

The role and effectiveness of a formal sustainability policy in Facilities Management

Samantha Price¹,
s.j.price@ljmu.ac.uk

Michael Pitt²,
m.r.pitt@live.co.uk

Alexi Marmot²,
a.marmot@ucl.ac.uk

Matthew Tucker²,
matthew.tucker@ucl.ac.uk

Peter Mclennan²
p.mclennan@ucl.ac.uk

Marcella Ucci²
m.ucci@ucl.ac.uk

¹Liverpool John Moores University

²University College London

Abstract

The paper develops the level of understanding of the current position of FM providers surrounding sustainable FM. The research establishes, through looking at a sample of FM companies, the level of commitment the FM industry is dedicating to the sustainability movement through looking at the sustainable business practice which stems from their Sustainability Policy (SP).

A data analysis of 65 FM companies was carried out. The companies were all members of the BIFM and were a mix of small, medium and large companies (according to employee number) as well as a mix of FM only organisations or FM+ (an FM branch of a construction firm for example). The data analysis looked at each company's commitment to sustainable business practice and the affect organisational characteristics had on this. This was achieved by creating a predetermined list of self questions to complete for each company; covering organisational characteristics and indicators to sustainable practice.

The research found that companies which have a sustainability policy are more likely to implement sustainable business practice, resulting in gaining awards, reporting on sustainable issues and setting targets. Many companies that do not have a policy still participate in these areas but less effectively. Company size also has a significant effect on sustainable business practice, with large companies much more likely to behave in a sustainable way.

This paper does not look at the reasons for not having a sustainability policy or practising sustainable business management. The paper demonstrates the purpose and effectiveness of a formal Facilities Management sustainability policy. As such the paper is useful in the preparation of a sustainability strategy.

1. Sustainable Facilities Management

1.1 Introduction

It is becoming accepted that sustainable FM (Facilities Management) will need to take into account social, economic and environmental aspects of sustainability to deliver the increasingly demanded rounded service (Elmualim et al, 2009). To deliver environmental targets and to exist in a sustainable environment both technological and attitudinal changes are needed. The FM profession is able to affect the technological and behavioural change needed to deliver the environmental targets due to their position of influence over how the building is used (Elmualim et al, 2009). The regulations being agreed by Government are going to directly impact FM activities, through FM being made directly responsible for implementing change to reduce emissions in an increasing number of areas (Elmualim et al, 2010).

1.2 Forces for change

The common view of the FM function as being responsible for managing buildings or being a maintenance department often does not match the modern reality of FM. Fm is increasingly seen as being woven into the core and support services of a given company, supporting the primary objectives of that organisation (Nazali et al, 2009; Edum-Fotwe, 2003; Nutt, 2004). To produce effective FM there is a need to integrate a multidisciplinary of activities and skills to design the facilities to suit the end user, moving away from FM as solely managing a facility but to managing facilities incorporating HRM (human resource management), IT and wider business support (Nutt, 2004; Edum-Fotwe, 2001; Pitt and Hinks, 2001; Alexander, 1992; Price, 1999). FM is emerging as an important corporate discipline, reflecting the fact that FM related costs can represent the second largest operating costs after personnel and the cost of the asset (Edum-Fotwe, 2003; Brandt, 1994; Puddy, 2001). A competitive edge can be achieved for organisations through effective and efficient use of the facilities (Patheridge, 2008; RICS, 1999; Pitt and Hinks, 2001).

Corporate Social Responsibility or ethical fund management is forcing organisations to be more open with investment decisions (Walker et al, 2007; Hannagan, 1998), with 75% of large companies reported as being under pressure to develop non financial measures of performance (Hubbard, 2009). Following the focus on sustainable construction, Government policy is increasingly being designed to target emissions resulting from the existing building stock. All of these commitments, and others, require the input of FM in order for them to be achieved. Their role has the potential to be at the forefront of delivery of sustainability due to the impact FM has on the selection, operation and management of properties (DTI, 2009). The BIFM carried out a survey in 2007 which found that over 60% believe the scope of FM will expand within their organisations over the next five years (BIFM, 2007).

