

The Role of Innovation: Enforcement Smart Mobile Application (SSMEYEs)

Sathiya Seelan, Herman Shah Anuar

Othman Yeop Abdullah, Graduate School of Business, Universiti Utara Malaysia.

Abstract— *The aim of this article is to present the findings of the role played by a Division under Companies Commission of Malaysia (“CCM”) to create an added value on its routine activity through innovations. CCM has initiated a new enforcement project by using smart phone application to monitor all business entities in Malaysia. The usage of internet and smart phones on this modern world, brings a lot of benefits to most parties in various aspects. Therefore, usage of a customized smart phone apps by enforcement officers of CCM on their daily working activities especially to monitor the compliance level of companies and business entities in Malaysia will simplify the Standard Operating Procedures (“SOP”) and will increase the number of inspection as a whole. Primary data were obtained through original project documents, interviews and email reviews which were carried out at CCM and evaluated using some data analysis and comparison methods. The effective practice of this smart phone Apps by enforcement officers of CCM, will help them to monitor business entities in Malaysia to enhance the compliance level of Companies Act 2016 (“CA2016”) and Business Act 1956 (“BA1956”). The conclusion of this article is CCM find that, it is important to innovate and support an innovative culture in their organisation.*

Keywords— *smart phone application, inspection, Standard Operating Procedures (“SOP”), Companies Act 2016, Business Act 1956.*

I. INTRODUCTION

21st century has long been agreed as the time that emphasised more on knowledge, information and innovative economy (Bartes, 2009; Hamel & Green, 2007; Senge, 2007; Barták, 2006; Collinson, 2005). The success of an organisation is depends on its employees’ knowledge, experience, creative activity and qualification and emphasis is placed on continuous learning and research and development.

Malaysian Prime Minister in his speech entitled “Pekerja Kreatif Pencetus Inovasi” mentioned the theme chosen for the National Labour Day celebration for year 2017 is

Creative Workers are the Trigger of Innovation (Najib Razak.com, 2017). This indicate that the employees of an organisation, plays a major roles in creating the innovation in an organisation (2016). The index of innovation and creativity is a core that will be used as a guidance to determine how far the country is transformed into the top 20 countries in the world by 2050, said by Datuk Seri Najib Razak.

Enforcement and compliance monitoring will create a positive and competitive environment among the business traders on current business world which is undergoing a significant transformation globally. Hence, effective compliance and oversight activities by a particular regulatory bodies will play an important role in establishing a high level of compliance among business traders in the market. (The Star, 2015)

Companies Commission of Malaysia (“CCM”) or known as Suruhanjaya Syarikat Malaysia (“SSM”) is the only one government agency who register and monitor all kind of businesses and companies in Malaysia. Basically, CCM govern several Acts which is related to all type of businesses and companies to comply with proper regulation. All those regulations are monitored by Compliance Division, CCM.

Enforcement Division of CCM, is currently moving towards into virtual monitoring and enforcement activities rather than conducting classical way of monitoring especially on business entities who registered and incorporated in Malaysia. Tremendous growings among the business entities and industries in market causing a vast difficulty for an enforcement officer to perform their monitoring activities. We believe that, the presence of technologies and gadgets in market will ease the monitoring process of enforcement officers as a whole. Therefore, a customized mobile application which enable the CCM’s stakeholders to lodge reports on business entities who failed to comply the provisions under the CA2016 and BA1957 will bring a revolution to this enforcement activity as well.

The aim of mobile apps is to focus on non-compliance by business and company entities who fail to follow the

regulation sets under CA2016 and BA1957. This is to enable the officers to act against those who failed to comply those provisions and at the same time it will create a self-awareness among related entities to comply with rules and regulation. On the other hand, this scenario called as balanced enforcement.

Following are the objectives of the mobile apps:

- To be an information supply platform for SSM employees;
- To access and transmit information without limitation at any point of time;
- To allow the users to take pictures and upload through app upon identify the offences; and
- To record, store, retrieve, submit & search status / result of complaints.

