

# Co-Creation, the Next Frontier for Small Medium Enterprise in Malaysia, a Literature Review

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**Abstract:** Intense competition exists in the small business sector. More businesses are putting their attention on consumers as a potent way of determining firm success through conversation, involvement, and engagement in order to give value-added services. However, little study has been done to determine whether co-creating customer value might increase brand equity, especially among SMEs. This research examines co-creation among SME consumers of service industries in order to address these gaps in the literature. This study review and present relevant literature spanning form landscape, success, origins, definitions, the diversity, competitive advantage, differentiation, co-creation innovation, the theory of collaborative advantage and the DART model of co creation. The literature review prepared the basic framework for further investigation because theory and model codes helped to create structures and emergent themes. The major goal of this study is to build an infrastructure of knowledge surrounding the co-creation phenomena and identify the existing gap in prior understanding of co-creation in order to give SME in Malaysia a competitive advantage. The literature review in this paper will highlight the need for knowledge on the advantages of working with consumers in co-creation experiences for business owners.

**Keywords:** Co-creation, social web, customer value, SMEs, services, competitive advantage.

## 1. Introduction

There has been a steady rise in the number of small and medium-sized businesses (SMEs) contributing to Malaysia's economy and GDP (GPD). Real GDP growth for small and medium-sized enterprises (SMEs) was 5.2 percent in 2017, with a total GDP contribution of 36.6 percent, SMIDEC (2017) said. However, many of the SMEs do not have the appropriate strategies, skills and necessary competencies to sustain in business let alone fending off fierce competition from competitors.

Prior research has shown that SME's failure rate is alarmingly high despite intervention from the government. SME

failure rates are largely due to SMEs' inability to grow and improve their products, according to Aristide, Zandi, & Bahmani (2014). There is a pressing need for greater research into how to enhance the survival rate of small and medium-sized enterprises (SMEs), according to Rahman, Yaacob, and Radzi (2016). SME failure in Malaysia is estimated by Ahmad & Seet (2009) to be 60 percent. With increasing competition, SMEs must alter their mentality from merely establishing competitive advantage to developing co-creation with their customers via strategic collaborations, partnership and value exchange.

Alvin Toffler (1980), in his book 'The Third Wave', argues that as the society

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moves towards the post-industrial age the phenomena of 'prosumers' becomes vibrant. "Prosumers" are people who not only consume, but also contribute in the production of products and services, either directly or indirectly. Companies and organisations must understand that customers are turning into partners and value creators, Prahalad & Ramaswamy (2000) argue, and companies must harness these competences from their customers and hence co-creation. This paper explores the relevant literatures relating to the dawn of co-creation in SMEs.

## 2. Defining the SMEs

Small enterprises are defined differently across the world. The size, revenue, and activity of Malaysia's SMEs are used to categorise them into four distinct categories. Inflation, structural changes, and altering business practises were all factored into the 2014 revision of the definition of either an entrepreneurship (SME). As a result of the new term SME, the sales quantity and employment requirements in a variety of industries and firm sizes were increased. In the words of Hooi, "SME" refers to small and medium-sized businesses (2006). Small and medium-sized businesses (SMEs) do not have a single definition (SMEs). Only fixed quantitative parameters, such as the number of workers, the amount of capital, the net assets, and much more recently sales turnover, are used to define a company's size in Malaysia's standards (Hashim & Abdullah, 2000). According to Omar, Arokiasamy and Ismail, entrepreneurs with less than 150 full-time workers or annual sales of less than \$25 million are considered small firms (SMEs)

(2008). In the service or primary agricultural production sectors, small enterprises are defined as those with fewer than 50 employees or with annual sales of less than \$5 million, whichever is smaller.

Micro, small, and medium-sized businesses (MSME) make up the bulk of the country's SMEs. There are no more than five employees or a turnover of less than RM25,000 in micro manufacturing. More than five full-time employees or a turnover of RM250,000 is required to qualify as a small manufacturing firm; between 51 and 150 full-time employees or a turnover of RM10 million is required for a medium-sized manufacturing enterprise. For manufacturing firms, sales turnover must be below Rm3 billion (previously RM25 million) as well as employees must number under 200 (previously 150) filled employees; for service and other industries, sales turnover must be below USD20 million (previously USD5 million) or employees must number under 75 (previously 50) filled employees.

