

Research on Services Innovation to Improve the Level of City ——In Case of Shanghai

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Abstract

City-level upgrade can help to improve the function of the city to play. Because of the modern services is in the both ends of the "smile curve", it become a pillar industry to enhance the city level. Strong radiation, high value-added features and wide employment functions of modern services can induce high-class city, raising the city's position in the world city system. Energy plays a role as a bridge-level cities in promoting China's economic integration into the international economic system process, it became a contacts for talent flow of domestic and foreign capital. The world's major international city has a very developed modern services, Shanghai must promote services innovation as an important way to improve the city level when achieve the goal of global cities.

Keywords: Service Innovation; Global city; City level

1. Introduction

Under the influence of globalization, the construction of an international metropolis is an important strategic objective of a country. Realization of the goal of building an international metropolis is reflected by enhancing the city-level. Enhance the level of a city in the world urban system, of course, involves many aspects, but the core is the basis for industry support. And modern service industry just is the basis. In today's world city competition, the major cities improve the city's level by sparing no effort to vigorously develop modern service industry, which is an important international city development experience and trends. New York, London, Tokyo and other global cities are through the development of modern service industry to achieve global control and management of economic resources, so that to expand the city in the domestic economy and competitiveness of control.

2. To Enhance the City Level Must Vigorously Develop Modern Services

City level is emphasized by the city's degree of modernization of the overall quality of the inherent and influence to the surrounding areas. In the context of economic globalization and information technology, the level of city mainly reflected in the connection and coordination of foreign economic, and the ability to integrate elements. From the world famous city of the development process, the development of city is the space carrier and market foundation of the development of the service industry. The integration development of modern service industry and urban, becoming a driving force to promote the process of city and to improve the city level. They interact in the development process, thus promoting the city-level.

2.1 The Development of Modern Service Industry is a Prerequisite to Enhance the City Level

Service industry plays a very important role in the promotion of the first and the second industry's modernization. The modernization, by self-upgrading, is the inevitable choice for the development of traditional industries. In this process, the service sector plays a role that can not be ignored. In practice, the new industrialization depends on the level of development of information services, and the development of modern manufacturing industry also needs the support of financial, insurance, logistics, business services, research services and other service industries. In addition, the service industry in various fields of the city has a strong and comprehensive penetration force, which can optimize the allocation of resources of traditional industry. Derived from the historical process of city's development, city's concentration and diffusion capacity and positive external effect are positively correlated with the development of modern service industry. Accordingly, such as and some other cities with global influence are a high proportion of modern service industry city. Therefore, some cities with global influence, such as New York, Tokyo, London, whose modern service industry accounted for a very high proportion.

2.2 Modern Service Industry is to Enhance the Effect of Urban Agglomerations Power Source

Modern service industry is usually associated with the use and creation of relevant knowledge. It don't increase the marginal cost and don't reduce the marginal revenue, also it has obvious scale economy and scope economy. It can improve urban agglomeration effect by external economic effects, thereby expanding the influence of the city. Developed logistics system, perfect public utilities system, intensive information and modern means of communication, all of them can greatly reduce the cost of the transaction. The higher the proportion of city's service sector, the greater the external economic effects, and then the stronger the aggregation effect of the city. This is the main reason that a lot of big companies and multinational corporation headquartered in service industry developed cities.

2.3 The Development of Modern Service Industry is an Inherent Requirement to Enhance the Ability of City's radiating

Transportation development, communication technology innovation, and financial system consummation , are making the production diffusion transfer from the central node to the surrounding area of the city, and thus influence and drive the development of the surrounding industrial economy. The city with advanced functions can affect a country's and even the world's economy. Its role because of its well-developed service sector. The more developed service industry city, the greater economic effects of radiation driven.

2.4 The Development of Service Industry to Provide Follow-Up Impetus for Improving the City Level

During the period of transformation, with the increase of the proportion of the service industry in the national economy, they are playing an increasingly significant role as the driving force of the city development. Its mainly as follows: First, to increase the production of services. With the rapid increase in social production, the supporting services, such as finance, insurance, technology, have a larger space for development. For example, marketing requires the service of advertising, Intermediary and media industry. The higher the degree of specialization of production, the more demands enterprises to strengthen cooperation and exchange and requirements of developed market service system. The second is to increase the life service. With the improvement of people's income level, inevitably began to pursue richer material consumption and spiritual enjoyment, which also promoted the development of a range of service industries, such as tourism, sports, health care and so on.

