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STRATEGIC CHANGE: A STUDY OF TQM AND INNOVATION

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Abstract:

This paper discusses the idea of strategic change with context to TQM & Innovation. As strategic change consists of continuous change and discontinuous change, so that's why we analyzed both because these are the emergent factor of total quality management and innovation. It also explains the process that how the organizations adopt innovation and TQM. This study describes the relationship between Strategic Change, Innovation, and Total Quality Management. This study provides proves from the literature that these three factors have strong affiliation with each and other and also provides prove that the adoption Of Innovation and TQM is very crucial in Modern era.

Keywords: Strategic Change, Total Quality Management; Innovation, Organizations, and Emergent factors.

1-Introduction

All organizations are going to have some types of change. Many of these changes are the results of management fads. Management fads mean change in culture, process of the business, engineering, empowerment and total quality. Some other changes are made by the organizations on the base of their competitive conditions. From previous records it results that strategic change within the organization is poor. Many fail to understand it, because of turning plans into reality, rather than the formulation of plans. To make real strategic change it is necessary to change in the manners or ways in which individuals within an organization behaves. Strategic change needs three ways that managers should focus. First it is necessary to know the culture of the organization, attitude and behaviour of the employees. Secondly if implementation of change efforts is to be successful, they need to design to fit organizational context. Third the change is about changing people not an organization. When employees and managers bring change in pattern of doing business, it needs to be realized that employees are a major part of it. When the organization goes for the change of their entire setup, means they change the way of thinking (vision) way of doing (mission) what they want to achieve (Objectives) how they want to achieve (Strategy). The definition of strategy in firm's context is being defined by the resources they have employed, the competitive advantage they have on the competitor, and by the Scope of the organization (Hofer and Schendel 1978). Strategic change defines as the quality they are producing and its difference with the competitor's (Rajagopalan and Spreitzer 1997). In accordance with the definition of strategic change firms & their external environment are the cause of strategic change. The reason behind this is that performance of the firm depends upon the fit between firms and their external environment forces, such as the existence of opportunities and threats. In other words due to change of external environmental forces, firm would change their strategy in response to these changes. This act of change by firm also affects the occurrence of strategic change. Strategic change consists of discontinuous change and continuous change. Discontinuous change begins with

innovation and continuous change begins with total quality management-TQM. While reviewing this paper it is necessary to have some idea about discontinuous change and continuous change. This word discontinuous is used for those organizational changes that are internal and infrequent. The discontinuous change occurs when the organizations start to travel in wrong direction or you can say that the organizations have goes besides the condition of Equilibrium. Divergence is due to the episodic changes, which occurs in specified period when perception of shifts by external events or internal events. Discontinuous change is typically a sudden and unpredictable change. From the example point of view there is dramatic grown in ecological sciences and has studied discontinuous changes such as the sudden extinction of species when their environment change. According to (Mintzberg and Westley 1992) discontinuous change are slower in speed and infrequent in numbers. Time duration of one episode of the discontinuous change is being measured by the time spends upon the one stage of development of the organization. The cause of discontinuous changes is replacement, inertia, and the triggering of change. Inertia is defined as the lack of ability of an organization to coup with the rapid changes in the market. Inertia can causes due to many reasons but we mainly focuses on these fives in our study, Performance of Employees, Environment of the organization, Structure of the organization, Characteristics of the top management and finally the strategy that is being adopted by the organizations (Ford and Back off 1988). Replacement means one entity or person takes the place of another or one entity is the substitute for second person. The first identity does not become the second but substitute for it.