1.1 Problem Statement

One of the major routine operation of Compliance Division of CCM is conducting an inspection on companies and business entities to evaluate their compliance level especially on provision under the CA2016 and BA1956 . There are approximately 1 millions of companies and 6 millions of bussiness entinties on market. The number of eligible enforcement officers throughout the nation is around 250 only. The above mentioned situation caused the following problem to CCM as a regulatory agency to control the compliance level of companies and business entities in market:

- Lack of monitoring on business entities due to high volume on number of existing companies and businesses;
- Low compliance rate among the existing companies and businesses; and
- Lack of trust among stakeholders on CCM's supervision

Comparing with the number of existing companies and businesses VS number of enforcement officers in CCM, the probability of inspecting all of them are very little. Statistic shows that, the division's achievement for the past 3 years since 2013 - 2015, less than 1% of inspection conducted throughout the nation by CCM enforcement officers. This result indicate that, by using the clasical way of monitoring system, the organisation deffinetely will not able to achieve a high level of number of inspection on those entities and the figures shows that there are more then 99% of existing companies and businesses entities are remain uninspected. Additionally, the number of companies and businesses is growing rapidly in the market.

1.2 Aims of the Paper

The aim of this article is to present the outcomes of a study which was targeted at innovation activity of Compliance Division of CCM. The altimate goal is to identify the elements of innovation occured in the organisation. In order to meet the goal of the project, the following statment considered as an objectives of the study as well:

- To study the relationship between the employee and their innovative ideas; and
- To investigate the effectiveness of innovative project (SSMEYEs Apps) launched by Compliance Division of CCM

The paper presents the results of the research focused on innovation and discusses the importance of innovation at organisation. The first part contains the literature reviews on this area. The next part describes the methodology of the survey according to which was processed, analyzed and evaluated obtained by primary data. The results is divided into the four parts which focus on summarizing the results of original document reviews, the evaluation of results, the verification of results and on the importance of innovation project in an organisation. The part discussion and conclusion includes the summary and specifies the preconditions to gain innovativeness in the organisation.

II. LITERATURE REVIEW

The term "innovation" as such was used for the first time by Schumpeter at the beginning of the 20th century. His ideas and research have been developed by a number of other authors. Schumpeter defined innovations as product, process and organisational changes that do not necessarily originate from new scientific discoveries (Zizlavsky,2011), but may arise from a combination of already existing technologies and their application in a new context (Zizlavsky, 2011). Innovation also originates from public research (Autant-Bernard, 2001). It is therefore possible to summarise that according to these definitions innovations do not cover only technical and technological changes and improvements, but in particular practical application and particularly originates from research.

Human capital and creative research work are according to Zemplerova (2010) and Autant Bernard (2001) considered the most important determinants of innovation. The human factor is an indispensable element in the process of innovation. Based on analyses of external and internal conditions, people generate ideas that might help an organisation gain a competitive advantage and thus distinguish it, at least for a certain period of time,

from its competitor. Innovation capability of an organisation according depends closely on its intellectual and/or organisational knowledge assets and on its ability to employ these assets.

An innovation at organisation, contributes to achieving a competitive advantage in several aspects. The most important characteristics of innovations include:

- A strong relationship between work performance and new project.
- New project improve the productivity.
- Will lead for career enhancement of an employee
- Will lead to production time shortening and speed up current working process in organisation.

If an organisation is not capable of introducing innovations on an ongoing basis, it risks that it will lag behind and the initiative will be taken over by other entities. Schumpeter (in Tidd et al.,pp. 8, 2006) asserts that entrepreneurs attempt to use technological innovation – a new product or service or perhaps a new process in the course of their production – provided they thus gain a strategic competitive advantage.

According to Vodafone Institute's report, Mobile application management covers solutions that relate to the administration, protection and procurement of mobile applications for corporate IT. It also includes the development and enforcement of rules and policies, which apply to the usage of mobile applications within the organization.

Innovation is one of the most important concerns of each organization and its role in the development and coordination of the market is inalienable. Innovation in all human areas is applicable from product development, methods of management, ways of doing works and etc. In all of definition used for innovation, changing or improvement of the process or product are common. Innovation is a process that begins with introduction to plan of an idea and will become a new function and so it different from creation. The main point is that innovation is different from creativity. In this paper the important of innovation and its crucial role in growth, survival and success of organizations is discussed.

2.1 Conceptual workflow & design

SSMEYE's App was designed with the consideration of monitor the compliance level of companies and business entities in Malaysia which targeted will simplify the Standard Operating Procedures ("SOP") and increase the number of inspection as whole. SSMEYE's Mobile App promotes a efficient solution which provides a total mobility and real-time connectivity between the enforcement officers and the business entities.

