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Development and Validations of a Holistic Service Operations Management Instrument

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Abstract

Studies in manufacturing areas have empirically indicated that good operational practices have led to superior operational performances. However, these studies have been overshadowed by manufacturing based management practices rather than services. In service operations management studies, over emphasis is being placed on service quality which is based on the customer's perceptions and expectations. Thus, there is a need to re-evaluate the approach towards the understanding of service operations management as a mechanism in achieving competitive advantage. To fill the void, this study is carried out in a service setting and is seen from the perspective of the service operations manager. The approach used in the study is both qualitative and quantitative. The procedures employed revealed six factors that are critical for the establishment of a holistic service operations management. Correlations analyses showed relatively strong relationship within the factors. Further unidimensionality, reliability and validity analysis concluded that the factors model fit well and represents a reasonably close approximation in the population. The study offers a systematic approach framework for the empirical understanding of operations management in a service setting.

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1. Introduction

Like any organization, services provider has been seeking alternative means in the pursuit of growth and success. With the global business environment changing rapidly, further pressures has been put on service providers to adopt

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sustainable operational practices to achieve competitive advantage (Fred, 2011). Thus, to cope with changes, service providers have continually developed strategies to protect against threats and at the same time capitalizing on opportunities. Many studies have validated that effective operational practices will lead to superior operations performance (Won et al., 2007; Miyagawa and Yoshida, 2010), thus enabling organizations to compete effectively in the market place. Though, manufacturing management practices should naturally apply to services, its transferability to services however calls for an in depth study due to inherent discrepancies and contradictions between service and manufacturing organizations. As such service operations management warrant a different approach.

Operations capabilities are critical sources of sustainable competitive advantage used by organizations by leveraging their assets and practices towards achieving superior performance. It is an outcome of the interactions of operations management practices. Operations management is the management of value creating activities during the transformation of resources from the input through to final output stage. Heizer and Render (2011) identified ten decision areas that are critical in operations management. These include location, process and capacity design, inventory management, layout, quality management, product and services design, job design, supply chain management, scheduling and maintenance. According to Johnston and Clark (2012), service operations management is similar to manufacturing operations, however with one critical difference that is the role of customer which is a strategic source of variations in the service delivery process. Schmenner (1986) suggested the use of labor intensity and the consumer's interaction and service customization matrix to ascertain the character of the service delivery process and distinguished four categories of services: service factory, service shop, mass service and professional service. In a similar view, Chase and Tansik (1983) argued that service system can be categorized based on the degree of customer contact that is pure services, mixed services and quasi manufacturing. It is posited that a service system potential operating efficiency depends on the degree to which the customer is in direct contact with the service facility relative to the total service creation. This critical factor inherently limits efficiency due to the uncertainty element that is introduced during the delivery processes.

On a different platform, Roth and Menor (2003) proposed that service providers need to consider the strategic alignment of three elements: the targeted market and segments, service as a complex bundle of offerings, and the service delivery system design choices. The elements interaction influences the customer and in turn, the evoked customer response to the service delivery process. Thus, operations strategy perspective is needed to set the practical insights that will allow organizations to effectively deploy their resources in order to provide the right offerings to the right customers at the right times. There should not be any segregation of employees because employees should be treated as customers as well. Mabert and Showalter (1981) in clarifying their roles in a service system and their interactions as a service operations system identified a nine-level component: internal organization, external organization, technology, customers, front-line employees, support employees, product mix, service mix, and customer interface. To assess efficiency requires successful interactions of the systems highlighting the role of the customer in the service delivery system, which permeates all aspects of operations.

Though operations practices, have and could lead to operations performance, a relatively large number of efforts have ended up in failure, resulting in a waste of resources. Investments in operational activities are also costly and time consuming before any effect can be seen (Evan and Lindsay, 2005) and under such circumstances, service operations manager need to know the best approach to ensure the right investment to affect the optimum efficiency. This study is carried out in a service setting, focuses on the delivery processes and is seen from the perspective of the service manager, provides an opportunity to identify critical factors as well to ascertain the relationships between the factors of service operations management. The approach used to develop the instrument for this study is consistent with the procedures recommended by Churchill (1979) which has been widely used for a variety of applications including the development of measuring instruments (Tinsley and Tinsley, 1987).

2. Research design

The study has been on the basis of exhaustive review of literature- prescriptive, conceptual and empirical. Feedback was also gained from interviews with service operations managers in different service sectors in Malaysia. Managers from the hospitality, health services, airlines and higher learning have been selected for the interviews. Open ended questions pertaining to the practices of operations management of their respective organizations were asked. The primary purpose of the interviews is to assess the constructs that are poorly addressed in literature but are

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