2- Review of literature

Instead of moving toward review of literature we would like to discuss the concept of total quality management and innovation. What is TQM is quite problematic because of the absence of its uniform definition (Iau & Aderson 1998). The basic idea of TQM was introduced in the mid- 1980's by W-Edwards Deming; Joseph Juran; Kaoru Ishikawa; Hackman; and Wageman 1995). "TQM is an integrated organization strategy for improving product and services quality" (Waldman 1994). According to (Brown and Eisenhardt 1997) Organizations that changes continuously are considered that they have the ability to coop with the rapid change of Environment through any mean may be through development of new products or may be trough acquiring new technology. By Continuous change we means the organizations are developing, and increasing the number of employees and technology on regular basis. By Change we also mean the pattern of nonstop modifications in processes and practices of the organization. This paper analyzed the concept of Innovation and TQM. As already mentioned that discontinuous change begins with innovation and continuous change begins with total quality management. So the purpose of this research articles is to create an understanding regarding Innovation and TQM, their process, the situation in which TQM and innovation are implemented or why to adopt total quality management and innovation, how they impact on the firm performance.

The relationship of TQM to firm performance in most studies show positive relationship (Kaynak 2003) and most respond to negative relationship. TQM is the method or process by which the goods and services are being continuously improved. It is a management tools that used to increase quality of Products, expand business, and reducing loses. (Damanpour 1991) defines innovation as anything that is new to business is called innovation that may be a system, any policy, any process, any product or service. accordance with relationship of TQM & Innovation, there exist conflicts among arguments made by different researcher. Some argues that there is a positive relationship between these two variables, while some support the argument about the negative relationship innovation and TQM. Researchers who

argue that there is a positive relationship said that the firm who embedded TQM in the Organizations will definitely provide a supportive environment for innovation and also for the growth of firm. The reason behind this statement is that TQM always embed the principles that are harmonious with innovation (Dean and Evans 1994; Kanji 1996; Tang 1998). One of the principles is customer orientation that always encourages the organizations for consistently searching in needs of the new customer and tries to fulfil that needs and expectations which lead organizations to innovation (Juran 1988). (Flynn 1994) findings suggests that there is significant different between product innovators (Slow, medium, fast) which are based on TQM elements. Some people are not agreeing with the statement of positive relationship between TQM and innovation such as (Bennett and Cooper 1981; Dean and Evans 1994; Lynn, Morone et al. 1996). TQM could lead organization to be a narrow minded (Reed, Lemak et al. 1996). TQM can hold back creativity and innovation due to its strict standards (Imai 1986).

3-Discussion

3.1. Total quality management

According to Kristen terry (2010) total quality management is the process by which employees and management are engaged and involved them self in the continuous improvement in goods and services. The basic aim of the TQM is to increase the business by the combination of quality and management tools and to avoid loses that happen due to wasteful practices. In TQM the word quality is attribute that describe the culture and attitude of a company, who strive for provision of better services and products to their customer. It is the philosophy that integrates whole of the organizational functions should focus on the satisfaction of customer needs. TQM lead to continuous improvement in all aspect of organization that definitely causes the continuous improvement in capabilities of people, processes, and technology and machine capabilities.

3.2. Total quality management process

The TQM process includes the following elements that are being used by organization. These are:

- Leadership and upper management involvement
- Vision, mission and guiding principles
- Communication, leadership, teamwork and job-related skills training
- Communication improvement
- Team work
- Customer satisfaction
- Focus on improving the working environment
- Strive for continuous improvement

3.3. Why to adopt total quality management

Some firms or organizations unable to maintain and survive them self in the market, the reason behind this is the lack of understanding employees, management beliefs, customer expectations and their needs. Therefore by adopting TQM philosophy organizations become more competitive, new culture is established, a sound working environment is established in which everyone has opportunity to success, stress is reduced, working environment is more enjoyable, and teams are build and co-operation among members.