ISO 14001 can be used as a method to manage and implement environmental and legal requirements. To gain accreditation organisations must have in place a framework to prioritise and address their environmental impacts (Walker et al, 2007; Watson & Emery, 2004). Organisations currently find legislation a major driving force for environmental improvement (Williams et al, 1993; Kok and Saint

Bris, 1994, Hillary 1995, Edum et Fotwe, 2001; Baylis, 1998). However the pressure felt by organisations from legislation is not as widely reported, which is reflected in company reports (Walker et al, 2007; Napper, 2003).

1.3 Sustainability Policies and FM

Creating a sustainability policy (SP) and indeed living in a sustainable society is the balance of demands from economic, political, ecological and technological angles (Shin, 2008). It has been found that 31% of FM organisations report that they do not have a sustainability policy, with the main barriers to practising sustainable FM being time constraints, lack of knowledge and lack of senior management commitment (Elmualim et al, 2010; Baylis, 1998).

Within the educational sector, it has been found that a company having in place an environmental policy does not mean that environmental and sustainable policies are implemented any further down in the company structure (Elmualim et al, 2010; Carpenter, 2002; Baylis, 1998; Carpenter and Meehan, 2002). Carpenter and Meehan (2002) undertook a study of 10 educational institutions and found that all 10 had environmental policies; but there proved to be varying degrees of implementation of that policy (Carpenter and Meehan, 2002). Only one institution had a direct funding agreement in place for an environmental management plan, not all had management level involvement and in some cases the SP was as far as the environmental management plan had developed. However, the survey did indicate that the FM department played a strong role in implementing environmental management policies (Carpenter and Meehan, 2002).

There have been many reasons cited for why small to medium companies from all sectors do not have SP in place. Many of such companies do not feel that they need a SP due to the view that they have no environmental problems, do not feel pressure to target environmental issues or do not believe that environmental issues present a threat or opportunity to the organisation (Baylis, 1998). Companies with environmental policies are not necessarily motivated to act on them, and thus may not implement the ideas any further into business practice (Baylis (1998). This indicates a gap between the creation of a SP and what companies are capable of doing (Baylis, 1998; Shin, 2008). This could again link to the pressure that companies feel to appear to be acting in a sustainable and environmentally innovative way through the corporate social responsibility (CSR) arena (Hubbard, 2009). Organisations are motivated by different factors; however studies have shown that companies are motivated by the compulsory (legal) and financial factors (Shin, 2008; Baylis, 1998).

1.4 The value of a policy

A policy is not fixed; it consists of language resulting from discussion and argument and is developed through analysis (Massa, 1997). This could result in a SP not having the ability to directly lead to action on sustainable issues but rather lead to discussion of the subject in formulating opinions and ideas. In developing a SP the driving implications of possible solutions may deter the implementation, for example if a financial cost is associated with the commitment to a sustainable agenda then this policy may be diluted to prevent a firm commitment to an agenda (Massa, 1997). This may result in a weak attempt to develop policy ideas throughout the company, and the policy may be used as a

method to appease the CSR audience. The envisioned potential lack of solutions to accepted problems may also act as barrier to a commitment of a sustainable solution (Elmualim et al, 2010).

So far the practice of sustainability reporting has often involved publishing a separate sustainability report in addition to Annual Reports (Hubbard, 2009; O'Dwyer 2005). This has the drawback of keeping sustainability as a separate entity and separate from financial reporting. Current methods of reporting also result in biased results with organisations focusing on the positives (Hubbard, 2009).

2 Research Design

2.1 Methodology

This research is intended to capture the frequency of FM companies having in a place a SP and the commitment shown to this SP through established sustainable business practice. A data analysis was undertaken through looking at reports and data from 65 companies in order to capture information against predefined parameters (shown below); this was then linked to indicators of sustainable business practice evidenced. The data was gained from the internet and databases containing company information, this reduces bias and the potential for erroneous data provided through human input.