Meanwhile, the improvment of city-level also can be a propeller of the development of the service sector. Cities, especially international metropolis, gathered a lot of advanced productive forces, talents and strong financial support, and infrastructure more complete, better investment environment and more concentrated market. Modern services will be developed more comprehensively and more efficiently in this space. The city, which has a high energy level, can often play a special role in the growth pole. With the rise of international metropolis, populated, capital accumulation, scale, radiating effect and rapid economic growth are play a major role on the development of the surrounding area of modern service industry.

3. The Necessity of Promoting Innovation in Service Industry in Shanghai

In essence, the construction of global city finally should be embodied in the perfection and improvement of the city's high-end service function. Its root lies in that the service industry's high-end, high efficiency, branding, and international development all need high request to the service economic's development scale, structure and quality. The importance of modern service industry in the national economy is definitely not hype, with the rapid development of modern service industry, it has become the core of the world economy, and become a new growth point of urban economic development, thus to promote the integrated development of the world economy. Services innovation as an important part of the development of modern service industry, can largely reflects the energy levels of a city. Here elaborated from both the micro and macro aspects of Shanghai to promote the need for innovative services.

3.1 Strategic need of Shanghai building Wisdom City (Micro-Level)

No matter what time, change is the world's eternal rule. If you stick to any organization or business conventions, satisfy with the existing state of affairs and reluctant to move forward and unwilling to innovation, it is impossible to maintain their competitive advantage. Specifically, the need to promote services innovation with the following:

3.1.1 Give Full Play to the Modern Services as Main Channel to Ease the Employment Pressure

As we all know, many areas have been suffering from troubled unemployment. Today, we are advocate "people-oriented", and the important goal of increasing employment in this modern economic development should be achieved. The service industry is a natural "reservoir", which can create jobs. Compared to other industries, service sector's employment elasticity is large, both labor-intensive, technology-intensive and knowledge-intensive, and can absorb a variety of high-quality workforce. Service industry has strong adsorption force, which can pull the surplus labor and resources in the surrounding area flow to big city cosmically; Service industry also has a strong radiation force, affecting the socio-economic development of the surrounding area. The current job market in Shanghai present structural unemployment phenomenon of difficult employment of College Students , the fundamental reason is that the imbalance of economic structure and lack of development of service industry. Employment is vital to people's livelihood, Shanghai will vigorously promote innovation, accelerate the development of modern service industry, to alleviate the pressure brought by employment and reemployment, then they will play a positive role on the comprehensive and coordinated development of society.

3.1.2 Industry Characteristics Determined

The inherent requirement for achieving sustainable development of modern service industry is service industry innovation, so as to improve the level and quality of service, and then gain competitive advantage. Service's competitive advantage is more difficult to maintain than manufacturing's, since competitors can imitate easily to provide services and products, by some method or way of "decoding" and copy, even if some elements are invisible competition . Only through innovation, can the company obtain and maintain the core competitiveness of the industry, and take the sustainable development mad, so as to enhance the economic strength and radiation influence of Shanghai.

3.1.3 The Variability and Diversity of Customer's Demand

Innovation is an important aspect of implementing customer-oriented service concept. Expectations and requirements of customers are not static, to adhere to customer orientation, we must constantly innovate to meet the different needs of customers. Customers buy not only goods or services, but most importantly the interests and values of them. Through innovative services in order to promote the development of modern service industry, and then to meet the public's needs and expectations,so as to enhance the degree of modernization of Shanghai.

3.2 The Need of Achieving Global City Target for Shanghai (Macro Level)

Shanghai's city location is the "four centers", and its strategic goal is the top global cities. In the "location of four center", finance, trade, shipping belongs to the service industry. It should be said, Shanghai is trying to build a service-oriented metropolis in line with the trend of world's economic development. In the process of "innovation-driven and transformation of the development", it is very necessary for Shanghai to construct the global city by promoting services innovation.