## 3. Confronting Challenges

Every country's small-medium businesses face a variety of issues, including a lack of managerial competencies, limited access technology, low productivity, and a shortage of cash. Similar issues confront SMEs in Malaysia. MNCs are also a significant source of competition for Malaysia's small and medium-sized businesses (Salleh&Ndubisi, 2006).

In today's global economy, small and medium-sized enterprises (SMEs) face a number of challenges, including a lack of productivity, a lack of awareness of managerial abilities, and limited financial resources (Lucky & Olusegun, 2012).

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There are many pitfalls that small and medium-sized businesses face while trying to stay in business for five or even ten years (De Geest, Follmer, Walter and possibly O'Boyle 2015).

According to Scheers (2016), the most common cause of failure is 'myopic marketing and bad product development' (Scheers, 2016). Traditionally, companies and manufacturers design products and services exclusively based on what they judge "appropriate." There has been a rising realisation that the position of consumers has shifted from isolated to linked, from consumers to producers, and a 'active' participant inside the product development since the 1980s and early 1990s (Ritzer, Dean, & Jurgenson, 2012). (Prahalad and Ramaswamy, 2000). Open innovation (Gann & Dahlander 2010) is a method of doing business in which a firm looks for and adopts ideas and possibilities from outside sources and incorporates them into its products and services.

Literature on co-creation has advanced rapidly in recent years. For a company to remain competitive, adopting new technologies is a must. With new or improved products and a consumer-integrated product development process, companies benefit from being innovative in their battle against one another's offerings. According to the Service-Dominant (SD) Logic, Lusch and Vargo (2004), who position co-creation at the heart of the marketing literature, the interest in co-creation has been significantly underlined. SD Logic is built on the idea of co-creation with customers and partners, and the sharing of methods and know-how for generating a

competitive edge through values formed together.

It is essential for companies to have the ability to communicate with and "learn from" their customers, transforming them from passive players to active ones (Prahalad&Ramasamy, 2000). Firms and customers used to communicate in a one-way fashion when developing products and services in the past (Prahalad&Ramswamy, 2000). As with co-creation, viewpoints are exchanged, resulting in a 'humanization of the product development process that enables enterprises to obtain insights via the lens of participants' (Puzakova, Hyokjin and Rocereto, 2013).

#### **4. The Origins of Co Creation**

They claim that co-creation originated in the early 20th century according to Prahalad and Ramswamy (2000). Consumers began to put pressure on producers to improve the efficiency of their products and to emphasise their own personal experiences while using them. Business owners, on the other hand, are frequently focused with operational efficacy and profit and fail to consider the needs and expectations of their customers. Until the moment of exchange, clients and consumers have little or no control over business choices and activities, as is customary.

The concept of creating or producing a mutually beneficial product is uncommon in the business world. Scandinavian "participatory design" can be traced back to the 1970s as the genesis of co-creation (Ind& Coates, 2013). Payments are made to clients and specialists in similar or identical fields as part of this procedure.

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Using participatory design, a bigger group of people can get involved in the design process as a whole. The idea is participatory or concerted planning was intended to empower individuals and elicit their active participation. Customers and other stakeholders are actively involved in this Scandinavian model. Collaboration & co-construction of knowledge are essential to participatory design.

By giving employees a say in important business choices, the Scandinavian model encourages workers to set realistic expectations, which in turn lowers change resistance and promotes a more democratic workplace. That's what participatory design is all about: involving the people who will really be using the products or services you're creating. In addition to technology change and system development, Scandinavian participative researcher develops at the improvement and transformation of people, organisations, and practises in the context of change and development.

The Internet of Things (IoT), which is now the foundation of business operations, radicalises this type of interchange because design is about altering both artefacts and people, organisations, and societies (Bratteteig & Gregory, 2001). Businesses and enterprises face an increasingly fragmented media and channel landscape, and Omni channel management has emerged as a driver for this paradigm shift in the face of such technological developments (Verhoef, Kannan, and Inman 2015).

For businesses, social media interactions between customers are both a barrier and an opportunity (Leeflang et al. 2013). Customers have never had greater power,

and it's only getting stronger, thanks to the Internet's customer-centric culture that places a premium on interactivity, speed, uniqueness, and accessibility for all. That's a radical departure from traditional business thinking, which has long held that consumers are passive targets (Prahalad and Ramaswamy, 2000). To create mutually beneficial products, customers are now actively defining their goods and services and working closely with businesses to do so. Customers are no longer cut off from the production process; instead, they become intimately involved in every step of it.