A sample size of 65 was chosen with a spread of characteristics to represent the wide ranging company structures that feature within the FM industry. The sample was taken from members of the British Institute of Facilities Management (BIFM). In the sample there are 26 large companies, 24 medium sized companies and 15 small companies (according to employee number). The sample also included a spread of companies which were classed as FM only, so a standalone FM company, or FM+, a FM branch of a construction firm for example.

Firstly basic business characteristics were captured, which were then linked to indicators of sustainable business practice.

Firstly the following organisational factors were captured:

- Turnover
- Employees number
- Size according to employee numbers (CEC, 1996)
- Whether the company was an FM provider only (FM) or a FM subsidiary department (FM+¹)
- The existence of a SP or not

¹ Meaning FM+: covering either a FM department or subsidiary within a larger construction company or a FM company which provided additional services other than FM. In each case the data was collected for the FM arm only. Out of the sample there are 21 FM+ organisations.

The following factors, which were considered to reflect the implementation sustainable business practice, were captured:

- The prevalence of sustainability as topic of consideration throughout business operations,
- The existence of environmental targets,
- The achievement of environmental awards² or accreditation,
- The existence of a reporting structure for environmental factors.

This method of data capture was chosen to avoid human input and erroneous data capture. Previous studies have highlighted that the sustainable activities of organisations can be embellished due to their awareness of the modern need to appear environmentally conscious, and to appeal to the CSR audience. In previous cases it has been found that companies have answered affirmatively to having a SP in place, only for there to not be one when the company was visited for further research (Baylis, 1998). A data analysis removes the input from participants directly and carries out an analysis of the information which is published in the public domain.

2.2 Analysis

The following analysis procedure was carried out for the test areas:

- Frequency distribution tests: identifying initial trends in percentages
- Multiple Correspondence analysis: to graphical represent the correspondence between parameters
- Chi squared test: To test the statistical significance of the data

The data will be tested in two areas; to find whether the likelihood of a company having a SP is affected by any major organisational factors such as size, turnover, and company structure. The second area is to test the significance of the SP and whether the policy is devolved through business practice.

3 Findings

3.1 Area one: Size and company structure

3.1.1 The impact of organisational size

The majority (55.4%) of FM companies tested did have a SP in place, the remaining 44.6% not having a SP in place. The size of the company is an important organisational factor that is likely to affect the position of a SP. The sample shows that out of the companies that have a SP, 73% are large, 54% are

² Environmental awards, are awards which the organisation has gained specifically for environmental and sustainable achievements within the company direct.

medium and 27% are small organisations. This relationship is statistically significant with $p < 0.05$ ($p = 0.016$). It can be said with confidence that large companies are more likely to have a SP. Elmualim *et al* (2009) found that 69% of their total sample had an SP in place, this is higher than the findings here. However, this could support the idea that commitment to sustainability is often exaggerated, especially since the responses to the survey were self selected and voluntary. The data analysis removes this opportunity for human exaggeration in this fashionable topic.

The size of the company may have an effect on the likelihood of the company implementing sustainable business practice; within the sample:

- 40% of companies had gained environmental awards or accreditation. Of these 65.4% were large companies, 31% were medium and, 3.8% were small companies. This relationship is significant with $p < 0.05$, ($p = 0.001$). It can be said with confidence that large companies are more likely to have gained environmental Awards or accreditation.
- In the sample 53.8% of companies report on Sustainable issues: out of that sample 53.1% are large companies, 34.3% are medium sized companies and 12.5% are small companies. This relationship is significant with $p < 0.05$, ($p = 0.053$). It can be said with confidence that large companies are more likely to report on sustainable issues.
- 20% of companies set environmental targets; of these 53.8% are large companies, 31% are medium sized and 15.4% are small companies.

