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SERVICE OPERATIONS PRACTICE AND PERFORMANCE OF LOCAL AUTHORITIES IN MALAYSIA

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Operations Management

- Operations management commonly deals with design, management, planning, coordination, and control of resources needed for the production of goods and services (Reid & Sanders, 2007).
- Operation practices have a significant influence on an organization's ability to compete in the market (Narasimhan et al., 2005; Ward & Zhou, 2006).
- However, most studies only focused on specific operation practices such as quality management practices (Khairul, 2002), just in time practices (Flynn et al., 1995) and human resource management practices (Chen & Huang, 2009).

Operations Management

- Others studied the operational practices in the form of soft (human resource management practices, organizational culture, human resource development) or hard (technology and facilities) elements that influence the performance of the organization (Wu, 2007).
- Therefore, all the elements have to be integrated to provide a competitive advantage and improve the performance of an organization.

Service Operations Practice

- Most studies on operation strategy mostly focus on the manufacturing sector. Given the lack of studies on operation strategy (Roth and Menor, 2003).
- The study of operation strategies should also be performed in the service sector.
- In the service sector, this practice is known as the service operations practice (Razalli, 2008).

Service Operations Practice

- There are many service improvement programs that have been undertaken by the government which aim to improve (reduce) the time of delivery of services, increase customer satisfaction, and achieve the expected productivity gains in particular local authorities.
- However, local authorities are still receiving criticisms and complaints from the public stating the inability of local authorities to deliver services that meet the customers' needs (Mansor, 2010) and the poor services rendered to society as a result.

Objective

- In order to improve the performance of local authorities, there are two related issues that need to be emphasized. First, to improve performance, namely 'leadership', 'organizational culture', and 'service delivery system and design', are the key issues that influence performance.
- This study, therefore, focused on examining the relationship between operational practices (leadership practice, organizational culture, service delivery system and design) and performance of local authorities in Peninsular Malaysia.

LR - Resource-Based View

- The public sector strategy approach mainly focuses on maximizing performance by utilizing the organization's internal resources (Pablo et al., 2007).
- Therefore, public sector strategy should emphasize the organization's internal resources to enhance organizational performance.
- The effectiveness of the organization's resources and capabilities available within the organization are expected to lead to an improvement in the performance of local authorities in Peninsular Malaysia.

LR - *Leadership Practices*

- Leadership is the most critical factor in determining the success and failure of an organization. In earlier studies, leadership has been identified as a determinant of organizational performance improvement (Fahy, 2000).
- Leaders play a crucial role in creating value and lead to the achievement of social goals for government and non-profit agencies (Moore, 2000)

LR - *Organizational Culture Practices*

- Organizational culture practice is the manner in which managers handle things in the organization that reflects an ideology or philosophy (Erez and Gati, 2004)
- Organizational culture has a significant association with the effectiveness of the organization and the organization's ability to compete (Corbett & Rastrick, 2000; Najmi & Kehoe, 2000).

- Service delivery system and design includes the role of people, technology, facilities, layout, and process runs.
- Service operations management is the study of design, delivery and evaluation of services (Roth and Menor, 2003)
- The design and delivery system includes equipment, suppliers, processes, programs, procedures, and rules of the organization that are integrated to provide effective and efficient services to customers.

Methodology

- This study uses a cross-sectional design
- Items was measured using a Likert scale with a scale of "1 - strongly disagree" to "5 - strongly agree"
- Unit of analysis is the departments in the organization of local authorities (416 departments in the City Council and the Municipal Council in Peninsular Malaysia) and respondents are directors or heads of department.
- Stratified sampling method was used
- Complete data was received from a total of 202 responses

DEMOGRAPHIC CHARACTERISTICS

Demography	Category	N	Percentage (%)
Gender	Male	123	60.9
	Female	79	39.1
Age	20 - 30 years	36	17.8
	31 - 40 years	91	45.0
	41 - 50 years	61	30.2
	51 above	14	6.9
Race	Malay	200	99.0
	Chinese	2	1.0
	Indian	0	0
	Others	0	0
Academic Qualification	STPM	5	2.5
	Diploma	30	14.9
	Degree	144	71.3
	Postgraduate	23	11.4

DEMOGRAPHIC CHARACTERISTICS

Demography	Category	N	Percentage (%)
Service Tenure	Less than 5 years	72	35.6
	5 - 10 years	76	37.6
	11 - 15 years	23	11.4
	16 - 20 years	19	9.4
	More than 20 years	12	5.9
Number of employees supervised in department	Less than 20 employees	81	40.1
	20 - 29 employees	29	14.4
	30 - 39 employees	21	10.4
	40 - 49 employees	12	5.9
	More than 50 employees	50	29.2

FACTOR ANALYSIS

Total Variance

63.67%

KMO

0.879

Bartlett's test of sphericity

$\chi^2 = 3359.91, p < .000$

RELIABILITY ANALYSIS

Variable	Items	Cronbach Alpha
Leadership	7	.91
Organizational culture	5	.83
Push/pull orientation	4	.83
Service design & development	4	.76
Human resource specialization	3	.76
Multiple service offered	4	.77
Use of information technology	4	.70
Performance	7	.78

REGRESSION RESULT

Variable	Beta
Leadership	.30**
Organizational Culture	.27**
Push/Pull Orientation	.16**
Multiple Service Offered	-.04
Service Design & Development	.26**
Use of Information Technology	.02
Human Resource Specialization	.33**
R	.926
R ²	.857

Note: * $p < 0.10$ ** $p < 0.05$ *** $p < 0.01$

DISCUSSION

- The findings showed that the dimensions of leadership practices have a significant influence on performance, which indicated that leadership and support play an important role in improving organizational performance.
- The findings of this study also show that organizational culture practices have a positive and significant influence on performance, which indicates successful organizations achieve greater productivity through positive organizational culture.

DISCUSSION

- Findings of this study also noted a positive and significant influence of the push-pull orientation in service operations with performance. In other words, the push-pull orientation to customers' needs improves the performance of the service process
- In terms of the development of new services and design dimension, this study showed a significant influence on organizational performance. New services development and design is the process of preparing a new delivery system procedure or making an investment in organizational resources to facilitate the service delivery organization.

DISCUSSION

- Meanwhile, in the dimension of human resources specializing in delivery of services, the study shows that this dimension has a significant influence on performance.
- This shows that the specialization of human resources in service delivery operations make employees more efficient in carrying out their duties.