In order to generate a mutually beneficial product or service, founder is a proactive strategy. Customers interact, participate, and engage in the co-creation process, resulting in long-term customer loyalty and improved brand recognition (Krishna and Dhaka, 2013). The hallmark of co-creation is the closeness of engagement between a business and its clients (Prahalad and Ramaswamy, 2000). Companies benefit from co-creation because customers may interact directly with the companies to provide an important strategic channel for expressing their thoughts. Co-creation encourages the exchange of ideas and serves as a venue for strategic dialogue. The necessity of consumers playing a significant part as a "co-producer" and a "co-creator" was frequently underlined in literature (Vargo & Lush, 2004).

It is possible for customers to discover issues and provide input, which helps to build new products and services (Prahalad & Ramaswamy, 2004). Involvement from the company's employees provides significant output and

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helps the business grow dynamically (Krishna and Dhaka, 2013). According to Jansen and Pieters (2017), businesses are undergoing a "paradigm shift" and realising that customers are moving from a passive to an active role.

End-users and consumers are increasingly being recognised as a fertile ground for new product and service development by a growing number of businesses (Prahalad&Ramaswamy 2000; Vargo&Lusch 2004). To gain a durable competitive edge, companies must engage in a collaborative process called "co-creation," say Grisseemann and Stockburger-Sauer (2012). (Gann and Dahlander 2010). Using co-creation, organisations can better understand their customers' demands and create a constant flow of inter-organization cooperation, a competitive edge, and greater company performance.

## **5. Co Creation and SMEs**

Business owners have long wrestled with the issue of long-term viability. In today's increasingly complicated and competitive market, a company's ability to continually innovate and improve its products and services is critical to its survival and success (Papageorgiou, Efsthaiades and Milikouri, 2017).

SME failure rates had previously been proven to be alarming. Small and medium-sized businesses (SMEs) fail at a rate of 60 percent in Malaysia, according to Ahmad and Seet (2009). SMEs have a difficult time staying on the cutting edge of their industries. Small and medium-sized businesses (SMEs) should collaborate with their partners, customers, and suppliers on new ideas and products both internally and

externally, according to other researchers. This is because successful companies are more likely to get one's ideas and information from multiple sources. According to previous studies, a strong working relationship with consumers is a necessary condition for organisational success (Revilla, Cossio and Vega, 2014). However, how about microenterprises that may learn from larger corporations? For the purpose of long-term viability, smaller businesses (SMEs) should embrace co-creation. As evidenced by academic publications, they aren't the only ones who see the good impact of customer interaction on business value (Revilla, Cossio and Vega, 2014). Because of improved communication technologies, small and medium-sized firms (SMEs) may cooperate with consumers and stakeholders.

Recognizing and capitalising on customer-centric experiences can give a company a long-term advantage in the marketplace. Co-creation with customers has been demonstrated to improve customer happiness and business success, among other things, according to other researchers (Guenzi and Troilo 2007). Co-creation has been shown to have positive benefits in various nations where significant corporations engage in co-creation, which directly ties to the company's mission of sustainability and the need to increase its competitive edge. As a result, the academic and managerial contributions to earlier literature on SME in Malaysia are particularly significant.

Co-creation is especially beneficial in marketplaces with a wide range of client needs, as is the case in many of today's markets. Multinational corporations such

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as Unilever, IKEA, Nike, and BMW have all adopted co-creation as a business strategy and have seen significant growth as a result. This has been possible through the usage of engagement platforms, particularly those that focus on the customer experience.

In the past, customers were considered as a source for expertise. Customer co-creation became a key innovation strategy, according to LEGO CEO Jorgen VigKudstrup. Through the use of social media, other countries have found significant success in using co-creation to promote betterment, innovation, and competitive advantages, as founder recognises the role and power of customers in a company's development. A product's brand awareness is increased by figuring out just what the target audience needs and wants and then delivering it.

Similarly, Japanese consumer product manufacturer "Muji," which started off as a tiny firm in Japan by allowing customers to share ideas for new goods in tandem with the production of consumer device concepts, is now a publicly traded company. As a result, according to Muji, products co-created with the company have sold better than those designed in-house. Among the companies mentioned are Adidas, Ducati, Procter and Gamble, and 3M. (Ogawa and Piller, 2006)

First and foremost, businesses in today's economy must constantly reinvent itself in order to catch pace with the ever-changing and dynamic nature of the global marketplace. For two reasons, uniformity makes it hard for businesses to distinguish themselves from their competition. To round things out, markets are much more fragmented than they used to be, and

customers have unparalleled access to data and networks. Finally, new modalities of production and invention have emerged as a result of technology improvement, enabling and encouraging greater levels of engagement and collaboration.

