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INTEGRATED ASSESSMENT METHODOLOGY FOR EFFECTIVE SERVICE MANAGEMENT

The article considers the methodical approaches to integrated assessment of management efficiency of the services sector. Based on the criteria of management efficiency of the services sector the indicators of integrated assessment of management efficiency in this area are offered. Conclusions are drawn on the efficiency of management in the services sector in banking.

Keywords: service sector; system analysis; integrated assessment; management efficiency.

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МЕТОДОЛОГІЯ КОМПЛЕКСНОГО ОЦІНЮВАННЯ ЕФЕКТИВНОСТІ МЕНЕДЖМЕНТУ СФЕРИ ПОСЛУГ

У статті розглянуто методичні підходи до комплексного оцінювання ефективності менеджменту сфери послуг. На основі розроблених критеріїв ефективності менеджменту сфери послуг запропоновано окремі показники комплексного оцінювання ефективності менеджменту цієї сфери, з розрахунку яких зроблено висновки про ефективність менеджменту сфери послуг на підприємствах банківського сектору.

Ключові слова: сфера послуг; системний аналіз; комплексне оцінювання; ефективність менеджменту.

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МЕТОДОЛОГИЯ КОМПЛЕКСНОЙ ОЦЕНКИ ЭФФЕКТИВНОСТИ МЕНЕДЖМЕНТА СФЕРЫ УСЛУГ

В статье рассмотрены методические подходы к комплексной оценке эффективности менеджмента сферы услуг. На основе разработанных критериев эффективности менеджмента сферы услуг предложены частные показатели комплексной оценки эффективности менеджмента этой сферы, из расчета которых сделаны выводы об эффективности менеджмента сферы услуг на предприятиях банковского сектора.

Ключевые слова: сфера услуг; системный анализ; комплексная оценка; эффективность менеджмента.

Introduction. The ongoing transformation in recent years and qualitative growth of consumption patterns of the population in the former Soviet Union has led to an increase in the share of services in GDP, which increased the urgency of the problem of management efficiency in the service sector (Agency of Statistics of the Republic of Kazakhstan, 2012).

Research and development of the integrated assessment methodology of management efficiency in the service sector due to the need of intensifying the use of services is aimed to improve the production efficiency in this area.

Evaluating the effectiveness of service sector management is particularly relevant in the following situations:

1. When making decisions on investing in service business. Most professional investors, such as venture capital funds before financing any project carry out the so-

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called verification of due diligence of a recipient, and prior to putting money into a company – carefully monitor the effectiveness of spending.

2. Under merging/acquisitions of services. At a merger or takeover, possible differences in the management systems of the merging companies may substantially affect the value of a deal due to costs related to organizational restructuring.

3. In conducting the activities of reengineering or implementation of a corporate information system.

4. In the analysis of service management effectiveness. This requires the harmonization of indicators to measure performance management in services to determine the baseline, the most effective models with optimum values of indicators to compare it with other models analyzed.

Literature review. Currently in the literature there is no uniform approach to evaluating the effectiveness of service management. Due to the fact that in practice, the range of estimates is large enough, and quantitative comparisons of managed objects are often not possible, to evaluate all aspects of management of the service sector is not possible either. Therefore, the analysis of the concepts and theories on management effectiveness evaluation services sector is considered by us in accordance with the analysis of new approaches to management theory in general. Until the 1980s development of the conceptual foundations for service management, scientists sought to replace the traditional models and management concepts by the new ones adapted for these scientific areas, such as the Nordic School of Services, founded in the 1970s, which investigated the management of services at the well-known principles of classical management. In the early 1980s an entirely new approach began to be used in service management. A new scientific discipline in management was founded by R. Norman (1982) and it was called service management.

There are several definitions of service management, for example, K. Albrecht and R. Zemke (1985) offer such a definition: service management is the total organizational approach that makes the quality of service the main driving force behind business activities of enterprise service.

