

OPTIMISATION OF SERVICE PROVISION PROCESSES IN THE CONTEXT OF SUSTAINABLE DEVELOPMENT

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Abstract

The service provision/delivery processes require a permanent improvement in the context of a competition market economy in order to secure the long-term objectives of firms operating in the tertiary and quaternary sectors of the economy. The Romanian strategy for developing a sustainable economy of services aims at facilitating the interaction with the other sectors of activity for satisfying the population's current and future requirements.

KEY WORDS: *services, sustainable development, competition strategy*

JEL Classification: *D₂₃, L₂₃, M₁₁, O₁₂*

1. INTRODUCTION

The concept of sustainable development from the perspective of the management of services means the interpretation of specific economic and social phenomena through the prism of the relations between service delivery processes and the opportunities of assuring the environment protection. Today's society exhibits novel elements, in the context of an accented extension of this domain and of its transformation into an economy of services. This reality of our times is proved by the place and role of services in countries with strong market economy, their weight exceeding 70% of the Gross Domestic Product and 65% of the active labour force. In this reality frame it becomes necessary to grant special attention to the optimisation of service provision processes, with the observance of the sustainable development principles, to the benefit of human society.

2. SUSTAINABLE DEVELOPMENT IN THE ECONOMY OF SERVICES

The analysis of the sustainable development processes in this comprehensive domain starts from the study of the manifestation of services' particularities, namely: their diversity and immateriality, their intangible and non-storable character, the concomitance of production and consumption, the inseparability between provider and customer, their non-durable character and the absence of property. These features significantly influence the service delivery process, in a way meant to meet the customer's requirements and desires within a certain time frame. At present we see common elements shared by material assets and services, aimed at enhancing performances in use. Studies conducted by the Organisation for Economic Cooperation and Development have highlighted the specificity of service provision processes and the defining elements of the services market. By its scientific endeavours, OECD responded to economic and social challenges related to the opportunities of services globalisation, offering at the same time a conceptual frame where governments could compare their experiences in this vast domain. Later on they identified the good practices in the sustainable development matters could coordinate the policies aimed at the service delivery optimisation.

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3. PROCESS STRATEGIES OF SERVICE PROVISION

The heterogeneous character of services has generated a wide range of strategies in the deployment of the processes related to delivery and optimisation of specific activities. An important part is played by the environment protection services in the context of the manifest action, in economy and society, of ecological risks, nuclear perils, pollution threats and other premises that could affect mankind. Ecology, by its services, assures a strategic partnership between human society and the environment, with positive effects on the economic growth and the assurance of labour and life climate. The process strategies of service provision should confirm the development of this economic sector in accordance with the population's current expectations by creating favourable conditions for the satisfaction of future generations' needs.

Optimising services means acting for the reaching of environmental standards and controlling the impact brought about by the adopted process strategy on the environment issues, in compliance with the ISO: 14001 Standard.

Process strategies require a systemic approach in each component - economic, social and environmental -, highlighting the inter-conditionalities which create the conditions for the manifestation of the synergy effect of the set of actions. These strategies aim at reaching the goals (objectives) in the following fields:

- extension of relations and interactions among the managers of service delivery organisations to ensure sustainable development;
- support to the service performance enhancement by stimulating human resources with specialised training;
- reaching the goals through the organisation for the small and medium enterprises' coordination;
- facilitating a wide access for service delivery actions abroad;
- developing a new philosophy in the service provision process, based on quality and performance;
- assuring customers' loyalty and securing permanent relations with the service providers, for the firm's favourable image.

Process strategies for service delivery in compliance with the sustainable development principles are applicable in various domains, such as:

- environment protection services;
- cultural and touristic services;
- construction and architecture services;
- communication services;
- research and development services;
- informational services;
- professional services;
- educational services;
- medical services;
- financial, banking and insurance services.

4. ASSESSMENT OF SERVICES

The optimisation of service provision processes implies the use of managerial methods for evaluating the influences provoked by numerical-quantitative factors and numerical qualitative factors. In the first category we find the economic-quantifiable criteria, whereas

the second category comprises the factors related to services usefulness, with its effects propagated in time

Particular conditions in the services assessment occur in the context of the variability and diversity of effects resulted from the service delivery processes, including the multitude of influencing factors in relation with the specificity of the activities subjected to this scrutiny

The fundamental method applicable to the study of relations between the effort to provide the services and the main production factors (labour and capital) is the Cobb-Douglas model, with the following mathematical relation:

$$(1) H = e^{t\delta} \times L^\alpha \times K^\beta$$

where :

H - value of results obtained from delivery;

L – Number of service providers;

K – capital invested in the delivery process;

α, β – elasticity factors in relation with labour and capital;

e – the natural number;

t – time;

δ – application degree of technical progress.