The multiple correspondence analysis below indicates the correlation between the variables, the closer the variables are on the graph, the higher the correspondence or link between the two.

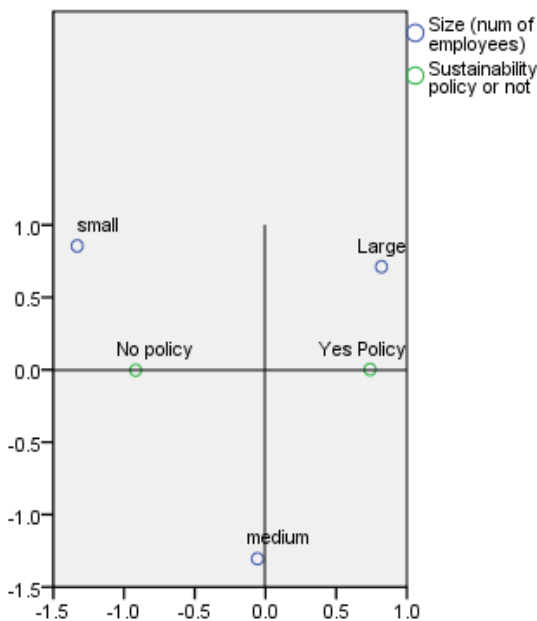


Figure 1. Graph to show correspondence between Size and SP

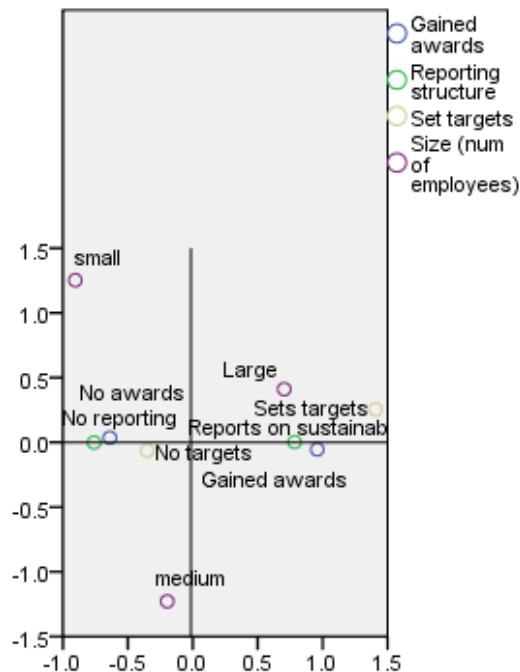


Figure 2. Graph to show correspondence between Awards, Reporting structure, Targets and Size

There is a strong correspondence between size of company and a SP, with a clear correspondence between large companies and having a SP, and between small companies and no SP.

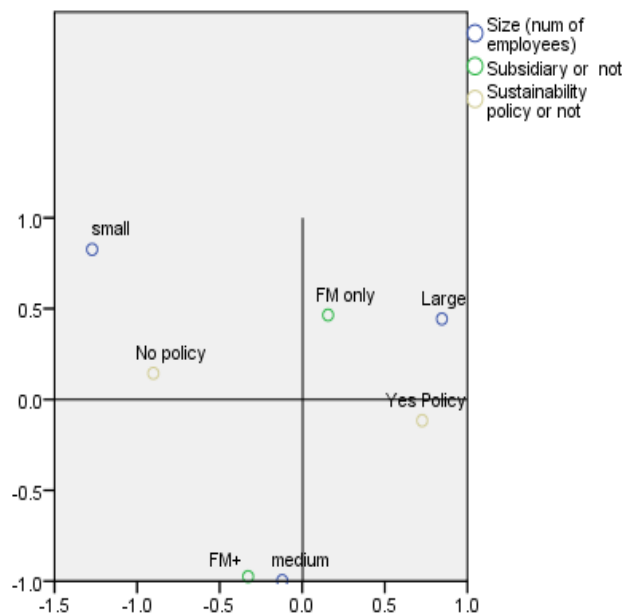
		Reports on sustainability		Sets targets		Achieved awards	
		Yes	No	Yes	No	Yes	No
Yes SP	Freq	26	10	12	24	19	17
	%	72.2	27.8	33.3	66.7	52.8	47.2
No SP	Freq	6	23	1	28	7	22
	%	20.7	79.3	3.4	96.6	24.1	75.9