According to B. Chernyshev (2004), service management is the management philosophy, according to which management system should be fundamentally focused on, first, the maximum possible specific needs of a particular client and providing a service product (self-service or system that combines product and related material services), which has some effect utility, i.e. quality evaluated by consumers. Second, the establishment of service organizations opportunities and conditions for the production of a service (staffing, material resources, technology), and thirdly, at linking objectives and interests (benefits) of all involved in services provision to third parties (organizations, customers and other interest groups). This opinion is shared T.A. Salimova and N.Sh. Vatolkina (2005), even though limited to specificity of modern service management and appropriateness of its further development. Original technique of evaluating the effectiveness of control subsystem and the overall management system using a set of economic, social and psychological indicators was proposed V.V. Tomilov (2003).

From these definitions, we can conclude that the main factor in the success of enterprise service is the ability to meet customer requirements, and therefore the

strategic direction and management should be focused on continued growth and improving customer satisfaction.

Each school and theory do not deny its predecessors, complement and enrich them, and co-exist in the relationship and interaction. Theoretical and applied aspects of evaluating the effectiveness of service management in Kazakhstan are only the beginning to be developed and thus require further study.

Purpose of the research. Development of methodological approaches to comprehensive evaluation of service management effectiveness.

Key research findings. The main prerequisites for the development of integrated assessment of management efficiency services sector are the following:

- strengthening the human factor in service management. The more complex the structure of service management is, the more likely is the subjective approach to management decision-making and the company's dependence errors of decisions;
- instability of environmental factors: legislation and regulations. Used in the estimates of coefficients in some cases turned out to be outdated, not reflecting the actual state of service industries;
- scientific and technological progress: the development of new techniques and technologies. Product life cycle is so reduced that the use of the same methods to assess the scope of service management is only a distorting factor (for example, for Internet companies).

In determining the criteria and metrics for evaluating the performance of an enterprise it is necessary to take into account the specifics of service management.

We consider the fact, that influencing the activity of enterprise services is labor management, as well as all the aggregate labor, characterized quantitatively as its cost-effectiveness (Anshin and Dagaev, 2007). Comparing costs for administrative work in service management with the end results of production and economic activity allows managers determine the effectiveness of labor services and, thus, the effectiveness of the control subsystem and system service management sector as a whole.

Based on the arguments of (Prokhorov, 2002; Repin and Eliferov, 2000) it is possible to admit that quantity and quality of service sector professionals determine the ability to develop and improve, with the objectives of higher order, i.e. to improve the efficiency of production services.

Managers, as well as other staff, have significant impact on production and its outcomes, therefore, the efficiency of an enterprise, but their influence on the production process is mediated.

V.D. Dorofeev, A.N. Shmeleva and N.Ju Shestopal (2008) expressed the opinion that the integrated assessment of effectiveness of service management sector can be defined on the basis of management effectiveness of each manager by comparing planned and actual performance results.

For the comprehensive evaluation of the effectiveness of service management sector, we propose the use of particular indicators, divided into two groups:

- production and financial performance;
- social and psychological indicators.

Production and financial performance:

- 1) profitability of managers is the ratio of net profit to manager's wages:

$$R_s = P / S_m, \quad (1)$$

where P – profit of company; S_m – wages of managers;

2) return on material inputs of management is the ratio of net profit to the total tangible assets of management departments:

$$R_m = P / Z_m, \quad (2)$$

where P – the profit of the firm; Z_m – tangible assets management.