The production function may be presented by the formula:

$$(2) Y = A \times L^\alpha \times K^\beta$$

where :

Y – annual value of services provided;

A – productiveness of production factors;

L – volume of labour force;

K – volume of invested capital;

α, β – elasticity of production in relation with labour and capital;

This mathematical relation (2) is called the “utility function” and is widely used in services assessments.

Another method of quantifying services applies the Feldstein model and uses the following mathematical relation:

$$(3) W = A \times N^{\alpha N} \times S^{\alpha S} \times D^{\alpha D} \times C^{\alpha C}$$

where :

W – value of results obtained from delivery;

A – results/production factors ratio;

N – number of service providers;

S – salary costs;

D – administrative costs;

C – capital costs;

$\alpha N, \alpha S, \alpha D, \alpha C$ – weight of production factors.

Example:

If the production factors (N, S, D, C) increase in fixed proportions the value of the results obtained from service provision is the following:

(4) - constant efficiency, results with growth in identical proportion for:

$$\alpha N + \alpha S + \alpha D + \alpha C = 1$$

(5) - increasing efficiency, results amplified in higher proportion, for:

$$\alpha N + \alpha S + \alpha D + \alpha C > 1$$

(6) - decreasing efficiency, results reduced in lower proportion, for:

$$\alpha N + \alpha S + \alpha D + \alpha C < 1$$

These classic managerial models are used in the field of services to establish the influences provoked by exogenous factors, i.e. the environmental factors affecting the providing

processes. The assessment of services efficiency is based on the application of the following methods:

- The cost-benefit method, which identifies the relations between the cost of the delivery processes and the effects obtained, expressed in monetary units;
- The cost-effectiveness method, which establishes the relations between the cost of the delivery process and the effects obtained, expressed in physical units;
- The cost-utility method, which establishes the relation between the cost of the provision process and the effects obtained, expressed in qualitative variables.

The methods of services assessment differ when it comes to applicability depending on the particular features of the processes analysed, their common foundation being given by the stability of nomenclators expressing the appreciation criteria for the services analysed benchmarked against the reference situation.

In accordance with the results obtained from the services evaluation, the specialised managers will be able to adopt the necessary measures meant to ensure the optimisation of the present and future processes.

5. MANAGEMENT OF PUBLIC SERVICES

The process of service delivery must complete all the stages of changes imposed by the sustainable development process, in agreement with the European policies. Public services of general interest are provided by authorised and accredited organisations, fulfilling the public power prerogatives placed under the control of central or local administration. The optimisation of public services providing implies the observance of the European manifestation requirements, namely the character of universality and continuity in the performance of activities. In the context of the existence of a dynamic market with strong competition character, public services should rapidly adapt to customers' requirements and allow the population's indiscriminate access, with the observance of the regulated contractual conditions. Decisional transparency and users' protection are European rules of manifestation. In the context of sustainable development, public services aim at long-term management and administration of specific activities.

The efficiency of managerial actions are quantified in relation with the degree of reaching the goals of public services organisation and the level of performance indicators benchmarked against each assessment criterion. One aims at stimulating professional competence and liability, at attracting experts in the solving of complex issues and at achieving a good communication with the employees. The public domain of activity has as general objectives the assurance of efficiency, effectiveness, economicity and legality of the operations deployed. In the context of sustainable development one aims at continuing the decentralisation process, which supposes the shift of responsibilities regarding the performance of these services from the central to the local level of territorial communities.

Public services management is confronted at present with issues related to the opening of markets to free competition, privatisation, social cohesion strengthening and sustainable development. In the European Union two trends are manifest:

- preservation of the managerial control by governmental organisations and state's organisations by the association in the administration of public services with private companies, in public-private partnerships;
- globalisation of services and market opening, along with the incorporation and development of big companies.

The legislative measures in the field of sustainable development of public services impose special requirements in the performance processes and implicitly important investment expenditure for the environment protection. This means adapting managerial decisions for

identifying financing sources as well as building abilities for the choice of viable technologies meant to assure the optimisation of work processes and recovery of investments.

6. CONCLUSIONS

Under the circumstances of sustainable development, the optimisation of the service delivery processes represents an objective of strategic importance.

Field-related analyses are focused on the particularities of the vast scope of services, in order to meet the population's requirements in different periods of time. Managerial strategies mean the development of work processes in the conditions of ensuring the environment protection. The approach of these strategies requires a multi-disciplinary managerial vision, from the economic, social, technological and environmental perspective.

The optimisation of the service delivery processes is based on an accurate evaluation of services in terms of effort and effects obtained, of efficiency of using the resources at the managers' disposal. In the field of public services, the optimisation procedures suppose the observance of the European Union's regulations and of the relevant legislative norms, having as global effect the reaching of the goals set in the domain of human society's sustainable development.

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