

Impact Of COVID 19 On FM Services And Strategies To Overcome This Situation In GCC Countries

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Abstract: *The Gulf Cooperation Council (GCC) countries face the dual shock of a pandemic caused by the novel coronavirus (COVID 19) and a collapse in oil prices. GCC countries many times experienced fluctuations in oil price and learnt how to deal the situation. However, the COVID-19 outbreak, being a new one, has created a lot of concern among GCC countries. This pandemic is causing turbulence to the economies of the GCC countries. Major industries that have been impacted in GCC countries due to COVID-19 pandemic include Energy, Aviation, Food & Beverage, Chemical, Retail & E-commerce, Travel & Tourism among others. Besides a major downfall in oil demand has been reported across the globe due to the effect of COVID-19. Due to this, many oil productions sites have been shut down or has to decrease production in the region. The closure of the industrial and commercial activities because of the pandemic would certainly affect their economies. Facility management (FM) constitutes a branch, jointly representing real estate market with property management and asset management. It plays a crucial role in economic activities in region as FM services are involved in all industrial and commercial activities. The Facility Management (FM) market in GCC countries has witnessed robust growth during the last few decades due to rapid economic activities in this region. It is an established fact in FM services manpower cost dominates the total cost whereas material cost plays vital role in construction industries. Majority of work forces in GCC countries in FM sector is migrant people from the Globe. GCC countries are showing actions that they are capable of acting effectively to contain the health and economic impacts of the pandemic within their own borders, albeit with marked shortcomings when it comes to protecting migrant workers. It is estimated that approximately 23 million migrant workers are living in GCC countries. These millions of migrant workers across the Gulf face uncertainty as host countries lock down, employers withhold wages or null redundancies, and strict coronavirus containment measures lead to deportations and confinement. This will have series impact on FM sector. In this paper a detail study the impact of COVID 19 on FM sector in GCC countries is reported. Strategies to overcome the crisis are listed along with the means and recommendation to implement the strategy.*

Keywords: - FM Services, Migrant labors, COVID 19, Technology skills, Integration

1. INTRODUCTION

Infrastructures development in GCC countries keep Construction industries in dynamic. Design is the first element and maintenance are the last element of construction industry's domain. Design element plays a major role in determining the conditions of the building after completion and influences the performance and physical characteristic of building and

its durability to withstand against environmental condition, social interfaces such as graffiti and vandalism. Maintenance element plays vital to increase life cycle of the building. Few decades ago, it was considered that only old buildings are subject to maintenance because of material decay, weathering, etc. but in contemporary time the concept has totally changed. Now even newly built structures are subject to intensive maintenance and sometimes require revised design and reworks. A poor faulty design is not only concerned with designer of building but also concerned with construction team. Even the gap between these two professions has resulted in public concern and public confidences in both professional are undermined. Study by Foo (1989) highlights the issue of faulty design as, in recent years many defects, premature maintenance and failure are occurring in relative new buildings. It is to be noted that maintenance works is becoming necessary to ensure the serviceability and safety of the constructed facilities. Modern concept of maintenance work is complex and complicated due to various factors. To address its complexity and improve quality of maintenance services a new term known as Facility Management (FM) is coined during recent years in construction industries. The European standard for facilities management defines it as "the integration of processes within an organization to maintain and develop the agreed services which support and improve the effectiveness of its primary activities". In April 2017, the International Organization for Standardization published the ISO 41011:2017 standard for facility management, defining it as the "organizational function which integrates people, place and process within the built environment with the purpose of improving the quality of life of people and the productivity of the core business." A Management System Standard for Facilities Management has also been developed. Testing and commissioning activities of construction domain links project management activities with FM team. Project commissioning, in any of building project, is the process of assuring that all systems and components of a building and its services such as Air conditioning services, Electrical distribution network, Telecommunication systems, Water supply systems, Waste water treatment facilities, Fire Alarm and security facilities, kitchen and laundry equipment, and many other special equipment in addition to the structure and landscaping of the building etc are designed, installed, tested, operated, and maintained according to the operational requirements of the owner or final client. Commissioning engineers play a vital role in handing over the building projects from project team to FM team. FM team is responsible for subsequent operation & maintenance and other soft services of the building after taking over the project from Project team. For last many years generally FM activity has consistently been treated as non-critical one. However, this trend has changed during recent years and FM concept is emerging as a new science in construction industries. FM as a concept is new in GCC market though it has been effectively implemented in developing countries many years ago. The practice of buildings facilities management in Asia & Africa is still considered as a new comer in the industry if compared to those in Europe and USA (N. ElynaMyeda, 2014). The FM market in GCC countries has witnessed robust growth during last few years and is still in its growth stage. The market is highly fragmented with large number of players operating within the FM industry.