### **5.1 Co Creation and Participatory Design**

As a subset of Human/User-Centric Design, participatory design promotes a fresh attitude toward individuals. As a result of this approach, all stakeholders (e.g., consumers, residents and end-users) are actively involved in the project process to make sure that product produced satisfies their needs and therefore is useable. As Dell'Era and Landoni (2014) claim, user-centered design is gradually shifting toward allowing people to participate in the design process. Rather of having architects, researchers, and developers work alone on a project, participatory design encourages users to work along with them. One must challenge the established power structures of businesses, and relinquish management authority and transfer that power to customers, consumers, or end-users in order for one to embrace participatory thinking (Sanders and Stappers, 2008).

### **5.2 Co Creation and Literary Theory**

Diversity, according to Ind and Coates (2013), is a two-way street. Ideas can be examined via many perspectives and critics can help increase the product's value by providing feedback. Creating new value through co-creation is likened by Galvagno and Dalli as a peer-to-peer process. It is a highly cultural and symbolic activity in which consumers

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contribute vital inputs to the design of new products. As an illustration, consider Harley-Davidson motorcycles and the cultural impact they have on their clothes, which is closely linked to the brand's symbolic significance and the effect of customers on product design. Arnould and Thompson (2005) stated that consumers' co-created symbolic and cultural connotations are what makes a product appealing.

### **5.3 Co Creation and Open Source Movement**

Among those working in the field of computer software development, "open source" (OS) is a term frequently heard. An important feature of accessible groups is the social contact that takes place via the internet between members who have a common interest or goal (Carillo&Okoli, 2008). It is a social media network platform that allows communities to be grouped together.

"Social aggregations that develop from the net if enough people carry out public talks long enough, with enough human feeling to build webs of intimate relations in cyberspace" is another way of defining these communities (Carillo&Okoli, 2008). If you want to build a sense of community, you need people open to sharing their own experiences and opinions. Homans' Social Exchange Theory (SET) can be compared to this diversity because SET studies this same human behaviour inside the interaction between two parties that enact a price assessment to find risks and benefits, and this theory includes economic ties that occur when either participant has something that the other sides value. Social Exchange Theory (SET) is not included in this study's

underpinning theory since it suggests that humans assess the costs and rewards of developing relationships when making decisions about how to interact with each other.

### **5.4 Co Creation and Collaborative Innovation**

The term "innovation" refers to the development of a new idea or concept, as well as the processes involved in turning a concept into tangible products or services that have a marketable value. As stated by Olsson and Bosch, the two types of innovation are either cooperative or external, in which organisations use techniques to capture or develop ideas from external stakeholders (2016). 'Joint efforts comprising some stakeholders and hence the willingness to share and profit from discoveries inside the network' was termed explicitly as 'collaborative innovation.'

The term "collaborative innovation" refers to an approach to innovation in which companies form a variety of alliances and collaborations with third parties in order to jointly produce value (Carliss, Hienert& Hippel, 2006). The associated financial risks of the current project can be reduced through the use of a collaborative innovation strategy. According to Vanhaverbeke, Vrande, and Chesbrough, co - creation models have emerged as an effective means of sharing the costs and risks associated with innovation with other partners (2008).

### **5.5 Co Creation and Psychotherapy**

This diversity provides a chance for ego since the ideas or the answer are not already waiting for us, and they must be found together in this diversity, as Shotter

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(2005) explains. These co-creation techniques allow stakeholders to gain fresh ideas, which can result to breakthrough or refined concepts, according to Ind, Trevail, and Fuller (2012)

## 5.6 Innovation and Co Creation

Innovation, in the words of Schumpeter (1939), entails the introduction of new production and transportation methods, the creation of new products, and a shift in the way businesses are organised. Innovation, according to him, is not synonymous with invention, but rather with the practical use of newly developed technologies, new materials, novel processes, and alternative sources of energy. New processes, services, and/or products are created as a result of innovation, which allows new administrative and technical knowledge to be used more quickly to new product creation. Creating virtual prototypes and giving difficult concepts are just a few of the many activities that Kozinets, Hemetsberger, & Schau (2008) believe members of an innovative community should be encouraged to engage in as buyers of creative means generate useful ideas and solutions.

