Wealth Creation through Service Innovation Design in Malaysia.

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Abstract

Innovation serves as a competitive advantage that allows company to dominate a particular market segments. Innovation is the key in extending market share but also to increase commercial gains. The key to innovation are not only market and technology but service innovation design. The changes of innovation design from functional design are to fulfilling the physical needs and feeling design to fulfill the experience needs. However, service innovation design is to fulfilling the integrity needs that enable consumer to enjoy the services that are important in their lives. The service industry is highly regional in nature; it should be framed in relation to regional revitalization as well. The service industry is important in that it creates employment for the region while at the same time increasing the region's brand power. This paper will present a conceptual frame work of service innovation design in Malaysia.

1. Introduction

Recently, Malaysia had announced to shift towards the new economy model and also known the innovation economy. An innovation based economy includes a commitment to a continual renewal of product systems, processes, marketing and people. Product and service leadership is one way to succeed in an innovation economy. The gab between consumers and producers blurs. Mass production is replaced by mass customization [1]. Design has to play and important role in order to fulfill the consumer requirement. Competition is fostered by the increase of the market size open up by these technologies. Products with high knowledge component generate higher returns and a greater growth potential. Competition and innovation goes hand in hand. The challenge for higher education in Malaysia in an Era of a Knowledge based Economy where the human capital are the key factors to enhance the country development [2].

2. Service Industry

There are five factors for achieving quality service, they are reliability, tangibles, responsiveness, assurance, and empathy [3]. In contrary, customer contacts, quality, storability, tangibility and transportability are the main factor in achieving quality service [4]. On the other hand, quality service with more effective way with Five Fs; fun, function, feelings, fancy and friendly are important in developing a service today [10].

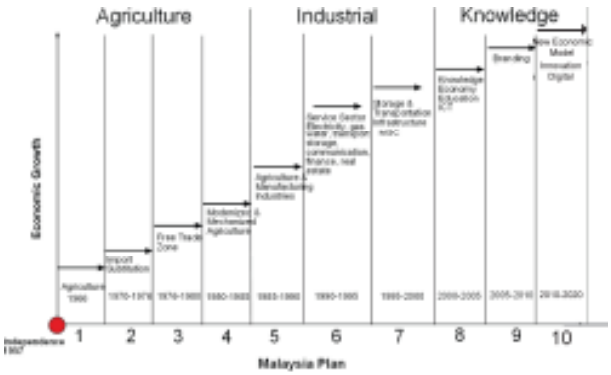

Figure 1: Development of Malaysia through Government Plan

In the information age of instant communication, people who work around the clock will want to be serviced. The establishment of MSC Multimedia Super Corridor is a nucleus, is a step towards embracing the future. It is intended to facilitate the country's transition from an industrial economy to an Information age multimedia economy, keeping the nation competitive in global economy [1]. This facility has been the back bone to the innovation economy in Malaysia. Recently, MSC have reach a decision at the 22nd implementation council meeting Chaired by the Prime Minister Datuk Seri Najib Tun Razak that they come to conclusion that the way forward requires working towards an innovative digital economy, which is impressive and amazing as much as it is fast and unforgiving to the unprepared. The goal of an innovative digital economy is to stimulate human creativity with new technologies, outlet and opportunities [5]. Clearly service design have high potential role as an importance opportunity and development for future wealth creation.

Alan Webber described the change in 1993 observer predicted with confidence the arrival of a "postindustrial" service economy, where the central role played by manufacturing in the economy world would be steadily replaced by new service industries and service job. The real impact of the information economy is to explode the distinction between manufacturing and services altogether [6].

Product-service systems attempt to create designs that are sustainable in terms of environmental burden and resource

use, whilst developing product concepts as parts of sustainable whole systems that provide a service or function to meet essential needs. Currently, major questions in service industry such as how to make customer experience quality of service? Can service become a new business model?

Service design concerns with systematically applying design methodology and principles to design services. As a discipline, service design should be viewed in the context of service development, management, operation and marketing. They form together the provision for good service performance.

Figure 2: The concept structure of customers' perception towards automotive service centers.

