

## The Services Identity and Their Management in the Actual Economic Context

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### Abstract

*This article is an introduction to the unique characteristics of services and to their overall management within a dynamic context. The article highlights the economic and social significance of services, the differences between services and goods and the importance of management services.*

**Key words:** service, good-service duality, services management

**J.E.L. classification:** M11; O14; O32.

### 1. Introduction

Constituting themselves as an integrating part of modern economy, the services have a major contribution also on labor force occupation, and the technological progress, the amplitude of the labor social division, the increasing in the services demand, both of individual consumers as well as of companies, represents the arguments that present the base of services diversification.

### 2. The services concept and the main requests that a service shall fulfill

The increasing trend of the importance granted to the service sectors is clear if we observe how two thirds from the gross domestic product of the great economic powers, like the United States and the Scandinavian countries derives from services. (Normann, R., 2002)

As we know, the economic activity of a society determines human life quality and their living standard. Presently there are talks about postindustrial society, where the modern economies are dominated by a large rate of labor force occupation in the services sector. This aspect is comprised in Table 1.

*Table no. 1. The percentage of labor force occupation in the services sector for the first 10 postindustrial economies*

Country	1985	1995	2005
United States	70.0	74.1	78.6
Australia	68.4	73.1	75.8
Lowlands	68.3	73.4	76.5
Sweden	66.1	71.5	76.3
United Kingdom	64.1	71.4	77.0
France	61.4	70.0	74.8
Japan	57.0	61.4	68.6

*Source:* Adapted after Fitzsimmons, James A.; Fitzsimmons, Mona J., "Service Management – Operations, Strategy, Information Technology, 2011, pag. 3

The researchers from the economic domain did not reach to a unanimous accepted definition of the services due to the multitude of the useful effects produced by these, but also of the way in which the services are perceived by them. By means of the definitions from the specialty literature, either the services characteristics are highlighted (Grônroos, Ch, 1990) or the accent is on the utility, advantages obtained after performing them (Kotler, Ph. 1983).

Nevertheless, we may affirm that services are economic activities whose result is immaterial, that ad some utility as a result of performing them. Services are „economic activities offered by one part to another, most frequently employing on the performance basis in order to bring the destined one the desired results or in objects or assets for which the buyers hold responsibilities. In exchange for their money, time and effort, the client service expects to obtain a value from the access to goods, professional competencies, facilities, relations and systems, but they are not the owners of any physical element involved.”(Lovelock, Ch.; Wright, L., 2007)

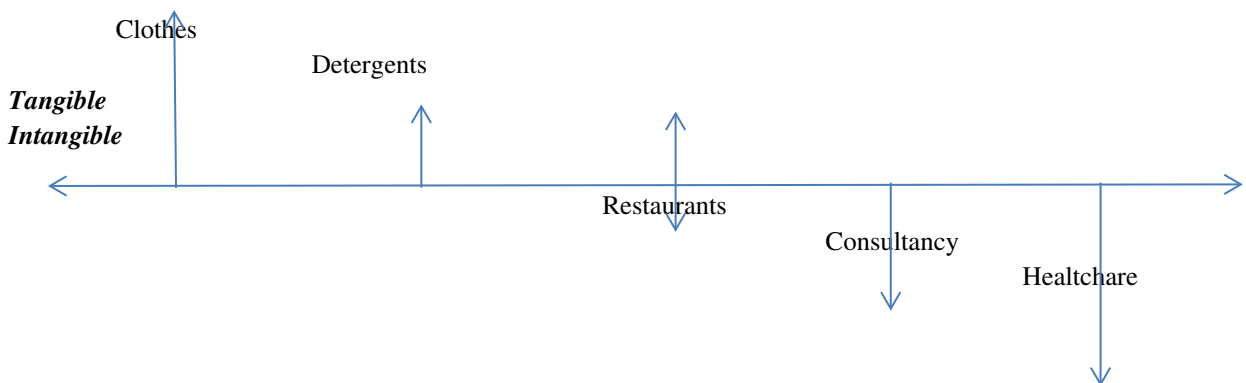
The service is also „an experience perishable in time, intangible, and realized by a consumer acting in the co-producer’s role”. (Fitzsimmons, J. A.; Fitzsimmons, M. J, 2011)

There is a certain confusion between goods and services. Therefore I found useful and necessary to approach goods duality versus services.

Goods duality versus services is given by the percentage between the tangible and intangible product’s component. The prevailing tangible component gives to the product’s buyer „the physical possession”. Therefore, the acquisition of a laptop will give to the buyer the ownership quality, whereas the transportation services acquisitioned for their utility will not make the beneficiary the owner of the transportation means that perform the service desired by the client.

In Figure no. 1 the product’s distinction in function of their dominant component is highlighted.

Figure no.1. The product’s distinction in function of their tangibility/intangibility component



Source: Militaru, Gh, “Services Management”, Editura C.H. Beck, București, 2010, pag. 6

If we look at the services from their performing point of view, those, unlike the goods, involve the client in their production process, the client being a component part of the services performing system.

Also, in practice, activities may be classified on a scale that starts with the service in pure status, where the service performance results materialize only in an intangible result and a pure good, meaning that no intangible service accompanies the good in cause.(Ionciă, M, 2003) Therefore, the duality relationship between goods and services is spotlighted.