Concept of Facilities management to government assets is different from of private assets. Profit is the main criteria for private properties whereas a qualitative service is basic requirement in government assets. Traditionally FM has been provided in-house by a FM, Property or Corporate Services department and depending on the size of the organization and the scope of services the in-house department could range from a few janitorial employees to a multi-disciplined team managing technical, security and cleaning staff. Lately the trend has been for organizations to concentrate on their core business and hence consider outsourcing support services which of course includes all FM services (Alkaabi et al., 2020). Many FM service providers are operating in GCC countries employing multi nationals to run their

business. It is a thriving industries till few months ago; but suddenly the world is exposed to an epidemic pandemic, which is what is called Covid 19, one of the viruses that swept the world with super speed, which led to the stopping of the economic movement in the whole world and the huge losses it caused in humans and the economy. According to the World Health Organization (WHO), the world has witnessed the emergence of several disease outbreaks and epidemics caused by more than 20 infectious agents over the past decade. (World Health Organization, 2020). Some of these epidemics were caused by novel infectious agents such as H1N12 and MERS. (A., 2009). Corona virus is one of the most dangerous epidemics and its ability to spread, whether through direct contact between people or through the spread in the air, and this is proven by studies around the world. The current status of coronavirus deeply affects all types of companies. With the temporary cessation of some businesses and activities slowing for many, the consequences of the epidemic are worse for the global economy than those that followed the major financial crisis of 2007-08. (Emmanuel Jurczenko,2020). In this paper an attempt is made to study the impact of COVID 19 on FM sector in GCC countries. Strategies to overcome the crisis are listed along with the means and recommendation to implement the strategy.

FM critical sector in GCC countries

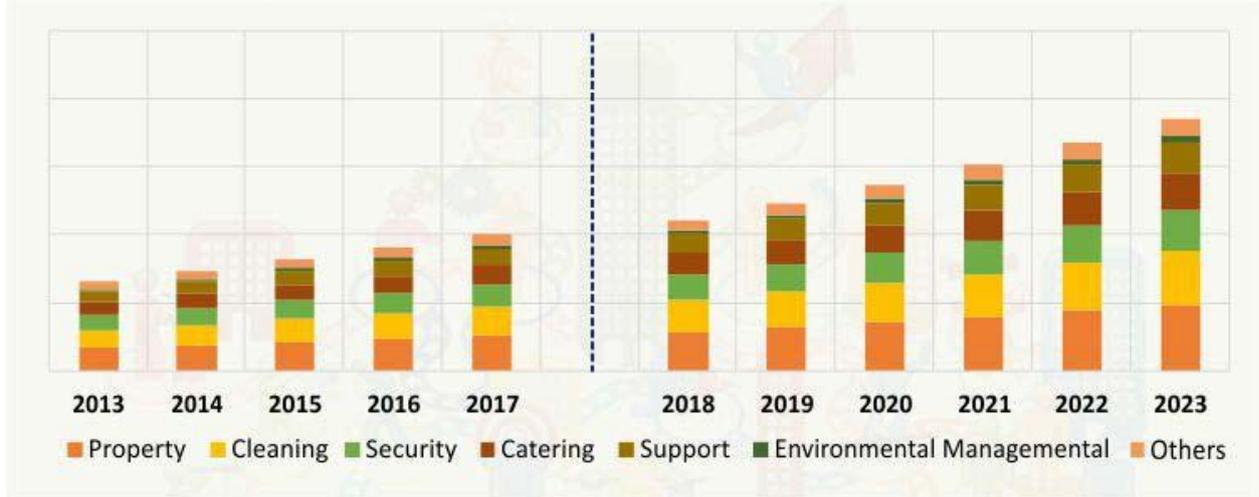
Figure 1 shows GCC countries.