Collaborative innovation fosters powerful brand communities by establishing strong social ties (Hatch and Schultz, 2010). With the help of co-creation and communities, it is possible to build long-term, mutually beneficial relationships with current or potential consumers. Since you'll gain direct and honest input from markets through these kinds of collaborative innovation activities, Ramaswamy and Gouillart (2010) say, this technique of developing and engaging with co-creation groups boosts the social legitimacy for your brand.

## 5.7 Co Creation and Competitive Advantage

The word "competitive advantage" is one of the most often used terms in strategic management and strategy. Despite this, it is still difficult to define (Ma, 2000). In business, a competitive advantage refers to a condition or a position that gives a firm or a company an advantage over its competitors or a better position in the market (Bambenger, 1989).

Porter (1980) states that "comparative edge lies at the foundation of a profitability of firms in competitive markets" because the bulk of industry participants today operate in a hyper-competitive environment. Low prices, differentiation, or a successful strategy are all examples of Porter's concept of "competitive edge." For Peteraf (1993), the term "continuous above-normal returns" is used to describe competitive advantage, but Porter uses the term "competitive advantage from of the viewpoint of finance and accounting," which is where many organisations get their performance from. According to Peteraf, customers prefer high quality products and services to those given by competitors (1993). A company's capacity to supply equivalent items at a lower cost than its competitors is considered "most sorts of competitive advantage," according to the authors. Competitive advantages, such as lower costs, pricing, faster delivery, brand image, etc technical capacity, can be explained by the firm's allocation of resources and deployment and strategic decisions.

Bambenger (1989) says that a corporation needs have current equipment, skilled employees, an effective information system, and good management in order to



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retain and grow on its competitive advantages. The new economy requires organisations to shift their attention from improving internal efficiency to utilising external resources, particularly customer competency. Having a unique approach to value creation gives a company a competitive advantage, according to Barney (2012).

### **5.7 Co Creation and Differentiation**

Marketing's job is to make a product stand out from the competition by using advertising, premium pricing, and market segmentation. If employed to prevent potentially more costly types of rivalry like price reduction, this method may be highly cost-effective and useful in the near term, in an unpredictable & dynamic economy. Porter (1980) stated that In addition to a wide variety of other variables such as examples and product offerings, quality or newer technology, service excellence or technical help and a strong brand name or product line, a company's uniqueness can be based on a range of other factors. According to co-creation theory, "the key premise was that organisations might develop distinctive value by integrating customers, other partners inside the process of continual innovation and learning." Co-creation (Gouillart, 2014).

Multifaceted and subtle rivalry is also a part of market differentiation. Customers may be enticed by a company's image of quality, dependability, ease of use, or status. Diversification also increases market volatility and dynamism since it invites competitive responses. According to Miller (1988), rivals can mimic successful techniques, which would necessitate a shift in business strategies.

They are similar to the risk-takers described by Miles and Snow (1978) as prospectors, who have a proactive outlook toward the outside world. Marketing and innovation, according to Miller (1986), are the two primary ways in which firms differentiate themselves. Salesmanship, promotion, image management, and rigorous marketing such as appealing features, ease, and service assurances are all examples of marketing differentiators.

"Pioneering" is a term used by Miller (1992) to define inventive differentiators like adaptable that are distinguished from their competitors by their ingenuity in product development and novel implementations of new technologies, up-to-date innovations, and excellent designs (Sim, 1991). Even the most competent research & design (R&D) firms need to identify, link to, and exploit external information sources as a basic process in innovation to stay on top of the latest developments and quality designs (Chesbrough, 2006).

Co-creation requires a strong link to external sources in order to stay competitive in important competitive areas, such as customers, distributors, or other stakeholders, in order to uncover alternative sources of ideas. Price-cutting is not viable and will eventually lead to the extinction of the business, as Porter (1980) explains in his book, because earnings are required to keep firms functioning.

Because customers may acquire connected to the differentiated features, Krishna and Dhaka (2013) stated that successful differentiation strategy enhances customer loyalty. It's possible that customers may not value the uniqueness of the product enough to justify a higher price for it. In

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the event that this occurs, a cost leadership approach will easily overcome a differentiation plan. It's also possible that rivals or other businesses may soon come up with ways to replicate the distinguishing aspects of your product or service. As a result, companies need to develop long-term uniqueness sources that can't be readily and cheaply reproduced by competitors.

