

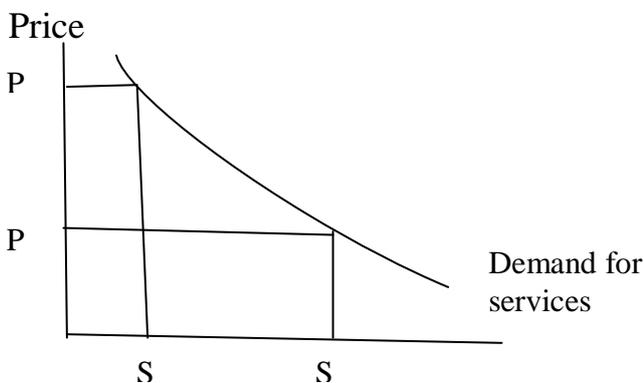
# THEORY OF SERVICES

YUSUF OLAJIDE SEUN

## PROBLEMS OF SERVICES QUANTIFICATION AND CARTESIAN ILLUSTRATION OF SERVICE (Demand and Supply of Services)

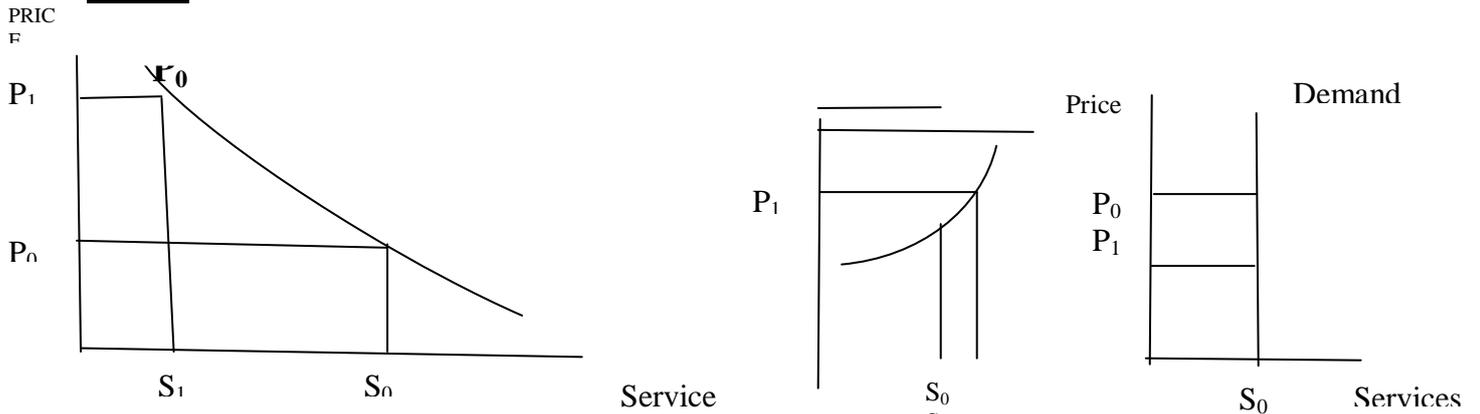
As social scientist has concluded on the theory of demand and supply of commodities (goods and services ) in the earliest years, It was noted that the demand for tangible commodities has had the greatest emphasis. Economist have talked about the demand curve and supply curve of different types of commodities varying from normal goods to substitutes goods .They diversify different curves to analyze these types of goods and finally reach the same conclusion.

But emphasis on demand and supply of services has a limited write up and have discovered that the reason for non-quantification of services has constituted problems for economist to analyze the behavior of consumer ( or user ) and producer of services to change in prices. Normally, the forces of demand and supply determine the market price for goods and services of different types of goods “all things being equal”. As the theory of demand, the higher the price, the lower the quantity demand and the lower the price the higher the quantity demand “all things been equal” . This theory has a great effect also on the demand for services ; the higher the price of services, the lower the rate of the user of the services to demand for its usage.



Also the supply curve for services has the same illustration as the theory of supply. The higher the price the greater or the willingness of services provider to provide service to their users.

**What is the Behavior of Consumer of Services Towards a Change in Price?**



Exceptional demand curve for services : This shows that no matter an increase in price of the services, the user has no choice than to make use of it at that price leveled e.g. Transport services.

As the forces of demand and supply determines the price of quantity of good or commodities purchase what determine the price of the demand for service has posed a great problem to all economist in which I have resolved and arrived at a conclusion.

**“Quality and Time”**

As quoted above, the price that any producer will leveled on the services provider is greatly dependent on the quantity and time of the services.

**Quality**

Quality is defined or measured as the cost or expenses a producer of services incurred in the production of the factors of services. The higher the cost of the factor the higher the price leveled on the user of the services. For example a proprietor who has invested in provision of school to the public, the price or the school fees the student will pay will depend on the facilities and the qualification of teachers employed to provide service to the students. This is also applicable to different establishment that render services to the public or individual . View tailor, hair dressers e.t.c

**Time**

As quality determined the price leveled by the producer of services , so also the time also affect the price leveled by different producers of services. The longer the time or period of services , the higher the amount or price leveled by the producer of the services e.g. a labourer who have been employed to clear 4 plots of land , he will have to charge a higher price, for it will take him a longer time to clear the 4 plot of land compared to when the user employed 10 labourer to clear the 4 plots of land knowing that this will take a shorter time for the job to be completed but the amount each labourer will receive will be very minimal compared to if one labourer is employed for the job .

The equation of rate coefficient has put forward by jid's rate coefficient which explain that , the higher the number of labour the lesser the time to complete the job but lower that amount of price or amount earned by each laborers.

Given that time  $(t)=t_0$

The number of labour= $N_L$

Jid's Rate Coefficient= $\$$

The total amount assign for the job= $\emptyset$

Therefore the jid's coefficient states that (mathematically)

$\$ = t_0/N_L$ . This show that the higher the number of labour, the lower the time but at the same time the lower the amount earned by each laborer (vice visa)

EXAMPLE: A man employed 15 laborers to clear 5 plots of land for 4 hours, if he decides to employ 7 laborers to complete the same plot of land. What is the rate coefficient for each set of laborers employed and show clearly the set of laborer that earned greater amount, if the man has #10,000 for the job?

Solution: If it takes 4hours for 15 laborers to complete the job, it will take 7 laborers;  
 $(15 \times 4)/7 = 60/7 = 8.57$ hours

Now, the rate coefficient for the 15 laborers;

$\$ = t_0/N_L = 4/15 = 0.27$  jid.

For 7 laborers;  $8.57/7 = 1.22$  jid

Now to determine the set of laborer that will receive highest pay;

For 15 laborers= $\$ \times \emptyset = 0.27 \times 10,000 = \underline{2700}$

For 7 labors;  $= \$ \times \emptyset = 1.22 \times 10,000 = \underline{12200}$ . This shows that the highest paid accrued to 7 laborers.

In conclusion, the theory of service has a function of quality and time and it can be graphically and mathematically proved.

NB; the determinant does not indicate the amount each labour will earn.

This is a new idea which still has a lot of mathematical back up. (jide from department of economic OAU ile ife +2348074035369)