Fig.1 GCC countries

FM is emerging as one of fastest growing industries in GCC countries due to rapid infrastructures development in these countries. Mounting construction activities and projects, technological advancement, and escalating tourism are the key factors leading to the growth in the facility management market in GCC. EMCOR Group Inc., Emrill Services LLC., United Facilities Management, Khidmah LLC, Cofely Besix Facility Management, Kharafi National, Interserve plc, Imdaad LLC, Musanadah Facilities Management Co. Ltd., and Farnek Services LLC are some of the key players offering solutions for facility management in GCC.

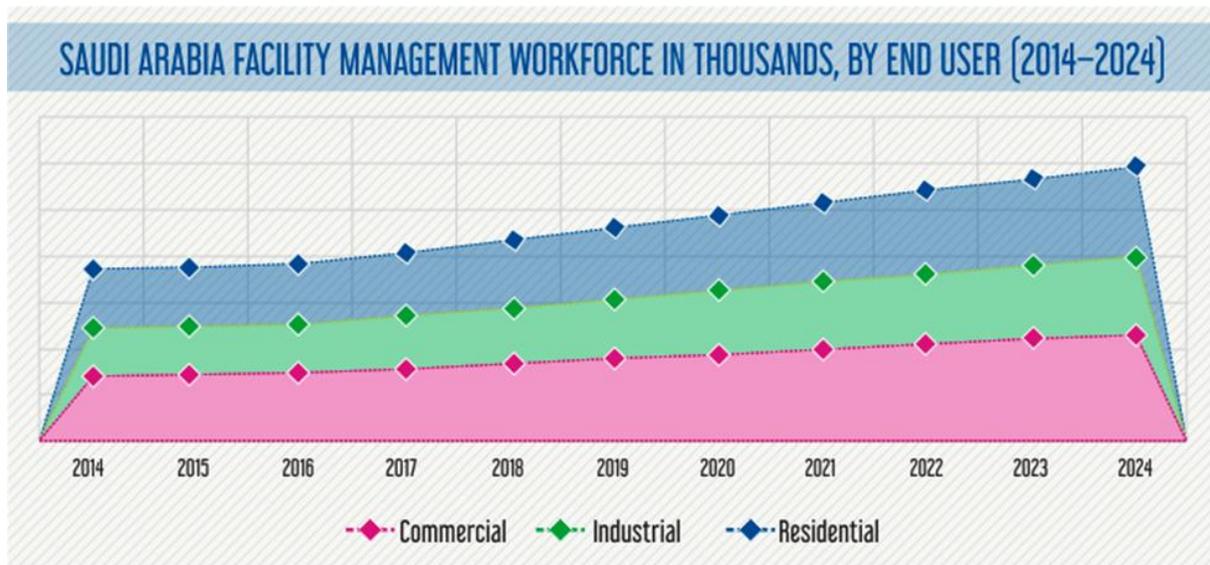
GCC Facility Management Market, By Service, \$M (2013 - 2023) [1]



It is predicted that this industry will grow exponentially during the period 2019 to 2024 with the market size reaching USD 86.8 billion by 2024. [2]. Saudi Arabia is the largest country among GCC countries and UAE is immediate neighbor of Oman. Hence brief information of FM sector of Saudi Arabi and UAE is reported in subsequent sub section.