### **5.8 Co Creation and the Theory of Collaborative Advantage**

A study conducted by SivVangen but also Chris Huxham in 1989, known as the Theory of Easily Share (TCA), focused on the development and enablement of development events for partners, as well as the design and implementation of collaborative leader development events. These studies were all part of the TCA.

As widespread as global collaboration networks may be 'dyads' or two-party partnerships. According to (2000), collaboration is defined as a "collaborative arrangement among organisations that relies neither on the market nor on any hierarchical framework of regulation," as this represents a vibrant collection of encompassing working arrangements among targeted respondents for acquiring specialized services, ideas and also technology resources and capabilities.

Aside from that, the fundamental goal of the partnership is to disperse risk and share resources while also gaining access to technology know-how and strategic data. In order to get a real advantage through collaboration, something must be accomplished that could not be accomplished by any of the companies acting alone. 'Symbiotic' interactions,

where voluntary participation complements each other for mutual advantage and is practised in co-creation, making this theory suited for the research at hand on co-creation, and this generates the pinnacle of engaging with clients. Synergy is only one of the benefits of collaborative advantage; it also yields benefits that are competitive in nature.

As a result of partnerships, collaborative advantage enhances the firm's own gain and decreases that of its competitors, according to Teng (2003). There is now another explanation why this theory is appropriate and how the researcher would evaluate the findings of his study on establishing a competitive edge over business owners' competitors from this theory.

### **5.9 Dart Model – Dialogue, Access, Risk and Transparency**

As Prahalad and Raswamy (2004) designed the DART model framework, the DART model framework has the four components or sometimes called as its construction blocks of founder (Prahalad&Ramaswamy, 2004). Firms and consumers can collaborate by using these building blocks to support co-creation experiences. Organizational mechanisms that support and encourage strategic customer or partnership interactions throughout the life of the service cycle are described under the DART framework (Albinsson, Perera&Sautter, 2015).

The DART model, which has been around for a long time, is still commonly used to conceptualise & lead the implementation of co-creation since it comprises four constituents: There are four pillars of open dialogue: accessibility, risk, and

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transparency. This study defines conversation as the interaction of two equal problem solvers, most typically the firm's owner and its consumers, who are encouraged to act and begin sharing with the goal of generating.. Having a conversation is the same as having one. For co-creation purposes, "access" refers to marketing methods that allow customers to make their own decisions, as well as those that allow both parties access to important information or assets. Customers have the right to be fully informed before accepting a value proposition. Transparency and openness should be practised by both consumers and providers alike, so that no one feels cut off from the other.

The components of these elements are an important step forward or a good attempt to showcase the range of firm competencies required to effectively interact with clients (Mazur & Zaborek, 2014). However, Schiavone, Metallo & Agrifoglio (2014) argue that in order for the DART model to be fully utilised, the market must be based on the assumption that the industry is no longer a 'target' but instead an open discussion in which they will welcome this same customer input, distributors, or any stakeholders.

### **5.10 Co Creation and Dialogue**

An attempt to resolve a problem between two parties is described by Merriam-Webster as a "dialogue," which is defined as an exchange of words and ideas between two characters who are acting as though they are chatting. Companies and consumers should engage in an open and ongoing communication to co-create products, according to Tappe (2010). For the most part, it makes use of the latest in

electronic communication and stresses the significance of corporations taking their customers' input seriously.

Product creation, marketing, and distribution are all covered in this conversation. According to the Oxford Dictionary, "dialogue" refers to a substantive exchange of ideas. "Dialogue implies interaction, deep involvement and both sides' ability and readiness to act" (Prahalad and Ramswamy, 2004b, p.9) when used for the context of co-creation. It is a form of communication in which two equal problem solvers are eager to act and learn (Mazur & Zaborek, 2014).

Dialog replaces the traditional one-way flow of information from the supplier to the customers as a basic framework (Albinsson, Perera & Sautter, 2015). Dialogue is essential to the co-creation process. It is only via discourse that one may engage and exchange knowledge, which is the pillar of all interaction, as defined by (Prahalad & Ramaswamy, 2004).