For example a case study which look into the automotive service center in Malaysia show that the service management practices attributes were grouped into three main areas named as service imperatives, marketing strategy and future customers' dream. In figure 2, most of attributes related to service management inclined towards functional. Obviously customers attitude are keen toward new experience where the group of customers' dream inclined. However customers always see that there is a group of marketing and strategy to encourage future service development. Customers are expecting new ideas and give no hope for conventional thought [7].

In the service industry, the consumer concerns on satisfy their needs through service system. The main concern are information, access, safety, consumer complaints, quality security, prompt, redress, representation, reliability and affordable. How design can contribute in the service industry with integrity? Without quality of services, business cannot be a success.

3. Innovation

Innovation is the management of all activities involved in the process of idea generation, technology development, manufacturing and marketing of a new (improved) product or manufacturing process or equipment [8]. It is clearly stated that innovation is a process. A new way of improving the efficiency of traditional at knowledge buildup mode and human capital is the main aspect to make the process smooth. This will enhance the reach factors such as the infrastructure and the info structure. Meanwhile the richness factors such as intellectual capital, integrity, interaction, incentives, and institution will enhance production of goods, services and knowledge of society [9].

Innovation economy is an economy when the socio economy development and welfare gains are predominantly depend on production, diffusion and utilization of information, ideas and innovation. Knowledge and innovation are the key factors for societal development and wealth creation. It is the source of increasing return or productivity gains. Moreover, in the Malaysia's New Economic Model strategies is to remain competitive and achieve its goal of becoming a high income nation. This will benefit the service industry business. The higher the income group the higher opportunity for service design.

4. Design

Design is primarily involved with the delivery of ideas through to the market. The trend movement of product characteristics has significant relationship throughout the decades. Beginning with "form follows function" has dominated in design concept are relevant until today that relates to the physical needs. Later, the concept of user friendly became popular especially in PC commercial market where user always make mistake and tolerance features were applied that create value and effective needs. In 1980's new movement of post-modernism has created the "fun" into the product that fulfilled the cognitive needs. With the advancement of technology the product became "fancy" form to fulfill the user characteristic of affective needs. Finally, designing products that has desire feeling to present the emotional communication of user experience became the trend of the 21st century. However, service characteristic is to full filling the integrity needs that enable consumer to enjoy the services that are important in their lives [10].

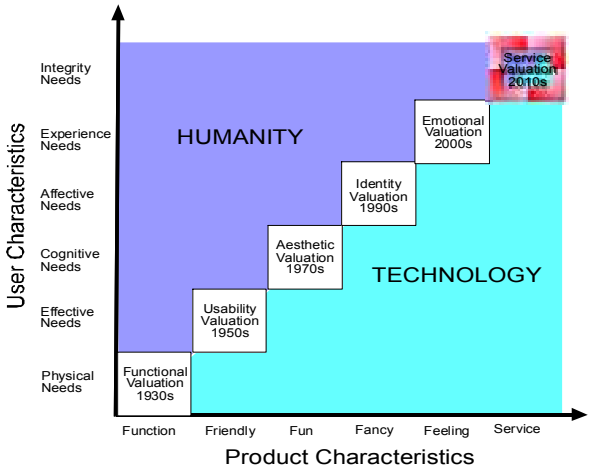

Figure 3: Design Trend

5. Design Development Pattern

Today culture and product have a very strong relationship. Culture significantly represents the identity of the nation. Meanwhile the product has it own function needs. Due to close similarity in their function and forms, culture features is considered a unique character to be embedded into the product both for the product identity and for the fulfillment of the traditional consumer experience. Currently, designing local features into a product are getting popular and important in global market. Designing culture into modern product will be a design trend in global market.

Craftsmanship use local materials to develop localized skills. Crafted products produce in small volume seek to represent the spirit of attention to details and product aesthetic. It represents the expression, demand and story of the craftsmanship. It reaches the depth of skills, creativity seek the height of impression and branding measure for width of acceptance [10].

In order to create a business, it is possible to blend craftsmanship, research and development, design, networking, services, distribution, marketing and branding as a package towards innovation. Craftsmanship is a part of cultural creativity. It goes through innovation and branding process before it becomes a business.