2.2 Conceptual workflow

This conceptual workflow was developed to tackle issues highlighted by Compliance Division in CCM as follows:

- Lack of monitoring on business entities due to high volume on number of existing companies and businesses;
- Low compliance rate among the existing companies and businesses; and
- Lack of trust among stakeholders on CCM's supervision

By using SSMEYE's App enable the officers to act against those who failed to comply those provisions and at the same time it will create a self-awareness among related entities to comply with rules and regulation.

Figure 1 shows the process flow of SSMEYE's Application.

Figure 1: Process Flow of SSMEYE's Application

III. METHODOLOGY

Emory & Cooper (1991), suggested that for the research objective to be obtained and for the empirical evidence to be discovered, the overall programmed and the structure of the issue under investigation is planned by using the research design. Therefore, the selection of research methodology being engaged depends on the research's features, nature and background. The investigation is targeted on the existing development of value management in the organization and to discover the value management application level in the organization. Thus, discussion on factors such as cost, time, information associated to the enforcement division is involved that will provide a holistic view of its consequences internal to the organization. Basically data can be divided into 2 types of data.



They are primary and secondary data. Primary Data According to Naoum (2003), primary data is regarded as the

first hand data collected by the researcher through reports, records, survey, questionnaire, and etc. Secondary Data Again described by Naoum (2003), secondary data is referred as data obtained from the desk of study method. Secondary data actually means that the data is not collected by the researcher him or herself, but collected from another different source.

For this research, Statistic of the physical inspection and monitoring on companies and business entities in Malaysia by CCM’s enforcement officers was obtained to compare the result of SSMEYE’s Apps with classical way of inspection. Primary data were obtained through original project documents, interviews and emails reviews which carried out at CCM and evaluated using some data analysis and comparison methods. Data gathered from mobile app and records from compliance division is regarded as the primary data source and literature review is regarded as the secondary data source, which is relevant as it being conducted by quantitative approach. The analysis was carried out using the Microsoft Excel 2007 and SPSS programmes.

IV. FINDINGS

The section presents and evaluates the outcomes of the statistic gathered fro SSMEYE’s Application on the number of inspection done by CCM

Results of survey focused on number of inspection done after the implementation of the mobile app. Based on the data obtained from the quantitative survey and its evaluation, it is possible to state that at present style of inspection is more effective way for compliance unit to perform their job and make the business entities comply with the organisations objective. Table 1 shows the increasing number of inspection in compliance unit.

Table.1: Number of Inspection

Year	Inspection
2014	17,188
2015	16,977
2016	19,234
2017 (till 31 st June)	15,600

Find that the number of inspection before introducing SSMEYE’s are lesser because the ispection is carried out in a classical way by 250 compliance officers in Malaysia. In 2017 till 31st June, the number of inspection is reaching almost same as 2014 to 2016. This is because of the new way of the inspection which monitored by 1200 all employees of CCM. The compliance rate of the companies also increasing. Figure 2, shows the increasing compliance rate of the companies.