Table 1. The influence of a SP

3.1.2 Company structure

Out of the sample a proportion of the companies were ‘stand alone FM companies’ and the remainder were subsidiary groups or an FM department within a wider company, for the purpose of this write up titled ‘FM+’. The nature of the structure of the company was captured to understand whether this affected the link between the type of company which create and implement a SP. In linking the nature of the provision of the service provided by the companies it can be seen that:

- 32% of large companies that are FM only companies have a SP.
- The provision of a SP for medium sized firms was less affected by being part of a wider company or being a standalone FM company.
- Large companies providing FM only were more likely to provide a SP than if they were part of a wider company, however, they were still more likely than not to provide a SP.
- 75% of small companies who have a SP are ‘FM only’.



on Sustainable issues, out of the companies which have a SP 72.2% report on sustainable issues. This is statistically significant at $p < 0.05$ ($p = 0.000$). The majority companies in the sample did not have environmental targets, at 80%, this is statistically significant at $p < 0.05$ ($p = 0.003$). Out of the companies that had a SP 33.3% had set environmental targets, out of the companies that do not have a SP only 3.4% have environmental targets. However, setting targets is still the least likely application of sustainable practice. The correspondence between not setting targets and not having an SP is the highest correlation

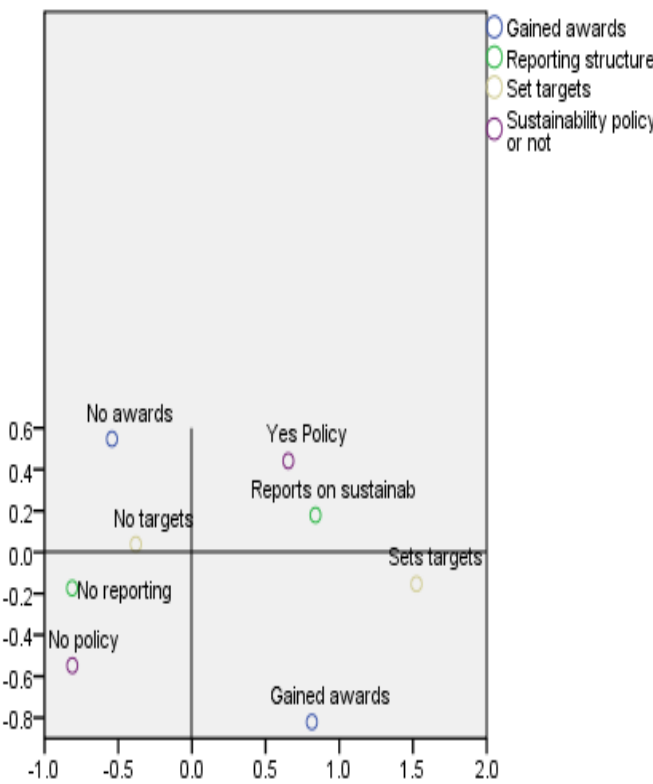


Figure 4. Graph to show correspondence between Awards, Reporting structure, SP

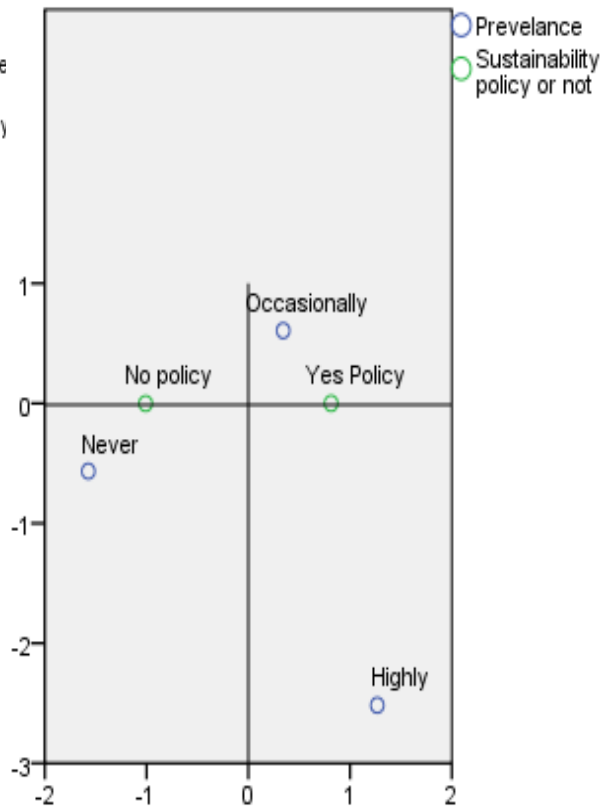


Figure 5. Graph to show correspondence between SP and occurrence of sustainability

Cross tab	χ^2	df	Asymp. Sig.	
Size* SP	8.314	2	0.016	The size of a company is significant. Large companies are more likely to have an SP.
Size*gained awards	14.370	2	0.001	Large companies are statistically more likely to gain environmental awards.
Size* reporting	5.881	2	0.053	Large companies are statistically more likely to report on sustainable issues.
SP* Awards	5.489	1	0.019	The highest count is for no SP and No awards.
SP*Reporting structure	17.065	1	0.000	Highest count is for companies with an SP to Report on Sustainable issues.
SP* setting targets	8.966	1	0.003	The highest count is for companies with No SP to Not set targets.

Table 2. Influence of company size and SP (Chi-Squared)

4. Successes and draw backs of the method of data collection