2. A) SAUDI ARABIA FM MARKET

The Saudi Arabian facility management market is estimated to reach \$51,616.2 million in 2024, witnessing a CAGR of 9.7% during 2019–2024. The growing application of facility management in commercial buildings, residential construction projects, infrastructure projects, and industrial projects is driving the growth of the market in the country. One of the major factors driving the progress of the market is the growing construction activity in the country. In simple terms, facility management means professional services that cover various disciplines in order to ensure proper functioning of built structures by bringing together people, process, place, and technology. Saudi Arabia's FM market by service for the period from 2014 to 2024 is shown in figure 2. It is to be note that FM industries manpower oriented. Major portion of the cost is for manpower. In construction projects major portion is used for materials. Fig 3 shows manpower use in FM industries in Saudi Arabia during the period 2014 to 2024. Some of the major players operating in the facility management industry are EMCOR Group Inc., Khidmah LLC, Interserveplc, Enova Facility Management, Saudi Oger Ltd., Rezayat Group, Musanadah Facilities Management Co. Ltd., Nesma Trading Co. Ltd., Al Borj International, and Petrojana.



2.B) PRACTICES OF FACILITY MANAGEMENT IN UNITED ARAB EMIRATES

Facilities management (FM) is relevant in UAE because buildings are used every day, and the country cannot afford to deliver mediocrity. Architects, engineers, designers, and tenants play major roles in determining the value of a building, as well as any potential to save time, money, or effort. According to Kamaruzzaman and Zawawi (2010), the term facilities management covers a wide range of services, including real estate management, contract management, change management, human resource management, financial management, and health and safety management. The term also covers building maintenance, utility supplies, and domestic services (e.g. cleaning and security). Tladi (2012) remarked that “Buildings can last a very long time and it is better to design for efficiency and cost-effective operations and maintenance from the beginning”. It is likely that the functions of FM offer certain advantages. Therefore, when a facility uses FM functions that relate to the elements of a VM study, the overall value of the facility will decline proportionately to the cost of building maintenance (Enoma, 2015).

3. IMPACT OF COVID19 ON FM BUSINESS IN GCC COUNTRIES

COVID-19 has caused widespread economic damage, with long-term implications, in all sectors of society. It continues to spread rapidly around the world, straining healthcare systems and creating a humanitarian tragedy. The current economic crisis caused by COVID19 is not like that of 2008-2009 since it has precipitated a deeper and wider shock to the economies of individual countries as well as to the international economy at large. The coronavirus pandemic is having a high impact on the facilities maintenance and services industry also. In response to the coronavirus (COVID-19) pandemic, many organizations including public sectors in these countries, based on the directives of respective government lock down policies, will be reviewing the need for a full or partial shutdown of buildings and a reduction in services. With the reduced occupancy, building owners have had to scale back on FM operations. The partial closure and phasing down of services and subsequent reductions in building occupancy levels will have serious impact on FM service providers. It is to be noted that COVID-19 will affect profits and liquidity by increasing procurement expenses and capital costs while simultaneously forcing customers to defer purchases. These actions lead to reduction in income of FM organizations. Also, it is to be noted that majorities of FM activities in GCC Countries are dependent on migrant labor and as COVID-19 crisis deepens, a growing number of resident foreigners are looking to return home due to unemployment. This will create a serious problem to run FM organizations in these countries. Return migrant workers will affect activities of other business. Recently International Labor Organization (ILO) indicated that the approximately 8.1% reduction are foreseen in GCC countries due to present crisis which is equivalent to 5 million full time workers. Besides the effects of COVID-19 will lead to an inevitable slowdown in Merger and Acquisition (M&A) activity in the immediate term. In brief it is difficult time, but it has often been the case that greatest improvements have come during most difficult times. Business continuity is the key for any organization and as a result, facilities management providers are changing their strategy to tackle the pandemic and FM professionals have an essential role to play to keep the business in dynamic and live.

