

# Different types of service organization



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Vani Aparna Chavali 23 July Service Process Matrix Consumers are central to services. Satisfaction of need here is a variable of the interaction between employee and customer. Thus, services are labour intensive. Degree of labour intensity is the ratio of investment on labour to that of total capital costs, while degree of customer interaction is the effect consumers have on the service being offered. Modification of services to suit the needs of a specific customer is customization. Grounding on these variables, Roger Schmenner has identified a differentiation of services on his service process matrix. Degree of labour intensity on Y-axis and degree of interaction with consumers and customization on X-axis, result in four quadrants (Schmenner 21-32), as shown in figure below. Service factory includes services that involve low labour intensity and interaction. These demand huge capital and are standardized. Airlines and motels are the examples of such services. Highly labour intensive services with low interaction fall under mass service. These require low capital and service is provided on a standard basis to all customers. Retail giants such as Walmart follow this formula. Service shops support high degree of customisation and low labour intensity. Hospitals take up this mode of service, by accruing advantage of abundant capital (Inman). Advocates, medical practitioners, engineers etc, who provide professional services, show high customer interaction and customization. They are labour intensive. The success of labour-intensive services depends on employee training and welfare (Lashley 245-251). Keeping abreast technology and sequencing delivery make capital-intensive services attractive. Mass service and service factory are differentiated by ambience, warmth and marketing strategies (Verma 121-123). Service quality, sensitivity and responsiveness, coupled with cost-cutting guide highly interactive services. Every player in <https://assignbuster.com/different-types-of-service-organization/>

the industry must locate itself on the matrix, as this facilitates understanding the challenges thrown by their nature of service and strategically plan accordingly. Frequent tracking and re-positioning on the continuum helps a firm improve its performance, while keeping it aware of the changes in competitors' position. Works Cited Inman, Anthony R. " Service Process Matrix." Encyclopedia of Business. 2nd Edition. Advameg, Inc. , 2011. Web. . Lashley, Conrad. Empowerment: HR strategies for service excellence. Woburn: Butterworth-Heinemann, 2001. 245-251. Print. Schmenner, Roger W. " How Can Service Businesses Survive and Prosper?." Sloan Management Review. Spring. (1986): 21-32. Print. Verma, Harsh V. Services Marketing: Text And Cases. New Delhi: Dorling Kindersley India Pvt. Ltd, 2008. 121-123. Print.