3.2.1 The Key Factor to Improve Resource Allocation Capabilities and International Influence

We need some new perspective on the economic transition Shanghai. Shanghai want to practice the Party Central Committee's "four lead", and inevitably requires some platform, which have the ability to allocate global resources, to match. The urban functions should be upgrade, the economic structure should be optimized, and service quality should be improved. the service industry in Shanghai, in terms of its economic size, capacity levels, resource allocation capabilities and international level, does not have the superiority compared with other domestic cities,let alone the international metropolis. According to the survey data shows, Shanghai's global resource allocation ability ranked at the bottom of the six international metropolis, only half of New York (Table 1). Meanwhile, the research center of Shanghai government measured the strength of the city's international influence, starting from the hard-power, soft-power and global linkages. According to the results of data processing: Shanghai's international influence ranks last in seven major cities(Table 2). This is not commensurate with Shanghai's economic status in the country, and also means that Shanghai's modern services have a great space for development.

Table 1: Overall Ranking of Global Resource Allocation Capabilities

| Rank | 1 | 2 | 3 | 4 | 5 | 6 |
|---|-----------------|----------------|----------------|----------------|----------------|----------------|
| City | New York | London | Paris | Tokyo | Beijing | Shanghai |
| The power of global resource allocation | 0.2109 (100) | 0.2074 (98) | 0.1784 (85) | 0.1734 (82) | 0.1197 (57) | 0.1101 (52) |

Notes : The number in parentheses is converted into percentage (Ranked number one in New York for 100 hours)

Table 2: The Seven City International Influence Scores

| City | International influence index | Rank | The soft strength index | Rank | Hard power index | Rank | The global contact index | Rank |
|-----------|-------------------------------|------|-------------------------|------|------------------|------|--------------------------|------|
| New York | 100 | 1 | 100 | 1 | 100 | 3 | 100 | 2 |
| London | 95 | 2 | 96 | 2 | 89 | 4 | 107 | 1 |
| Tokyo | 87 | 3 | 81 | 3 | 118 | 1 | 78 | 3 |
| Singapore | 79 | 4 | 74 | 5 | 109 | 2 | 76 | 4 |
| Hongkong | 77 | 5 | 78 | 4 | 78 | 5 | 68 | 5 |
| Beijing | 71 | 6 | 73 | 6 | 71 | 7 | 65 | 6 |
| Shanghai | 60 | 7 | 60 | 7 | 75 | 6 | 64 | 7 |

Services is the core of international influence. Global cities, relying on its powerful modern service industries, occupy a favorable position in the international division of labor and resource allocation, to gain competitive advantage and grab maximum benefits. To become a global city, Shanghai must vigorously develop modern service industry, and become the service industry metropolis. The construction of hard power, soft power and global linkages all need the development of related services as a fundamental guarantee. Shanghai must vigorously promote services innovation, so that the modern service can give full play to the role of resources allocation ability and international influence, as main radiation source.

3.2.2 An Important Means of International Development and Brand Building

The world's famous international metropolis like New York, London, with its rapid growth of producer services, and continuously improve of the level of division of labor and professional services, thus forming a functional layout features of agglomeration. Since early twenty-first Century, the world's major cities have emerged that the financial sector and certain producer services focus to the Central Business District on the trend. However, compared with the world of international metropolis like New York, London, Hong Kong and Singapore, Shanghai has a big gap about the number of foreign banks; None of the 500 largest multinational headquartered in Shanghai. In addition, although Shanghai is the most concentrated city about the China's financial institutions, but only Bank of Communications, a national commercial bank, headquartered. Due to lack of functional gathering ability, the level of integrated services for enterprises' international operations are still unable to provide a qualitative improvement, which in turn affects the Shanghai's industrial clustering capabilities. Therefore, Shanghai must accelerate innovation in services, adhere to "go out" to create "Shanghai service" brand, and then enhance the status of Shanghai in the world system.

4. The Proposals of Shanghai Accelerating Innovation Services to Enhance the City-Level

The larger the city, the greater the economies of scale, which means more business opportunities. The influx of large number of resource elements, will increasingly enhance the influence and aggregation of the city, which is the city-level of international metropolis. In view of the necessity of Shanghai to develop innovative services to promote modern service industry, for a long period time, Shanghai should take accelerate innovation as an important way to enhance the city level, thus achieving its goal of global cities.

