

 <p>ISSN NO. 2320-5407</p>	<p>Journal Homepage: -www.journalijar.com</p> <h2>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR)</h2> <p>Article DOI:10.21474/IJAR01/13727 DOI URL: http://dx.doi.org/10.21474/IJAR01/13727</p>	 <p>INTERNATIONAL JOURNAL OF ADVANCED RESEARCH (IJAR) ISSN 2320-5407 Journal Homepage: http://www.journalijar.com Journal DOI:10.21474/IJAR01</p>
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RESEARCH ARTICLE

THE MODERATING ROLE OF ORGANIZATIONAL LEARNING CAPABILITIES ON THE RELATIONSHIP BETWEEN TQM PRACTICES AND INNOVATION PERFORMANCE

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Manuscript Info

Manuscript History

Received: 11 September 2021
Final Accepted: 14 October 2021
Published: November 2021

Keywords:-

Organizational Learning, TQM Practices, Innovation Performance, Organizational Learning Capabilities, Top Management Support

Abstract

Total quality management (TQM) has gained importance globally in order to gain a competitive advantage. Implementation of quality management is a problem faced by many sectors. The aim of the current study is to develop a model that can be implemented in any sector in order to improve the quality management practices as well as enhancing innovation performance with an aim to gain a competitive advantage. The conceptual model developed in the current study is supported by the previous studies. The current study asserts that TQM practices (top management support, customer focus, continuous improvement, employee involvement) as one set of practices affect the innovation performance, and this relationship is moderated by organizational learning capabilities. By researching databases such as JSTOR, Emerald, Tylor and Francis etc., the study was able to offer literature support. The keywords such as organizational learning, innovation, total quality management, organizational learning as a moderator etc. were used to find the literature. The current study also provides the recommendations and limitations as well as the conclusion.

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Introduction:-

In the current era, total quality management (TQM) is considered essential for every sector in order to gain a competitive advantage. TQM has been implemented globally by many organizations as a philosophy of management to provide quality practices to their customers and satisfaction of the customers (Ooi et al., 2012; Zafiroopoulos & Vrana, 2008). Nowadays, TQM became very significant for companies, and it cannot be ignored (Ooi et al., 2012; Prajogo & Sohal, 2004).

The innovation performance of the organization is also considered an important factor to gain a competitive advantage. Several scholars in the past have given importance to enhancing the innovation performance of the organization in order to make the organization innovative and to sustain its position in the market (Ooi et al, 2012; Yusr et al, 2017; Zwain et al., 2011). It is noticed in the literature that the relationship between TQM and innovation is important for the organization as they share the same characteristics. Moreover, it is also identified that most of the studies on the relationship between TQM practices and innovation performance showed mixed results. Some studies found a positive and significant relationship (Abrunhosa & Sa, 2008; Prajogo & Hong, 2008), while other

studies showed no impact (Moura & Abrunhosa, 2007; Yust et al., 2017). Due to the inconsistencies in the findings, the current study will introduce moderating variable which is organizational learning capabilities that might strengthen the relationship between TQM practices and innovation performance. As argued by Baron and Kenny (1986), if there is a weak or inconsistent relationship between independent and dependent variables, a moderating variable can be introduced.

Additionally, organizational learning capability is considered fundamental, and it has a substantial effect on innovation performance (Ferreira et al., 2021). The organizational learning capabilities should be able to enhance the innovative activities and modify the existing resources (Ferreira et al., 2021). As suggested by Algere & Chiva (2008), the firm can enhance the innovation performance if they implement effective learning of their capabilities, competencies and resources. From the previous literature, it is identified that organizational learning as a moderator would be able to enhance innovation performance. The studies on TQM practices and innovation performance show an inconsistent relationship. Therefore, the current study is an attempt to propose a model by adding a moderating effect of organizational learning capabilities in order to enhance the understanding of TQM practices and innovation performance relationship.