### 3. The necessity of understanding the services management concept

The service represents a process, and the management is the ability to direction the social processes. The organizations that perform the services are more sensitive to their management qualities than any other type of organization. An important part of the management is to identify the critical factors that make so particular the functioning of services systems and tracing of the

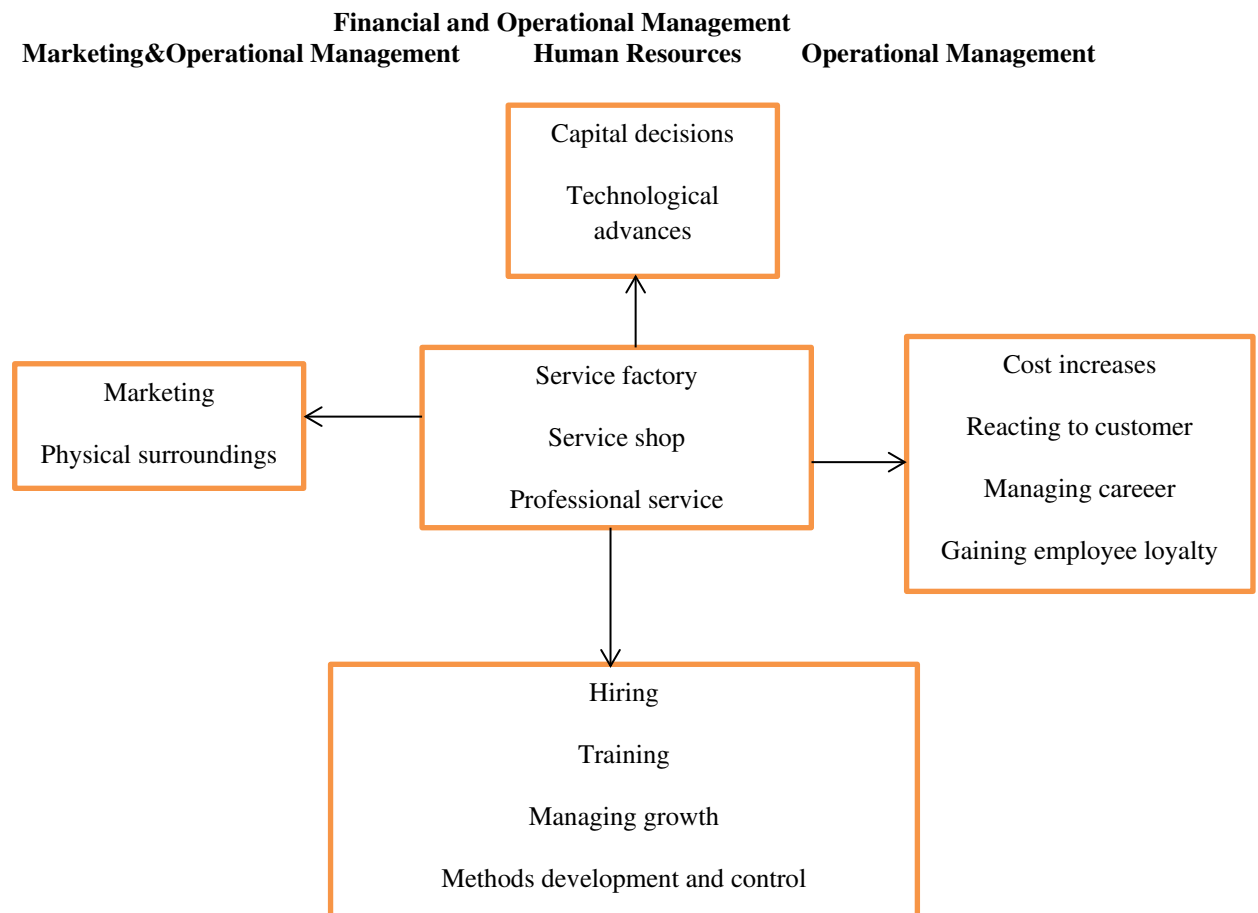
most powerful modalities of control and maintenance of these attributes, in an extremely concrete manner.

As a result of the globalization process, but also due to the role and place that the sector of services is occupying nowadays, the service management approach became extremely important in the context of the regional and international increased competition.

In the concept of services management defining, an important role is held by the service management matrix (Fig. No.2) that highlights the importance of integrating all functional management activities in the overview managerial strategy of the service performing organization.

The matrix depicts the correlation between the organization's functions and may represent a model for the managers, in order to take the best strategic decision taking into account the performing and delivering services systems.

Figure no. 2. Service management matrix



Source: after Nankervis, Alan, "Managing services", Cambridge University Press, 2005, pag. 19

An important services domain management guide has been elaborated, which comprises the following elements: (Nankervis, A., 2005)

- Identifying a target market segment;
- Developing of a service concept that shall serve it;
- Identifying of an operational strategy that shall support the respectively service;
- Projecting a system for performing that service.

In an obvious manner, all this elements are sustained by all the organization functions: finance-accounting, commercial, human resources, production, research and development.

Therefore, the services management represents the process and relations by which means these methods, techniques and management services that lead to an increase in the activity of the service performing companies are being identified.

The services are exposed to the pressure of all external factors like the political, social, economic, technology ones, reason for which the services management must efficiently face all these factors, therefore ensuring the survival as well as the performance of the organization performing the services. All of these are just a part of the arguments at the base of understanding and appreciating the services management role.

#### **4. Conclusions**

The services importance in the modern economies is set off by the place they occupy within the national economic frame, by the fact that are constituted in a different sector. The services have a major contribution in the labor force occupation. The technological progress, the amplification of the social labor division represent the arguments that are at the basis of the services diversification.

Services are economic activities whose result is immaterial, that bring a plus of utility following their performance. The duality between goods and services is set off.

As a result of the globalization, but also due to the role and place presently occupied by the services sectors, the services management approach became extremely important in the context of regional and international increasing in competition.

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