

**UNIVERSITI TEKNOLOGI MARA**

**AN INTEGRATIVE SERVICE  
OPERATIONS MANAGEMENT  
APPROACH TOWARDS  
OPERATIONS CAPABILITIES  
IMPROVEMENT: AN EVIDENCE  
FROM SERVICE INDUSTRIES IN  
MALAYSIA**

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## ABSTRACT

Service sector has transformed itself as one of the key driver and contributors in today's economic systems. In addition to the increasing globalisation and technological development, its complementing nature that easily transcends beyond industry has further accelerated its transformation and growth. Under this pretext, since then service providers has invested diverse range of operational practices to achieve higher operations performance. Despite an encouraging operational practices and performance relationships, direct and indirect investments in operational activities are costly and time consuming before any affect can be seen. Thus, operations managers need to know the best management approach to ensure the right investment to affect the optimum efficiency. Despite ample of studies conducted in the field, these however are overshadowed by production practices rather than services. In addition, the inherent differences between producing goods and delivering a service, and warranted a need to re-evaluate the platform as a mechanism for service operations management (SOM). Total Operations Management in Service (TOMS) is a holistic approach from the perspective of the service delivery provider in Malaysia. The approach used in the study is both qualitative and quantitative. Literatures reviews and interviews were undertaken, and further supported by multiple analysis; EFA, CFA, Multivariate test of Normality, Correlation analysis and Multiple Regression analysis. The procedures revealed seven factors of TOMS are System Delivery (SD), Human Delivery (HD), Technological Applications (TApps), Service Quality Culture (SQC), Customers Oriented Layout (COL), Service Design (Sdesign) and Employees Management (EM), which are a requirement for TOMS operating environment. This multi-factor framework illustrates the dynamic nature of SOM through which the interaction of these factors as a total provides a new perspective towards SOM by emphasizing on internal efficiency, economies of scale, cost reduction and customer satisfaction to achieve higher operations capabilities. Service operations manager would be able to better leverage internal capabilities by exploiting and manipulating relationships between factors. The determinant factors, allow the service managers to access the "right factor/s" which would reduces the chances of operational efforts to end up in failure and waste of organization resources. Specific operational investments decisions such as robotic technology, computerised manufacturing, softwares and quality programmes, would optimize resource utilizations and allow access to optimum operations capabilities. Under this pretext, the framework is expected to uncover neglected relationships-intricacies and relevancy relationship where such potentially neglected areas. This in turn would unveil new pastures of operational practices to focus and direct their decision-making, planning and directing operational efforts towards achieving higher service operational performance. Supply chain management (SCM), which has always been important platform in operations studies to improve operations performance in manufacturing yet findings pointed out that in a service context is not a critical factor, but its associations are incorporated as items into other factors. The relationships between factors, and against operations capability, empirically suggested the need to approach SOM holistically for optimum performance. The findings reflects the departure to a more service oriented operations management.

# TABLE OF CONTENTS

	<b>Page</b>
<b>CONFIRMATION BY PANEL OF EXAMINERS</b>	<b>ii</b>
<b>AUTHOR'S DECLARATION</b>	<b>iii</b>
<b>ABSTRACT</b>	<b>iv</b>
<b>ACKNOWLEDGEMENT</b>	<b>v</b>
<b>TABLE OF CONTENTS</b>	<b>vi</b>
<b>LIST OF TABLES</b>	<b>xi</b>
<b>LIST OF FIGURES</b>	<b>xiii</b>
<b>LIST OF ABBREVIATIONS</b>	<b>xv</b>
<b>LIST OF CHARTS</b>	<b>xvi</b>
<b>CHAPTER ONE: INTRODUCTION</b>	<b>1</b>
1.1 Background of the Study	1
1.2 Problem statements	5
1.2.1 The Need to Approach SOM Differently	5
1.2.2 The Need for a Holistic Approach in SOM	11
1.2.3 The Need to Identify Platform for SOM	13
1.2.4 Lack of Focus on Processes that Deliver the Service	14
1.2.5 The Need to Ascertain the Relationship between SOM Dimensions and Operations Capability	15
1.3 Research Questions	17
1.4 Research Objectives	17
1.5 Significance of Study	18
<b>CHAPTER TWO: LITERATURE REVIEW</b>	<b>20</b>
2.1 Introduction	20
2.2 Operations Management	21
2.3 Operations Capabilities and Organizations Performance	23
2.4 Service Quality Frameworks	28
2.5 Service Operations Management (SOM)	33

2.6	Operations Management Constructs	42
2.6.1	Product and Service Design Management	43
2.6.2	Inventory Management	48
2.6.3	Supply Chain Management	51
2.6.4	Process Management	56
2.6.5	Maintenance Management	66
2.6.6	Layout Management	72
2.6.7	Capacity / Scheduling Management	78
2.6.8	Quality Management	82
2.6.9	Human Resource Management	88
2.7	Operations Capabilities	96
2.8	Conceptual Framework	102
<b>CHAPTER THREE: RESEARCH METHODOLOGY</b>		<b>109</b>
3.1	Introduction	109
3.2	Construct Development	110
3.2.1	Literature Reviews	111
3.2.2	Interviews	113
3.3	Instrument Development	115
3.3.1	Instrument Development	115
3.3.2	Pilot Test	119
3.4	Refinement and Purification	120
3.4.1	Multivariate Test of Normality	120
3.4.2	Pre Exploratory Analysis	121
3.5	Exploratory Factor Analysis (EFA)	122
3.6	Confirmatory Factor Analysis (CFA)	122
3.7	Instrument Validations	130
3.7.1	Reliability Analysis	120
3.7.2	Validity Test	131
3.7.3	Correlation Analysis	132
3.7.4	Multiple Regression Analysis	133
<b>CHAPTER FOUR: FINDINGS</b>		<b>134</b>
4.1	Introduction	134

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background to the Study

The chapter introduces the background of the study, the problems statement, subsequently the research questions and objectives. The chapter also explain the significant of the studies.

Services in the past though represent a huge range of industries, is commonly being labelled as the residual sector from the manufacturing-based industries. Today's service sector is one of the key drivers in modern economic systems and contributed significantly to the growth and development in virtually every economy (Heineke and Davis, 2007). It is the fastest growing sector in the world Gross Domestic Product (GDP) and as the primary contributor to the GDP (<http://wdi.worldbank.org/table/4.2>). Among of the main drivers for the growth of service sectors in recent decades are the increasing globalisation, technological advances, digitisation of services, regulatory reforms and trade liberalisation and the opening up of isolated service markets. In addition, the increasing dynamic business environment and competitions, has forced the manufacturers to incorporate service as part of their strategy. This allows the manufacturers to differentiate their product offer through quality of service delivered to customers, and this has further increase the importance of the sector. Services sector in the Malaysian economy has recorded a remarkable performance due to its role in contributing to the nation employment, productivity and income growth (Mujahid and Alam, 2014). Some of the main services sectors that generated significantly are tourism, telecommunications, education and financial services. In addition to this, the fundamental aspect of service industry, which is its complementing nature that easily transcends beyond industry, has expanded dynamically along with other industries such as logistics and professional services. Such is seen as critical catalyst to the growth, maintenance of other industries operations. Therefore, such correlations have reciprocated economic development as well as the strength of service sector itself. Based on the economic report from Bank Negara Quarterly Bulletin, second quarter 2019, (<http://www.bnm.gov.my/index>.)