Disruptive innovations

Author name

Affiliations

**Module Based Content**

Starbucks has always been known for its socially responsible practices. , Starbucks is also a proud sponsor of Morning Joe. Recently C.E.O. of Starbucks, Howard Schultz has also decided to share its profits from a local store in Crenshaw with the Los Angeles Urban League and Harlem in New York City. The aim is to develop a model for businesses to become superior corporate agents in socially and economically dejected localities. The Abyssinian Development Corporation and the L.A (Brzezinski & Geist, & Scarborough, 2011). Urban League is not able to raise money due to the federal deficit and budget cuts at the state level. These organizations are striving a lot for education, health services, and the homeless in their areas. Starbucks has also been operating in the same localities for over a decade and has witnessed their heroic efforts. Therefore, Starbucks has decided to partner with these organizations and give them nearly $100,000 a year from its profits of each store. Starbucks does not believe in profitability as a sole objective rather want to emerge as a model of a socially responsible organization. In addition, it is also fulfilling’s its reasonability towards nation on a large scale and has created Jobs for the U.S.A. this requires customers who visit Starbucks store to donate five dollars.

On the other hand, Wal-Mart one of the nation's biggest business empire has been accused of using bribery in expanding its business. Walmart is going for aggressive international expansion and now own twenty-one-hundred stores with more than 200,000 workers. A decade ago, it only had 500 stores (“Wal-Mart Executives May Face Prosecution in Bribery Case,” 2012). This vast expansion has arisen questions about its expansion. The New York Times has claimed that the company has paid big bribes and violated US law. For example, in Mexico, it has spent millions of dollars on bribes to local government officials to speed up the permitting process. If these allegations prove true then the company will face serious harm. It will affect its reputation and sales in the long run. Wal-Mart should know its responsibility and must not involve in any illegal practice to make a profit.

**Landmark Article Research**

Technology brings innovations and affects every aspect of the organization. Its strategies also changed with emerging technologies (Tidd, 2001). It provides different opportunities to organizations to make progress by offering new technological solutions. With this, there are also different challenges that technology gives to organizations. For example, technological changes may result in disruptive innovations that do not offer better products to the current markets rather change this and offer new products and services (Tidd, 2001). Thus, there is a snap between the manager's insights and reality in the context of successful innovation.

Clayton Christenson firstly developed the theory of disruptive innovation to refer to those innovations that result in new markets and new customer segments. These are readily accepted in new markets as they offer more convenience and low price to customers. A classic example of this is the manufacturing of computer disks that resulted in disruptive innovation. When disk drive was developed it created a new market. However, with time they got replaced with drives as customers were no more customers. Thus, disruptive product always requires improvements to remain in the market but with a low price.

In addition, disruptive innovations are the features of small firms and small markets. These small markets cannot enter larger markets and attract large firms. This is due to their limited capacity of investment for growth. They are only successful on a small scale as their new ideas give them a competitive advantage. They also get the opportunity of having an enhanced customer's loyalty as a result of the absence of competitors.

**Contemporary Research**

Disruptive innovations result in new groups of customers and new markets as they disrupt an existing market. This is the same concept that was discussed by Tidd in the article" innovation management in context: environment, organization and performance”. These markets that result from disruptive innovations have new business models and the use of new technologies (Christensen, Raynor, & McDonald, 2015). These innovations do not specifically result in better products rather they change the way of presenting the products and services. In today business world, the internet can be considered as a foremost cause of disruptive innovation. With the help of internet, people are going for new markets. These markets operate over the internet by improving communication between customers and sellers and carry out buying and selling. For example, Dell is one such company that has taken advantage of the internet for creating a new market for its products over the internet. Accordingly, the internet becomes a bridge between customers and businesses and result in disruptive innovation.

Another article “How useful is the theory of disruptive innovation? by King & Baatartogtokh is also focusing on the aspects of disruptive innovation that have been presented by Christensen’s theory of disruptive innovation (King & Baatartogtokh, 2015). Christensen’s theory of disruptive innovation was developed by considering the four key elements of the theory of disruption. These are improvements in stakeholders in the market along a trajectory of sustaining innovation. The other element is overshooting customer needs. The third is their capability to retort to disruptive threats. The final element is the ending up of stakeholders as a result of the disruption. However, this article is different from the landmark article as it has also focused on the sustainable innovations which are improvements in existing products. These continuous innovations in products result in high-quality products for higher profits.

References

Brzezinski, M. (Reporter), & Geist, W. (Reporter), & Scarborough, J. (Anchor). (2011).Starbucks Launches Profit Sharing Stores in NYC and LA.

Christensen, C. M., Raynor, M. E., & McDonald, R. (2015). What is disruptive innovation? *Harvard Business Review*, *93*(12), 44–53.

King, A. A., & Baatartogtokh, B. (2015). How useful is the theory of disruptive innovation? *MIT Sloan Management Review*, *57*(1), 77.

Tidd, J. (2001). Innovation management in context: environment, organization and performance. *International Journal of Management Reviews*, *3*(3), 169–183.

Wal-Mart Executives May Face Prosecution in Bribery Case. (2012).