Interactivity, engagement, and the readiness to react on both sides are all characteristics of dialogue. Customers and anybody else who is a stakeholder in co-creation should be the primary focus of dialogue, and the norms of interaction should be clearly specified. Dialogue, according to (Solakis, Pena-Vinces & Bonilla, 2017), comprises deep and dynamic involvement and interaction, which leads to the founder of experience.

The value of the co-created experience grows in direct proportion to the quality of a dialogue (Binkhorst & Dekker, 2009). As a result of this willingness to share and collaborate, the next framework, dubbed

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'access,' is born, which calls for customers to have timeous as well as immediate access to people and resources that will allow for a richer sharing of ideas. This data will be analysed as part of the co-creation process.

### **5.11 Co Creation and Risks**

According to the Cambridge Dictionary, risk is defined as the likelihood that something unpleasant will happen, however the Merriam-Webster dictionary defines risk as the possibility of loss. The right of customers to also be sufficiently briefed about risks they incur as a result of embracing the value proposition is referred to as "risk assessment." the danger to the consumer" was the original definition of risk assessment (Prahalad and Ramaswamy, 2004b). Making it easier for clients to make well-informed decisions appears to be the key goal here. Co-creator customers have such a better grasp of business products thanks to open communication, access, and openness from the company itself.

To ensure that customers are fully aware of the risks associated with accepting the value offer, risk assessment refers to the customers' role as value co-creators and their right to be fully informed about those risks (Mazur & Zaborek, 2014). Researchers (Albinsson, Perera, & Sautter, 2015). Customer analysis of product and service risks and rewards is essential. Another consideration is that, as the article points out, all participants in the process must conduct a risk analysis of the co-creation outcome (Albinsson et al., 2016; Prahalad&Ramaswamy, 2004).

To assist their clients make educated decisions and build trust, companies

should convey not only the advantages but also the potential hazards of their offerings (Prahalad&Ramaswamy, 2004, 2004). According to (Albinsson, Perera&Sautter, 2015), a good risk assessment offers customers with accurate and timely information about the costs and rewards of their contributions, allowing them to make informed decisions about the dangers connected with the founder of the value.

### **5.12 Co Creation and Transparency**

The DART model's final and most important component is openness and accountability in all aspects of operation and information exchange. As both Word and Oxford Dictionaries describe Transparency using the same definition and rationale, it is difficult to define the term. There are two definitions of "transparent," one from Merriam-Webster and the other from the Oxford Dictionary: one describes it as a quality of being transparent, allowing things to be seen through it. According to the Oxford Dictionary, openness is further defined as the trait of being done openly and without concealment. To put it another way, in order enable co-creation to take place, a business must be open and honest with its information. As a result, transparency means letting go of the need for customer-supplier information asymmetry and committing to openness of communication; in other terms, it means sharing information (Mazur & Zaborek, 2014).

As stated by (Solakis, Pena-Vinces& Bonilla, 2017), transparency is the fifth building block of communication, and it is a precondition for both discourse and access to information. When information is shared in a way that both partners can

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benefit from, it's called the "symmetry of information during exchanges" (Spena et al., 2012). Having an open and honest discussion with both sides is essential for this process to work effectively.

Because of this, customers have a better experience and co-creation has a higher success rate when companies are more open. When it comes to building client loyalty and establishing a competitive edge, it might be counterproductive for companies to provide information that appears confidential (e.g., transaction fees, security operations, profitability, product development details). Co-creation necessitates this final step since it proves the firm's honesty and dedication to transparency (Albinsson, Perera&Sautter, 2015).

### **5.13 Co Creation, Customer and Knowledge**

In the end, co-creation differentiates the company from its competitors since it provides customers with valuable information about their needs. Company operations are influenced by the knowledge of customers that is embedded in their connections with the company. Product development is better when there is a high level of client interaction.

Customer knowledge has been found to be one of the most important knowledge sources for a business in numerous studies and research projects. According to Gibbert et al. (2002), the potential for "co-production" and "co-creation," whether in an individual or group environment, to improve innovation and company performance has sparked substantial attention. Customer knowledge, according to Campbell (2003), is a facet of co-

creation, which is true because the goal of co-creation is to collaborate with customers and solicit their ideas, knowledge, and abilities. The strategy by which cutting-edge industries liberate their customers from being passive recipients of goods and services and instead empower them as knowledge partners is described by Gibbert et al. (2002) as "the procedure by which cutting-edge organisations seek to know what the customer know."