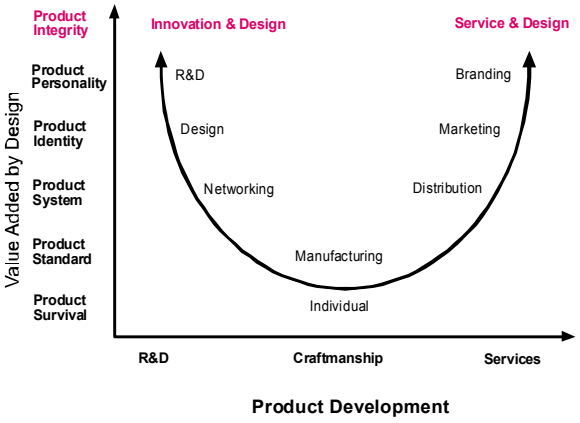

Figure 4: Handicraft Service Industry Business Model

6. Service Innovation Design Concept.

From the basic innovation services structure in Malaysia, a new model to further enhance the human capital of the organization especially in the design management area. The Service Innovation Design is a new area of design management to enhance the design process. It covers a wide spectrum of design discipline that can fulfill the complex requirement of consumer today and future. Below is the concept of Service Innovation Design that leads towards wealth Creation. Four main areas are Creation Intensification, Information and Technology resources, Expert Resources, Interacting Knowledge. These area are divided into tacit and explicit knowledge for continuous upgrade, disseminate and new knowledge creation.

6.1 Creation Intensification.

Individually, designers are learning everyday by improving their skills and experiences and thus their daily work. Apart from that, designers also increment his or her knowledge and skills are beneficial for the company as a whole. Creation intensification mean here is innovation and action that makes something stronger or more extreme. Creation intensification provides the learning process of the organization as a whole, based on an individual and group learning with intelligent distribution process. Creation intensification have to look at both tacit and explicit knowledge therefore, the merging of both knowledge may create innovative ideas. Best practices need to be repeated as much as possible to be assimilated as knowledge. All personnel such as designers, engineers, scientist, marketing, programmers, sales, production should put high priority on creation intensification. This should also include in all area of discipline to be effectively crossed utilized.

6.2 Information & Technology Resources

The information gathering should be through research and development for current and future products. IT is a medium for communication and networking. The information nowadays is digital and physical things become virtual. These will include virtual services. The internet networking are beginning to breakdown walls amongst suppliers' customers and competitors. The most successful companies are those with a background in software, services, computer based contents and digital communication [1].Therefore design has an important role to contribute in this business. The more information you have the more powerful you are. Innovation also has been emphasis on enhancing the technology and capabilities through all sectors to design more efficient processes, to create a better method of production and to invent new and better products. Technology resources are considered as an asset to development that supports innovation capacity.

6.3 Interacting Knowledge.

An interaction is a mutual or reciprocal action. This basically directed to the development of tacit knowledge. Knowledge is dynamic as it is created in social interaction among individuals and organization. Knowledge is humanistic, because it is essentially related human action [11]. Leaders also have to choose the right mix of people to participate in and promote their interaction. Companies should enforce on creating space where more knowledge interaction between that aims to embed their experience into knowledge. This can be done through the organizational culture, routine and policy. Creative activities can stimulate the interaction between organization and external environment.

6.4 Expert Resources.

In general expertise is the possession of a large body of knowledge and procedural skills[8]. The expertise approach stands on premises that acquired characteristics contribute significantly to outstanding performance [12]. In product development,a design team that comprise of several experts in production, software,

hardware and etc are able to produce a better product. Designer is a part of the team as expert in form and aesthetic. There should be an adequate expertise to link the conceptual ideas to realization. In order to encourage innovation, managers and designers may focus in team work and it's dynamic in order to promote innovative activities. However, today requirement of a designer's knowledge is covered from different area of disciplines to enhance value creation in the team during product development.

Figure 5: Model of Service Innovation Concept

7. Conclusion

Empowerment Service Innovation Design.

Empowerment means here is to give qualities and abilities to change the existing culture and mind set so that they are receptive, supportive and committed to the precept of knowledge organization. The strategy to achieve wealth creation is by empowering the service innovation design management. This will increase the innovative capacity through high competitiveness in the global market. Furthermore the value creation from tacit knowledge will create higher productivity in the service innovation design area. It can beneficial for service innovation design companies by increasing productivity, innovation capacity, improving best practices, creating new industries and enhancing international competitiveness. There should be a balance between encouraging the explicit and tacit knowledge to well spring [13]. Therefore, service innovation design able to leverage the standard of income in the future.

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