Socio-psychological factors:

1) the coefficient of services sector managers qualification (K_q) characterizes the correspondence of managers education to managers posts:

$$K_q = N_{bas} / N_{om}, \quad (3)$$

where N_{bas} – the number of service sector managers with necessary basic education; N_{om} – the total number of managers;

2) the coefficient of stability of service sector managers (K_{stab}) shows the proportion of permanent employees in the total number of managers:

$$K_{stab} = (N_{om} - N_m) / N_{om}, \quad (4)$$

where N_m – the number of managers adopted; N_{om} – the total number of managers;

3) the coefficient of psychological compatibility of managers (K_{psi}) characterizes the degree of managers turnover in relation to a particular social or psychological atmosphere in a team:

$$K_{psi} = N_{own} / N_{out}, \quad (5)$$

where N_{own} – the number of managers dismissed at own request or by the initiative of administration; N_{out} – the total number of dismissed managers;

4) the coefficient of multiple submission (K_{plur}) characterizes the degree of loading of the upper level managers in the preparation of information:

$$K_{plur} = N / N_o, \quad (6)$$

where N – the number of units that do not have double or triple subordination; N_o – the total number of units in an organization;

5) the coefficient of determination of activity (K_n) characterizes the degree of importance and the ultimate objectives:

$$K_n = (\int_o - \int_p) / \int_o, \quad (7)$$

where \int_o – the total number of functions performed by a department; \int_p – the number of non-regulated functions;

6) the coefficient of information completeness (K_{inf}) characterizes the possibility of management in the service sector to make decisions based on the availability of necessary and sufficient information:

$$K_{inf} = \Sigma d_w / \Sigma d_c, \quad (8)$$

where d_w – the decisions taken in the presence of complete information; d_c – the total number of decisions for a certain period;

7) the coefficient of efficiency of information transmission (K_{oper}) characterizes efficiency of device management (the ratio $T_{dir} / T_{des} > 1$ indicates the loss rate of direct communication for improvement of planning and decision-making; $T_{dir} / T_{des} < 1$ – the loss of feedback tend to be improved in reporting and monitoring):

$$K_{oper} = \Sigma(T_{dir} + T_{des} + T_{rev}) / \Sigma T_{com}, \quad (9)$$

where T_{dir} – the time required for direct connection; T_{des} – decision-making time; T_{rev} – the time needed for feedback; T_{com} – overall time;

8) the coefficient of information concentration (K_{conc}) characterizes the screening of unnecessary information at each level of management:

$$K_{conc} = V_h / V_l, \quad (10)$$

where V_h – the amount of information on a particular issue at a higher level; V_l – the same at lower levels;

9) the coefficient of data duplication (K_d) describes the preparation and request for information by different departments/parent organizations:

$$K_d = \Sigma(V_{com} - (V_{dif} + V_{var})) / \Sigma V_{com}, \quad (11)$$

where V_{com} – the total amount of information; V_{dif} – the volume of one type of information (the number of indicators prepared in different divisions); V_{var} – the volume of the same type of information requested from different departments.

It is not always possible to make a precise calculation of these indicators, because enterprises do not keep records of some of them, and there is no objective information on them.

To determine the overall result of service management, we have calculated the performance of service management, at the example of JSC "Kazkommertsbank", (Kazakhstan), listed in Table 1.

The profitability index, calculated on the basis of production and financial factors shows a sufficiently high financial returns 30.2 USD by 1 USD costs for the unit managers of JSC "Kazkommertsbank".

On the basis of partial indicators of the socio-psychological assessment of management effectiveness can be determined the weighted average overall value by the level of socio-psychological effectiveness of management in an organization.

To determine the effectiveness of management, we propose the following ranking of socio-psychological factors of management effectiveness:

- A = 0.8–1.0 – high-performance management;
- B = 0.6–0.8 – the effectiveness of management above average;
- C = 0.4–0.6 – average efficiency of management;
- D = 0.2–0.4 – effectiveness of management below average;
- F = 0–0.2 – low efficiency of management.

The calculations show that the rate of social and psychological evaluation of the effectiveness of management level (0.82, A) characterizes high efficiency management at JSC "Kazkommertsbank". With growth potential to meet modern standards and the need for compliance with management of major international companies shows the need for further improvement of administrative activity of a company in question.

