadimuthu, 1994). A maintenance contract usually depends on organizational practices, corporate culture, and human resources available from the management team (Lai and Yik, 2007). The strategy for outsourcing and contract agreements is very important to reduce the risk of disputes between parties because it may increase costs, risks and affect the performance and satisfaction (Lai et al., 2004). Outsource contracts are usually for long term period involving frequent contact between contractors and organizations. Thus, it is important that no risk occurs which may cause a variety of problems in the future. Among the most commonly outsourced services is management of learning facilities, facility management of lifts, cleaning services management, and landscape management (Mohammed, Abdul Hakim, Sapri, Maimunah, & Baba, Maizan, 2006).

In the educational institutions, outsource property management generally includes the management of the building, assets operations and services. Mohammed, Abdul Hakim, Sapri, Maimunah, & Baba, Maizan (2006) reiterated that the services provided for property management of teaching and learning facilities include classrooms, chairs, tables, notice boards and display devices. Teaching and learning facility design should be considered because it will give an effective teaching and learning experience for students. Typically the institution of higher learning will use outsourcing to manage the classrooms for students and other facilities provided such as lift. The facility management of lifts is commonly placed under the Mechanical and Electrical Engineering Unit Responsible for the maintenance and inspection of lifts. The same concept is applied to the cleaning services management as it involves a large part of the organization covering many aspects. The main purpose of cleaning is to protect the health and hygiene of all users and residents. The condition of a building can give a positive or negative impression of the building and its residents. Among the most common examples of cleaning services are toilets, furniture, corridors, floors and others. According to Peter (2006), it is essential that a professional cleaning company is chosen to provide cleaning services because it will become part of the society and responsible to ensure the effectiveness and sustainability of the property. Professional companies are able to minimize costs without reducing the retention value. These companies usually possess dynamic organizations, management skills, and use of technology, products and quality control. In addition, modern buildings are constructed using the latest materials and fitted with state-of-the-art building automation systems that requiring expert knowledge support in their management. Lastly is landscape management where the management focuses on landscaping plants that can be designed with a variety of textures, shapes, sculptures or structure architecture.

The performance of outsource property management is essential to be measured to ensure the success and sustainability of the property management services provided. Alexander (1996) identifies performance measurement as one of the three key issues for effective implementation of the property management strategies while William (1996) identifies three main components to measure the performance. The three main components are physical, functional and financial. Physical performance relates to the behavior of the building and includes its physical characteristics such as structural integrity, lighting, energy efficiency, maintenance, and durability. Functional performance measures the building relationships with contractors handling outsourced work and covers issues such as space, layout, satisfied image, fresh atmosphere, satisfied communication, health and safety. These two can also be measured by looking at the user satisfaction on the related elements. Finally, financial performance arises from the physical and functional building performances and consists of capital and ongoing expenses, property depreciation and efficiency and others.

Most of the previous research measures maintenance from the physical aspect. This study also focuses on the physical characteristics in terms of structural integrity, lighting, energy, maintenance and durability. Physical

characteristics influence work continuity and environmental conditions and can usually be measured through observation such as area or properties of building materials. Structural integrity is the ability to provide assurance that things can be implemented in accordance with the functions that have been established. Lighting is a situation where there is satisfactory lighting and must be constantly monitored. Energy efficiency is the way to manage energy consumption and is achieved when the same energy input provides more services. Maintenance involved technical work, management and improvement of the elements to make it function as required. Maintenance work includes repair works (repairs), renovation, renewal, enforcement, conservation, maintenance, modernization and etc. That involves workforce management, and tools. Durability is the time taken to complete and execute a task or repair damage within the allotted time.

### 3.0 Methodology

The questionnaire has been designed based on the literature reviews from previous research and finding from interviews with persons in charge of managing the outsource property management of both educational institutions located in the District of Perak Tengah (UiTM (Perak) and UTP). This questionnaire was carried out to achieve objective number two (2) and three (3) of this research which are (2) to gauge the extent of awareness among the students and staff towards the services provided; and (3) to measure the level of satisfaction amongst the respondents on the services provided. The common outsource service provided were identified from previous research and validated with the data obtained from interviews to developed and design the questionnaire. The questionnaire is divided into three parts: Section A consists of demographic questions to determine the number of students and staff involved. Section B seeks to investigate the respondents' awareness of the existence of outsources property management in the university. Section C attempts to measure the level of satisfaction among users on the outsource services provided consisting of common outsource services provided by both universities specifically to the physical and functional performance of cleaning, electrical and mechanical. There are five (5) options to be selected by the respondents to express their satisfaction level towards the services provided Namely 'Very Dissatisfied', 'Dissatisfied', 'Neither', 'Satisfied', and 'Very Satisfied'.

In this research, structured questionnaires were distributed randomly among students and staff of both universities where the researcher only takes eighty (80) respondents randomly as a sample size where forty (40) respondents from each university were selected and 60 respondents were students and another 20 respondents were among the staff. According to Roscoe (1975), as cited by Othman and Abdul Malek (2013), in most research of this nature, a sample size of more than 30 and less than 500 is considered appropriate. Data collected through the questionnaires was analyzed using the Statistical Package for Social Sciences (SPSS) software.

### 3.1 Reliability Test

Cronbach's alpha is used to measure the reliability as well as the validity of scale. According to Nunnaly (1978), a Cronbach's alpha value that exceeds 0.7 shows high scale reliability. For this research, the Cronbach's alpha value is about 0.713 (measured by using SPSS). The reliability in the research is the consistency of a set of measurement or measurement items that form a measuring instrument like a simple questionnaire. Reliability is the extent to which the measurement of a test is consistently achieved over repeated tests of the same subject under similar conditions. The test is reliable if the results remain consistent with the same measure. But it will become unreliable if the test gives different results on repeated measurements. In a pilot test, the researcher achieved the reliability and validity score of 0.714. This indicates that the test is strongly acceptable because the Cronbach's alpha value is in excess of 0.7 indicating high scale of reliability.