Because of the widespread use of social media and internet tools, companies and their customers may now more easily communicate with one another (Randall, Gravier, and Prybutok, 2011). For firms, customer knowledge has become a crucial intangible asset, as it helps them both create and re-configure value (Matthews, Sanden and Edvardsson, 2004) where consumer knowledge becomes a critical intellectual asset for organisations. They call consumers "sources of expertise for the corporation," and this is mostly due to their expertise, as they are even with all the end users or consumers of its products and services. (Prachad&Ramaswamy, 2000).

### **5.14 Co Creation and the Community**

To better connect with clients, social media has been a boon since the arrival of web 2.0 (Nambisan and Baron, 2007). The dynamic connections of online communities are also facilitated and strengthened by social media platforms, allowing customers to share brand tales with one another (McAlexander, Schouten and Koenig, 2002).

Communities are essential to the process of co-creation. Butscher (2002), Gustafsson et al. (2004), and Stauss et al.

(2001) claim that co-creation takes place with in context of customer communities, while Zwass (2010) claims virtual communities are essential for customer engagement, as they start contributing to the founder process (Zwass, 2010). There is no improved place to look for a competitive advantage than the established neighborhoods of customers of a company.

### **5.15 Co Creation and Value Propositions**

To put it simply, a company's business model refers to the promise it makes to customers if they buy their stuff or use its services. Customers, businesses, or products and services can all benefit from value propositions that are universally relevant. a company's "unique blend of product and service features, customer interactions, and corporate image" (Kaplan & Norton, 2000).

An organization's ability to separate itself from its competitors is outlined in this section. According to Terblanche(2014), value propositions are born out of client involvement in the value development process. Co-creation influences the business's ability to provide individualised services and greater customization so it can leverage client feedback to generate stronger value propositions when they have a substantial impact on the outcome they encounter with the firm. This, in turn, is the value that customers place on an organisation.

If both business owners and customers collaborate and co-create in order to experience and share value, this is what co-creation is all about: achieving mutually beneficial outcomes through a

mutually beneficial synergy between the two parties.

### **5.16 Co Creation and Strategy**

Strategy is a firm's philosophy of how to outperform the competition in the markets in which they operate (Barney, 2001). According to Barney et al. (2012), a firm's 'projection' or forecast about the financial markets that will occur in a marketplace or other marketplaces and how certain processes might be exploited to attain superior performance occurs before a strategy is put into action. The goal of strategy is to outperform your competitors in the marketplace. He defines strategy as "the match an organisation creates between its own resources and abilities and the opportunities or threats provided by its external environment."

Collaboration and planning are essential to bringing value to the table. According to Ramaswamy&Ozcan(2013), strategy development is increasingly becoming a shared process of founder discovery in companies. Table f value and co-creation strategies involve corrective goods / service, improvement, creeping improved performance and radical improvement, according to Anbardan and Raeyat (2014). They also mention radical improvement Soltanzadeth (2014) explains these tactics in detail; they are as follows: In instances where innovation process is low and co-creation is viewed as a lower level, firms work with customers to develop synergistic and inventive methods. Corrective Service or Product Improvement In instances where open innovation is minimal but co-creation is high, several tactics for gradual product or service development are appropriate. When a group of consumers and

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communities collaborates with the company, these tactics might be used. When a corporation does not have a strong innovation, this approach is utilised to make certain incremental service or product enhancements that strengthen the company's competitive edge.

In companies where open innovation is valued more than co-creation, a strategy known as "crawling product or service improvement" is appropriate. In these cases, the corporation uses open innovation to its full potential, but customer collaboration and co-creation are low on the priority list.

When open innovation and co-creation are judged to be at a higher level, radical service or product development tactics are appropriate. In light of the company's open innovation methods and the presence of customer collaboration groups, these techniques are so radical that they could lead to major alterations in the company's products or services.

## 6. Conclusion

They researched and presented relevant literature that covered a wide range of topics including the landscape of forms, success and origins, as well as definitions, variety, competitive advantage, differentiation, and co-creation innovation. Using the theory and model's codes to build clusters and emergent themes, the literature review would lay the groundwork for further investigation. While this research builds an infrastructure on knowledge around the phenomena of co-creation, also it identifies the current gap in previous knowledge of co-creation in Malaysian SME's competitive advantage. According to the research

conducted for this article, business owners can profit from engaging with clients in co-creation experiences.

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