A data analysis was carried out to gain frank and factual answers to the above survey by looking at official company data and policy. There is a risk, due to the popularity of CSR that if companies and individuals are targeted directly to discuss their sustainable practices that answers may not be entirely correct. The data analysis by-passes this problem by looking only at official company data archives to eliminate human intervention and perception from the results as far as possible. The next stage is to develop an understanding of the motivations behind establishing sustainable business practice in FM organisations. This will involve the human factor, to explore the reasons further.

5. Conclusion

When a SP is in place there is a much greater chance of further sustainable initiatives being woven into the company. This shows that the SP does have an influence on sustainable business practice; however, it could be limited as the relationship is not exclusive, not all companies which have awards, report on sustainable practice and set targets have a SP. This could be due to the nature of the industry as an FM company can gain an environmental award for one project due to a specific client request or culture but the FM company itself does not have to have a standard procedure for all contracts.

There is evidence to show that the size of the organisation has a high impact on the commitment made to sustainable business practice. It was found that size of the company (number of employees) was a stronger determinant for the presence of SP than type of company (i.e. whether a standalone FM company or FM subsidiary of a construction firm). However, FM only companies were more likely to have an SP than FM+ companies. Large companies are more likely to implement sustainable business

practice; through having achieved awards, report on sustainable issues and set environmental targets. This supports previous research indicating that large companies are more likely to have a SP in place (Baylis, 1998). However, the research shows that within the FM industry sustainable business practice is not yet embedded, but beginning to play more of an influential role, especially amongst the larger companies. As all companies do not report on sustainable practice as standard and do not have environmental targets.

This research adds to the information available on the commitment of FM organisations to the sustainable agenda. It would be of interest to repeat this process annually to see the developments in this area with the increased level of environmental legislation being developed. In addition further research into the underlying reasons for why company size and the creation of an SP have a strong affect. This could be carried out through structured interviews.

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