Table 3: Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	Number of Items
.714	.713	21

### 3.2 Discussion and Analysis

The researchers used primary data from interviews and questionnaire survey; and secondary data from literature review to study the general outsource property management services provided. From the interview, UTP outsources their cleaning services, mechanical and electrical services maintenance. They outsourced the services to save cost, time and workforce due to inadequate staff to manage all the assets. Concurrently, UiTM also totally outsourced their cleaning services, mechanical and electrical services maintenance. Findings revealed that universities use outsource property management services because they have an expertise in cleaning, mechanical

and electrical services. Another factor is inadequate number of skilled staff to manage the property management services. Questionnaire returns yielded 50% respondents from UTP and 50% respondents form UiTM (Perak) and results showed about 63% of the respondents from both universities are aware of the existence of property management outsourcing in their universities while 38% are not aware. This still presents a small number of users who are aware of the existence of the outsource services provided.

### 3.3 Result by Ranking on Type of Service Offer

Table 1: Type of Service Offer

Ranking	Services	Measurement	Mean
1	MECHANICAL	The time taken for the maintenance of air conditioners	4.23
		The time taken to repair the lift and installation	
		The time taken for the maintenance of lift	
2	CLEANING	Follow the instruction when doing a work	4.01
		The cleanliness of corridors and stairway area	
		The cleanliness of lobbies	
		The cleanliness of office space	
		The cleanliness of classrooms	
		The cleanliness of hostel	
		The cleanliness of toilet	
The cleanliness around the garbage area			
3	ELECTRICAL	The lighting always checking by the staff	3.81
		The time taken to repair the electrical and installation	

Mean analysis of the type of services offered shows mechanical services (4.23), cleaning services (4.01) and electrical services (3.81). As a result, the satisfaction level of the respondents towards outsource services provided are seen to be at a high level because it is in the range score of  $(3.50 \leq \text{value} < 4.50)$ . The interpretation on the range mean score was done by referring to Abdul Majid and McCaffer (1997).

### 3.4 Result by Ranking on Overall Services Provided

Based on the mean analysis, the level of satisfaction among student and staff towards the outsourcing facility management service in cleaning, electrical and mechanical are ranked as follows:-

Table 2: Overall Service Provides

RANKING	MEASUREMENT	MEAN
1	The time taken to repair the lift and installation	4.46
2	The cleanliness of office space	4.40
3	The cleanliness of corridors and stairway area	4.26
4	The time taken for the maintenance of lift	4.26
5	The cleanliness of lobbies	4.24
6	The lighting always checking by the staff	4.14
7	The cleanliness of classrooms	4.10
8	Follow the instruction when doing a work	4.00
9	The time taken for the maintenance of air conditioners	3.98
10	The cleanliness of hostel	3.92
11	The cleanliness of toilet	3.70
12	The time taken to repair the electrical and installation	3.48
13	The cleanliness around the garbage area	3.42

Table 2: Level of Measurement. Sources: Abdul Majid & McCaffer (1997)

Level	The Scale
Very Satisfied	$1.0 \leq \text{value} < 1.50$
Dissatisfied	$1.50 \leq \text{value} < 2.50$
Neither	$2.50 \leq \text{value} < 3.50$
Satisfied	$3.50 \leq \text{value} < 4.50$
Very Satisfied	$4.50 \leq \text{value} < 5.00$

The mean analysis shows the time taken to repair the lift and installation is (4.46), the cleanliness of office space (4.40), the cleanliness of corridors and stairway areas (4.26), the time taken for the maintenance of lifts (4.26), the cleanliness of lobbies (4.24), the lighting regularly checked by the staff is (4.14), the cleanliness of classrooms (4.10), workers' adherence to work instructions (4.00), the time taken for the maintenance of air conditioners (3.98), the cleanliness of hostels (3.92), the cleanliness of toilets (3.70), the time taken to repair the electrical installations (3.48) and the cleanliness around the garbage areas (3.42).As a result, the satisfaction level of the respondents towards outsource services provided are seen to be at a high level because it is in the range score of  $(3.50 \leq \text{value} < 4.50)$ .

#### 4.0 Conclusion

The results of the present study provide some insight on the outsource property management or also known by its layman term of external facilities management. It was also found that the different types of outsource services hired by the two selected educational institutions concur with the literature that the types of outsource property management services are different from one organization to another. This study also proved the satisfaction level of users towards the services provided by the outsource companies. The analysis shows most of the respondents are satisfied with the outsource services provided where the mean score achieved was within the range of  $(3.50 \leq \text{value} < 4.50)$  and just need a little improvement on the time taken to repair the electrical and electrical installation, the time taken for the maintenance of air conditions, and cleaning of the toilet and hostels to get a very satisfied level of satisfaction. Most of the respondents are satisfied with the services and even though they are not aware of the existence of property management outsourcing in their universities they still scored a high level of satisfaction on the services provided. This refers to the finding that only about 63% of the respondents are aware of the existence of the outsource property management services provided by their institutions. In conclusion, most students are not aware of the outsource property management services provided by the institutions. Thus, it is essential for the institutions to step up the information regarding this to raise awareness among their clients considering these services are used by the students and staff and directly affects their comfort, performance and sustainability of the building.

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