Conclusions. The proposed indicators are often out of range for continuous assessment in most service industries, but their calculation and analysis are valuable information on the management system of any company and its business units. In practice, it should be noted that the criterion for performance evaluation of managers

Table 1. Indicators for assessing the effectiveness of management at JSC "Kazkommertsbank"

#	Indicator	Description	The formula for calculating	Calculations
<i>Production and financial factors</i>				
1	Profitability of managers	The ratio of net profit to manager's wages	$R_s = P / S_m$	532467 USD / 57792 USD = 9.2
2	Return on material inputs of management	Characterizes the influence of tangible assets on the efficiency of management	$R_m = P / Z_m$	532467 USD / 25325 USD = 21
3	Overall management profitability	Shows the total return on company's management	$R_o = R_s + R_m$	9.2 USD / + 21 USD = 30.2
<i>Socio-psychological factors</i>				
1	The coefficient of services sector managers qualification, K_n	Characterizes education compliance with a manager position	$K_q = N_{bas} / N_{om}$	0.85
2	The coefficient of stability of service sector managers, K_{stab}	Share in the total turnover of managers	$K_{stab} = (N_{om} - N_n) / N_{om}$	0.85
3	The coefficient of psychological compatibility of managers, K_{psi}	Degree of managers' turnover in services in connection with the psychological atmosphere in the team	$K_{psi} = N_{own} / N_{out}$	0.75
4	The coefficient of multiple submission, K_{mul}	Workload on management in information preparation	$K_{mul} = N / N_o$	0.8
5	The coefficient of activity determination, K_n	The ultimate goals and the objectives of executives to achieve these objectives	$K_n = (\int_o - \int_p) / \int_o$	0.95
6	The coefficient of information completeness, K_{inf}	Ability to make decisions based on necessary and sufficient information	$K_{inf} = \Sigma d_w / \Sigma d_c$	0.9
7	The coefficient of efficiency of information transmission, K_{over}	The efficiency of device management	$K_{over} = \Sigma (T_{dt} + T_{dss} + T_{rev}) / \Sigma T_{com}$	0.85
8	The coefficient of information concentration, K_{conc}	Too much information at each successive level of management	$K_{conc} = V_n / V_l$	0.75
9	The coefficient of data duplication, K_d	Preparation and request for information by managers from different departments	$K_d = \Sigma (V_{com} - (V_{dt} + V_{var}) / \Sigma V_{com}$	0.7
10	The complex coefficient of the assessment, K_o	Takes into account the combination of the factors, $n = 9$	$K_o = \Sigma K_i / n$	0.82

Source: Own study based on the analysis of management.

has not only an economic but also a social component. In general, social and economic benefits of service management sector are determined on the basis of the above qualitative and quantitative indicators of management, the accounting and analysis of which will allow improving the quality of management decisions, increase the efficiency in solving industrial, economic and financial issues, the validity of managerial decisions.

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КНИЖКОВИЙ СВІТ



СУЧАСНА ЕКОНОМІЧНА ТА ЮРИДИЧНА ОСВІТА ПРЕСТИЖНИЙ ВИЩИЙ НАВЧАЛЬНИЙ ЗАКЛАД **НАЦІОНАЛЬНА АКАДЕМІЯ УПРАВЛІННЯ**

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Організаційно-економічні аспекти інноваційного оновлення національного господарства: Наук. монографія / М.М. Єрмошенко, С.А. Єрохін, В.М. Шандра, О.І. Гуменюк та інші; За наук. ред. д.е.н., проф. М.М. Єрмошенка і д.е.н., проф. С.А. Єрохіна. — К.: Національна академія управління, 2008. — 216 с. Ціна без доставки — 22 грн.

У монографії проаналізовано стан технологічного оновлення національної економіки на інноваційних засадах, виявлено позитивні сторони і недоліки цього процесу і розроблено організаційно-економічні основи формування механізму інноваційного оновлення економіки України, її окремих галузей та підприємств.