3.4. Innovation

The most widespread, far and wide adopted definition of innovation is “innovation is [an internally generated or purchased device, system, policy program, product, process or service that is new to the organization]”. Innovation is considered as a tool for firm survival. If organization internal as well as external process is well positioned, then innovation will function in smooth way for a competency. There are several kinds of innovations, Product innovation, process innovation, innovation in marketing and the organizational innovation. Product innovation and process innovation is link to technological innovation, the product innovation objective is to meet the requirements and needs of customers and external markets where as process innovation purpose is to introduce a new element in material, machinery, process and workflows. Process innovation focus is to make improvement in productivity and enable organizations to produce large amount of product and service when there are limited resources. Similarly when new marketing methodologies are used such as product design, packaging, placement, promotion and pricing is considered as marketing innovation. Marketing innovation purpose is to address the customer needs and increase sale volume by introducing new markets. An organization innovation refers as to change the working methodology or pattern in an organization running business practices, systems, processes and external relations. Sometimes these types of innovations require a big structural change and cost at initial stages.

3.5. Innovation process

In innovation process at initial stage innovation arises from the market demand. When there exit a demand of product in the market then developers create an invention design to satisfy the market demand and also see the feasibility of innovation in both terms sales and product potential. Then firm obtain technology for that product and develop prototype. A research is conducted to ensure that it will satisfy the market demand. When it shows the market satisfaction then production begins and new product is launched.

3.6. Why to adopt Innovation

Every organization has objective to survive them, to be a successful and having a rapid growth in the market. In this regard innovation is the key element for the fulfilment of above factors. Even some believe it be to the most important factor of a firm performance. Innovation is considered as heart of not only value creation but also to sustain a competitive advantage. Innovation is important for a small firm to find ways to introduce a new product to the market and also for government department trying to develop new ways to meet the needs of its community. Innovation is also important in the sense that it makes organizations more effective in their operations, identify and adapt rapid changes in the business environment. These changes are technological advancements and divergent customer needs & expectations.

3.7. TQM-Innovation relation

As TQM is explained above that it is a philosophy that focuses on customer Satisfaction, employee engagement and organizational continuous improvement. In this section we will describe the relationship of each of the elements with innovation. A review of literature examines the relationship of Innovation and Total Quality Management. Researchers that Argues in favour of a positive relationship between Innovation and TQM states that

companies implement TQM in their business have a fertile environment for innovation because TQM promotes the coincident principles with innovation. A focus on customer needs encourages organizations to identify new customer needs and expectations. There exist contradictory arguments. For example: Slater & Norver (1998) argued that a customer focus philosophy cause organizations to focus only on incremental improvements to current products and services activities instead of creating novel solutions. The fact behind this is that most of the time novel solutions lead to the real innovation development and customer philosophy may not lead to real innovation. Therefore firms employing such philosophy are unable to identify the needs of customer.

4-Discussion

TQM philosophy believes that the firms encourages to their employees to search new ideas, and improvements in the organization. By constant upgrading of process and product to some extent, continuous improvement itself an innovation. Similarly continuous improvement requires regulatory standards and standards that are routine and well understood by everyone in the organization. TQM-innovation literature reveals both positive and negative views. These views are based on the principles of total quality management as discussed above. Positive school of thought favouring TQM-innovation relationship and are of the view that organization having TQM culture in their organizations, it provides a fertile ground for the growth of innovation. Many TQM scholars such as (Prajogo and Sohal 2003) argue TQM as a model for promoting and managing innovation. Some studies found that TQM is positively associated with innovation (Hoang, Igel et al. 2006), while others have no clear evidence for positive effects of TQM on Innovation (Kim 2011). The study conducted by (Prajogo and Hong 2008) found the positive relationship between Innovation and TQM practices. From the overall literature it concludes that TQM practices have impact on innovation.

5-Conclusions

In this paper it concludes that when an organization wants to make some type of change, it should step towards the continuous change and discontinuous change. As continuous change and discontinuous change are the ingredients of total quality management and innovation, so organization adopt total quality management and innovation to make strategic change. TQM emphasize on its core principles of customer focus, employee involvement and continuous improvement, where as innovation recognize the importance of business processes and needs of the customers. It further concludes that as total quality management plays a major role in the performance and success of a business, in the same sense innovation also act as a tool for growth and success of a business. Organizations having total quality management culture provide a fertile ground for the growth of innovation.

6- References

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