4. STRATEGIES IN FM INDUSTRIES TO OVERCOME THE IMPACT OF COVID19

Strategy is the science and art of employing the political, economic, psychological, and military forces of a nation or group of nations to afford the maximum support to adopted policies in peace or war. Present situation is worse than war condition. The impact of virus is severely affected Global economy and all development projects are in trouble. To overcome from this crisis all industries need strategic planning which is a process in which organizational leaders determine their vision for the future as well as identify their goals and objectives for the organization. Few of strategies FM service providers to consider to survey in the business is listed here.

Catering services are having a moderate to high impact from COVID-19. While many offices are in lockdown affecting demand, at the same time food demand is increasing with many providers supporting health workers and other essential service personnel. As a result of COVID-19, the demand for food supplies has increased. FM companies have reinforced the existing rules for food safety, personal hygiene and infection control. Buyers have the largest bargaining power for small/medium FM service providers.

- Cleaning services are highly impacted as FM companies have started building capabilities to avoid infection at client sites. To minimize risk of infection in client sites, FM service providers have partnered with suppliers to provide a supply of masks, hand sanitizers,

hand-wash and offer 'step-up cleaning' or high-frequency cleaning to disinfect high-touch or high footfall areas. When buildings are closed or minimally staffed, HVAC systems have to be reprogrammed to match changes in occupancy or operational needs to avoid unnecessary spend.

- FM companies will likely improve liquidity whenever possible, including by renegotiating agreements with suppliers, giving customers an incentive to make advance payments, and asking banks for extended payment terms. Cost control will be particularly important, and companies can establish spend-control towers to increase transparency.
- Leave policies should be flexible and non-punitive, and allow sick employees to stay home and away from co-workers. Leave policies should also account for employees who need to stay home with their children if there are school or childcare closures, or to care for sick family members. When possible, use flexible worksites (e.g., telework) and flexible work hours (e.g., staggered shifts) to help establish policies and practices for social distancing (maintaining distance of approximately 6 feet or 2 meters) between employees and others, especially if social distancing is recommended by state and local health authorities.
- Immediate action is required from host countries to protect the welfare of foreign employees and ensure they remain employed despite the downturn, otherwise, the economic shocks caused by coronavirus will be “magnified. The global community must recognize the benefit of keeping migrants where they are, in their host countries, as much as possible. Retaining migrants helps host countries sustain and restart core services in their economies and allows remittances to recipient countries to keep flowing, even if at a much-reduced level.
- Building owners have had to review their maintenance strategy during the COVID-19 outbreak period because they have either reduced their operations or stepped up operations because their facility offers mission critical services. Either way, the situation heightens the importance of putting in place a set of maintenance standards that provides equipment reliability in operations, as well as allowing for a sound understanding of equipment condition and critical operations. Having these standards gives facilities management teams the technical knowledge and confidence for a robust maintenance plan to achieve equipment reliability, services and cost efficiency to clients on the revised strategy in this pandemic.
- It is critical for the FM team to have a sound knowledge of the condition of the equipment, something that is paramount in decision making for proposing changes in maintenance strategy. It is also important in order to be able to prioritize maintenance works and knowing when to schedule preventive maintenance with a reduced technician labor pool. With a set of maintenance standards, FM industries will be better prepared to make decisions in equipment maintenance strategy, reactive works and life cycle plans, with facts and data to support these strategies (Alshams et al., 2020).
- Facility management software helps an organization manage the complete repair and maintenance work through a web-based panel.

5. CONCLUSION AND RECOMMENDATIONS

The Gulf Cooperation Council (GCC) countries) face the dual shock of a pandemic caused by the novel coronavirus (COIVD 19) and a collapse in oil prices. The COVID-19 outbreak, being a new one, has created a lot of concern among GCC countries. This pandemic is causing turbulence to the economies of the GCC countries. The closure of the industrial and commercial activities because of the pandemic have affected their economies badly. Facility management (FM) is one of the major growing industries in GCC countries. It is an established fact in FM services manpower cost dominates the total cost whereas material cost plays vital role in construction industries. Majority of work forces in GCC countries in

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