

**Dimensions Necessitated for Total Service Operations Management
(TSOM)**

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Table of Contents

Contents	Page
Acknowledgement	I
Table of Content	II
List of Tables	VI
List of Figures	VIII
List of Charts	IX
Appendix	IX
Executive summary	X

Chapter One : Background of the study

Introduction	1
Rationale of the study	4
Total Service Operations Management (TSOM)	8
Research questions	9
Significant of the study	9

Chapter Two : Research Foundations

Introduction	11
Operations Management	12
Service Operations Management	17
Total Quality Management	26
Human resources	33
Operations capability	36

Executive Summary

The service industry has played an increasingly significant role in many economies and is no different to the Malaysian economy, contributing positively to the Gross Domestic Product (GDP), with a steady and consistent annual increase compared to the manufacturing sector. The growth of the Malaysian economy has also witnessed an increasingly aggressive competition among service providers in all different segments to survive and achieve competitive advantage. The increasing market dynamism has forced service providers to adapt to ensure survival. Failure to adapt will lead to inability to sustain competitions and may affect survival. Vast studies in manufacturing areas have empirically indicated operational practices deployed have resulted in superior operational performances. As such operational practices have been commonly seen by service providers as a tool to achieve competitive advantage.

Yet, developments and contributions in the field of operations management, since its origin, have been strongly influenced by manufacturing management practices, and as such its transferability to services management however calls for an in-depth study as services differ from the manufacturing of goods in a number of ways. Adding to this, there is relatively less study, that has collectively taken all these dimensions in a unified context and linking it to operations capability. In the context of service management, too much emphasis is being placed on the topic of service quality leading to the development of SERVQUAL (Parasuraman, 1988), HEdPERF (Firdaus, 2006), PESPERF (Yildiz, 2009). Such frameworks are based on the customer's perceptions and expectations of both the service characteristics as well as the service provider, yet there is relatively less studies

Chapter Two : Research Foundations

Introduction

Today's organizations are operating in environment with unprecedented and unpredictable events due to factors such as technological advances or market globalization has warranted organizations to adopt sustainable practices to achieve competitive advantage (Fred, 2011; Ireland, 2011). An organization which sustained a poor competitive advantage in the long run will suffer deteriorating market share, escalating operations cost and subsequently lost customers. In a service industry, increasing in customer's expectations and demands has made customer satisfaction to be the main focus of many studies in services (Kandampully, 1998; Chumpitaz, 2004). Service providers are trying to improve process delivery efficiency, customer loyalty and building long-term relationships with their customers (Moberg, 1997). Any potentials service failures could lead to customer switching behavior.

Operations management can be defined as the management of value creating activities that involved in the transformation of resources at the input stage through to final output stage (Reid, 2002; Render, 2011). The primary objective of the operations system is to ensure that transformation processes are performed efficiently, thus creating a greater value than the sum of input (Render, 2011). Studies has validated that effective operational practices will lead to superior operations performance; improving product and service quality, lowering operational costs, higher productivity, effective suppliers management, higher customer satisfaction and human operational performance (Chang, 2007; Ooi, 2008; Miyagawa, 2010), thus enabling organizations to compete effectively in the market place through its operations capability. Capabilities

are critical sources of sustainable competitive advantage used by organizations by leveraging their assets and practices towards achieving superior performance. Operations management literatures, has emphasized the importance of developing and nurturing operations capabilities as a requisite to a sustainable long term competitive success (Horthova, 2010). Thus, to stay competitive organizations must identify, understand and sustain operational capabilities that will allow organizations to access to its competitive advantage.

Operations Management

Render (2011) identified ten (10) decision areas that are critical in operations management. Figure 2.1 listed the ten critical areas and the issues that should be given attention by operations managers. Product and services design refers to the characteristics and features of the product, product functions, cost, quality and performances. Total Quality Management (TQM) has serve as a quality framework since the past towards the management of organizational resources and processes to achieve overall quality performance in all areas which will lead to a favorable competitive position (Forza, 1998; Handfield, 1999; Sureshchandar, 2001; Lindsay, 2005; Taylor, 2006; Veeri, 2008; Colurcio, 2009; Maria, 2009), improving market share and financial performance (Arawati, 2000, 2001; Abas, 2006; Maria, 2009; Kati, 2010; Miyagawa, 2010).

Inventory management is that aspect of operations management which primarily concerned with the acquisition, control and use of materials needed to ensure continuity of the transformation process in the most economic manner.