

**DIMENSIONS NECESSITATED FOR TOTAL SERVICE OPERATIONS MANAGEMENT  
(TSOM)**



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## **Table of Contents**

<b>Contents</b>	<b>Page</b>
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 One : Background to the study**

### **Introduction**

The service industry has played an increasingly significant role in many economies. Similarly the industry has been a significant factor in the growth of the Malaysian economy, contributing positively to the Gross Domestic Product (GDP). The average growth of the Malaysian GDP of the overall services industry has undergone a steady and consistence increase of 6.2% annually since 2009 to 2013, compared to the overall performance of manufacturing industry which indexed at 5.2% during the same period. The overall average annual contribution of the service industry to the total GDP during the same period, has witnessed the contribution of 54.1%, whereas the manufacturing industry contributed 24.8%. The contributions of service industry to the Malaysian economy have been very significant by itself as well as being a catalyst to the other related industries.

Tourism and hotel industry is to be seen as symbiotic interrelated. The tourism and hotel industry in Malaysia has shown an upward trend, due the development of new tourism products, infrastructures as well as improved promotion and marketing efforts. The expansion of the tourism industry through its linkages, has contributed to growth in other related industries such as food, beverage, accommodation, entertainment and shopping. With the increasing influx of tourists to Malaysia, service providers compete aggressively and struggle hard not only to survive but to achieve and sustain its competitive advantage. Hoteliers have continuously upgraded and improve their services due to the affluent nature of the customers as well as due to intense domestic competitions. Like their hotel counterpart, health service despite operating under a