Literature Review:-

TQM practices

Total quality management is composed of different practices. Different researchers used different practices as suitable to the context of the study but the current study used four TQM practices including top management support, customer focus, continuous improvement, employee involvement. The reason to choose these practices is that these practices are more related to TQM practices and are more suitable in almost every context as well as these practices are commonly used by previous studies (Bon & Mustafa 2013). Additionally, the previous studies tested the TQM practices individually and show mixed results (Prajogo & Sohal, 2004; Yusr et al., 2017). The study conducted by Yusr et al. (2017) suggest that to get the effective effect of TQM practices, TQM practices should be used as one set of practices. Therefore, the current study will use TQM practices as one set of practices.

Innovation performance.

Innovation performance is composed of technical, administrative, product and process innovation. Previous studies on innovation performance studied different forms of innovation performance according to suitability. The current study will use technical and administrative innovation as it is the most commonly used innovation performance dimension. Innovation is considered a key factor to gain a competitive advantage (De Jong & Den Hartog, 2007). Innovative organizations have better chances to gain a competitive advantage than non-innovative organizations (Schilling & Phelps, 2005). Different authors have defined innovation in different ways. According to Rickards and Richards (1985), "Innovation is a process through which ideas are practiced". Farr and Ford (1990) defined innovation performance as "the intentional introduction and application within a role, group or organization of ideas, processes, products or procedures, new to the relevant unit of adoption, designed to significantly benefit the individual, the group or organization or wider society". Additionally, it was also identified that innovation has become a focus of many researchers and the studies on innovation performance are scarce (Ang et al., 2011; Bon & Mustafa, 2013; Sit et al., 2011).

The current study is an attempt to fill the gap in the literature by studying innovation performance and the factors that affect innovation performance.

Organizational learning capabilities

OLC is defined as "the ability of an organization to process knowledge, i.e., the ability to produce, acquire, transfer, and integrate knowledge, as well as the ability to adjust behavior to reflect the new cognitive environment" (Jerez-Gomez et al. 2005). According to Mehrabi et al. (2013), learning is the most essential competitive advantage for any company. OLC enables the organization to learn the necessary knowledge in order to remain competitive in the market (Hoe & McShane, 2010). In other words, OLC is significantly associated with improving the innovation performance of the organization. Moreover, a lack of OLC will make the organization less effective and less innovative (Usefi et al., 2013).

The Moderating role of organizational learning capabilities between TQM practices and innovation performance

In the past, several studies were conducted to examine the relationship between TQM practices and innovation performance. The results of those studies were inconsistent. Some studies found a positive relationship (Kanapathy et al., 2017; Prajogo & Sohal, 2003). The study by Yusr et al. (2017) shows that TQM practices and innovation performance has no significant relationship and in their study knowledge management was used as a mediator to enhance the relationship between TQM practices and innovation performance. The current study suggests investigating the moderating impact of organizational learning capabilities on the relationship between TQM practices and innovation performance. The reason to use organizational learning capabilities (OLC) as a moderator is that OLC is found fundamental in enhancing the innovation performance of the organization. OLC is also found an important factor in gaining a competitive advantage by improving the performance of the organization (Ferreira et al., 2021). On the basis of the above explanation, the current study asserts that the OLC moderates the relationship between TQM practices and innovation performance.