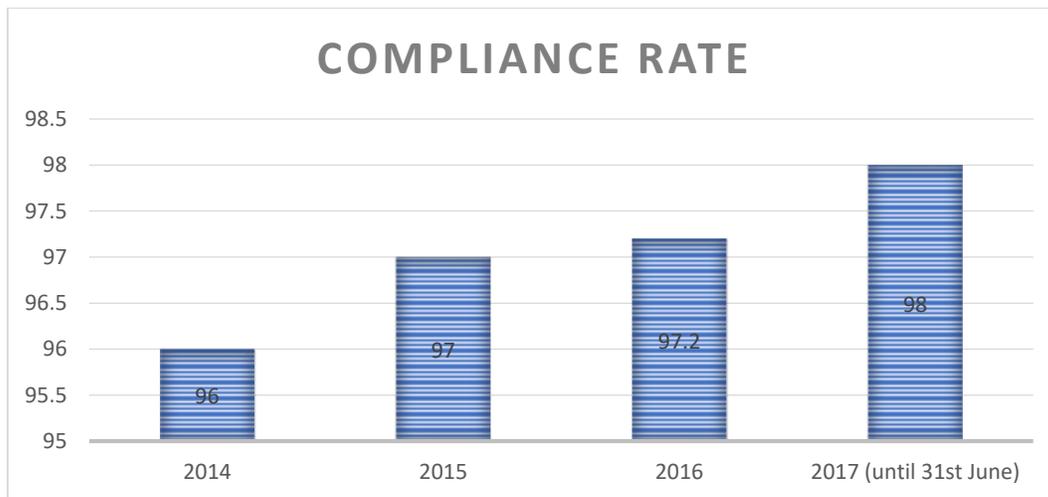


Fig.2: Increasing Compliance Rate

From the findings of the research, the value management factors which is cost, time, information are added value for the Organisation. This can be proof from the compliance rate. From 2014 until 2016 there are only classical way of monitoring done by the compliance officers. In that period, they spent much time on doing inspection using physical

papers. Checking the documents one by one. Other than that, they also spent money for travelling to the companies and printing the checklist for the inspection. All those spendings are now reduced by implementing the mobile application. The results shows that, in 2017 the compliance

rate reach 98% in 6 months. This means the innovation added value for the Compliance Division in CCM.

V. CONCLUSION

The basic approaches of the application of the SSMEYE's is to monitor the compliance level of companies and business entities in Malaysia will simplify the Standard Operating Procedures ("SOP") and will increase the number of inspection as whole. From the research we can conclude that, Innovation as we seem to know can create real, often substantial value, capable of adding significantly to the growth of organizations.

It is the growth enabler. So we need to unlock innovations prospective tangible value from its many intangible capitals that form unique and constantly evolving relationships. We need to evolve our innovation thinking, we need a more integrated approach. The more we are explicit and articulate our value creation, giving it clarity and context, the more we are treating innovation as the central point of driving our value creation management. Organizations need innovation, it is, or certainly should be unique, strategic and working at the core. Innovation has transforming power.

Whether in new ventures or in a corporate setting, what drives innovation forward is the ability to identify, prioritize, and systematically manage risks. The strategic product value management process provides a robust framework to manage risks throughout the innovation process along the product life cycle. Success requires developing three capabilities: an organizational structure that supports design to value and designed to cost.

REFERENCES

- [1] Autant-Bernard, C. (2001). Science and knowledge flows: Evidence from the French case. *Research Policy*, 30(7), 1069-1078. [http://dx.doi.org/10.1016/S0048-7333\(00\)00131-1](http://dx.doi.org/10.1016/S0048-7333(00)00131-1)
- [2] Bartak, J. (2006). Hidden wealth of the company. Prague: Alfa.
- [3] Bartes, F. (2009). Paradigm of Innovation and Value Engineering. Brno: VÚT
- [4] BH Online, Thursday, 15 December 2016
- [5] Hamel, G. & Green, B. (2007). The Future of Management. Boston: Harvard Business School Press.
- [6] <http://www.ssm.com.my/>
- [7] <https://www.ssm.com.my/acts/fscommand/a0197s0005.htm>
- [8] https://www.ssm.com.my/sites/default/files/companies_act_2016/aktabi_20160915_companiesact2016act777_0.pdf
- [9] Koellinger, P. (2008). Why are some entrepreneurs more innovative than others? *Small Business Economics*, 31(1), 21-37. <http://dx.doi.org/10.1007/s11187-008-9107-0>
- [10] Rajagopal, M. (2016). Kreativiti dan inovasi teras kejayaan negara – PM – <http://www.bharian.com.my/node/224150>, retrieved on Thursday, 15, 2016.
- [11] Stieglitz, S. & Ünster. (2015). Impact of Mobile Technologies on Enterprises: Strategies, Success Factors, Recommendations. Vodafone Institute for Society and Communications GmbH Ferdinand-Braun-Platz.
- [12] Tohidi, H. & Jabbari, M. (2012). The important of Innovation and its Crucial Role in Growth, Survival and Success of Organizations, 535-538.
- [13] Zemplerová, A. (2010). Innovative activity of companies and competitors. *Political Economy*, 58 (6), 747-760.
- [14] Zizlavsky, O. (2011). Involvement of customers in the innovation process as a means to increase business performance. *Journal of Competitiveness*, 3(1), 15-24.