4.1 Improving the Government-Led System and Setting up the Top Propulsion Mechanism which is Scientific, Pragmatic and Administrative-Effectiveness

Establishing the "services innovation committee", with administrative effectiveness, hold by government leaders in senior positions, with overall responsibility for the entire information technology, service-oriented management in Shanghai, formulating relevant regulations to promote innovative to enhance the effectiveness of the executive committee, and then playing a full role of the government "visible hand". At the same time, government should put the overall interests priority, departments should communicate in a network way with others, co-ordinate and negotiate to form the internal and external linkage, the upper and lower interaction situation, and avoid the "obstruction" phenomenon, to create a good political situation for innovation in the service industry, gradually promote innovation in the service industry.

4.2 Improving the Fiscal and Taxation System to Enhance the Innovation Ability of Service Industry

The government should gradually optimize and perfect the tax policy of strategic emerging industries and key projects, which related to the construction on services innovation. First, promoting services innovation by establishing special funds and industry-funded projects, government should focus on the development, support services in key areas and leading industries. Second, actively guiding domestic and foreign venture capital groups and private equity companies to invest and participate in major construction projects related to the building of services innovation capacity. Finally, organizing the city's various financial institutions and improving the financial system, and then focusing on supporting the majority of SMEs, which meet services innovation-orientated.

4.3 Optimizing and Perfecting the Allocation of Talent Resources

Shanghai should aim to cultivate services personnel, increase efforts to support the market for talent and improve the allocation of system resources, focusing on the introduction and cultivation of shortage talent, such as technology entrepreneurs leader, technology research and development leader and senior blue-collar; Actively attract top talent from international and domestic to Shanghai for business development; Giving research conditions and living facilities to high-level personnel, so that to attract and retain the people which enterprises needed; Encouraging universities to open related majors, such as modern services and city level, to enhance and promote universities, businesses and research institutions to synergy innovate under the innovation network environment, and to establish the personnel training and innovation base of integration of government-industry-academia-research. Improving the employment service network, by establishing and improving various services industry talent repository, actively building talent exchange platform and talent management services mechanism, in order to provide high-quality human resources to accelerate the development of modern services.

4.4 Establishing the Linkage Mechanism of Shanghai and the Yangtze River Delta to Provide Energy for Integrating into Global Value Chains

Shanghai, a coastal city, has obvious open advantages, through mutual communication with the Yangtze River Delta cities, learn from each other to reach a consensus on development goals and achieve path on the improvement of city level. Collaborating in the promotion process and jointly promoting the services sector innovation, and then gradually to enlarge the modern services' radiation effects. Meanwhile, in the process of infrastructure and software construction of services innovation, Shanghai should leave sufficient interfaces for Yangtze River Delta's cooperation development. Shanghai should take the lead to achieve docking in aspects of data and technical standards, government information sharing, laws and regulations, administrative management of key field and so.

4.5 Speeding Up to Layout "Third Industrial Revolution"

In the information industry, "third industrial revolution" based on a combination of Internet technology and renewable energy, is coming. Shanghai is in the transitional period of transition from "manufacturing economy" to "service economy", getting ahead in promoting the new industrial revolution on the road, further analysing measures, which may be take when facing the new industrial revolution, giving full attention in policy, talent and industry layout. Pay particular attention to some technical and direction now seems too small, and dare to implement some things. So in the context of the new industrial revolution, breaking resource constraints and then promoting the deep integration of manufacturing innovation and service innovation.

4.6 Perfecting the Patent System to Protect the Benefits of Services Innovation

Patent system is an important institutional arrangement to promote innovation development. It can improve profitability patent period, and encourage innovators to engage in more innovation, by giving them exclusive rights to its innovative products. On the innovation in the service industry, playing the role of the patent system has certain difficulty, for services innovation can easily be imitated by competitors, such as travel agencies design tourist routes, the development of new types of insurance companies, and finance companies' financial innovations. Perfecting the patent system and enhancing service industry's patent awareness, so that innovation in the service industry will be more and more incorporated into the patent protection system, thus promoting services innovation.

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