Hypotheses Development

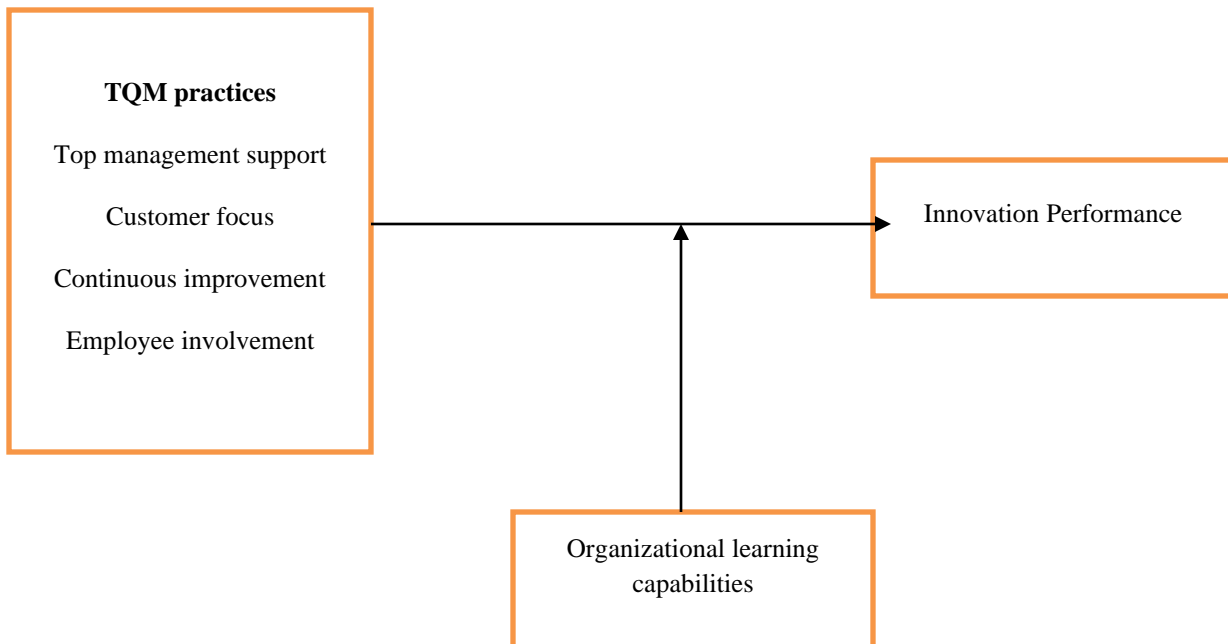
On the basis of the above explanation, this study wants to examine the direct relationship of TQM practices and innovation performance as well as moderating role of organizational learning capabilities. Therefore, the following hypotheses are deduced:

H1: TQM practices (top management support, customer focus, continuous improvement, employee involvement) has a significant relationship with innovation performance.

H2: Organizational learning capabilities moderate the relationship between TQM practices and innovation performance.

Research Framework

The current study developed the following research framework on the basis of literature.



Recommendations and Limitations:-

The current study is an attempt to develop a model in order to fill the gap in the literature regarding the relationship between TQM practices and innovation performance. The current study only developed a conceptual model. Further studies can test the model empirically in any context. The current study only added one moderator i.e., organizational learning capabilities. Future studies can add different mediators or moderators such as knowledge management, dynamic capabilities, knowledge inertia in order to have a better understanding of the relationship between TQM practices and innovation. The current study only suggests implementing TQM practices as one set of practices whereas, the future studies can test the moderating effect of OLC on the relationship of each TQM practice (top management support, customer focus, continuous improvement, employee involvement) and innovation performance.

Conclusion:-

The current study was an attempt to contribute to the literature on the relationship between TQM practices and innovation performance. Due to the inconsistencies in the relationship between TQM practices and innovation performance, the current study suggests adding moderating variable i.e., organizational learning capabilities in order to better understand the relationship. Moreover, nowadays, innovation performance is a focus of many studies. In order to gain a competitive advantage, the organization must improve their innovative activities. Similarly, improvement in innovation performance is also related to the improvement in quality management, as it is found that quality management improves organizational innovation performance. Moreover, it is also identified that organizational learning is an important factor to gain a competitive advantage. Therefore, the current study proposed to add organizational learning as a moderator in the relationship between TQM practices and innovation performance. The aim of the current study was to propose a conceptual model and the future study is subjected to test the model empirically.

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