

Total Quality Management, Operational Performance and the Role of Innovations

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Introduction

The competitiveness of today's business environment is rapidly increasing than it has been in the past decades. In Sri Lanka, large-scaled organizations experience a low level of operational performance during their peak seasons. (MTI business review, 2019). An organization should have achieved operational performance in order to increase the organizational success (Venkatraman and Ramanujam, 1986). Therefore, it is important to identify the ways or the tools that they need to implement in order to achieve the desired level of operational performance. A firm's competitive advantage most of the time resides with its own organizational resources and capabilities (Barney, 1991). Therefore, focusing on internal practices to achieve the desired level of operational performance is incredibly important. Total quality management (TQM) practices and innovations are two contributing factors to achieve organizational performance and powerful business tools to gain competitive advantage. This study explored the impact of TQM on operational performance with the mediating effect of innovations in large-scaled manufacturing organizations in Sri Lanka in order to fill the theoretical gap, performance gap and the contextual gap identified using the existing literature.

Methodology

The philosophy, approach, strategy, choice and time horizon of the research was positivism, deductive, survey, mono method and cross-sectional respectively based on the concept of "Research Onion" by Saunders, Lewis and Thornhill (2007). The sampling technique was simple random sampling. The population of the study was the listed companies in Ceylon Chamber of Commerce and using a sample of 279 Sri Lankan large-scaled manufacturing organizations which are registered under Ceylon Chamber of Commerce, a mediation model was outlined and tested using structural equation modeling as the analysis technique.

Findings

The hypotheses tested in the study were supported proving that innovations mediate the relationship between TQM and operational performance in large-scaled manufacturing organizations in Sri Lanka. Moreover, the results showed that TQM practices have a

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positive and a significant impact on operational performance. And also the study suggested that the relationship between innovations and TQM was positive and significant. The relationship between innovations and operational performance was also positive and significant. Furthermore, the study findings suggested that innovations partially mediate the relationship between TQM and operational performance. Since TQM practices and innovations are also positively associated, it was found that adopting innovations also can increase the operational performance in organizations.

Conclusion

The study suggests that the large-scaled manufacturing organizations in Sri Lanka will be able to increase the operational performance of their organizations during the peak seasons by implementing TQM and encouraging innovations as the mediation effect to face the competitiveness. This study makes special contribution to existing literature and for the practitioners as it provides a clearer understanding in impact of TQM and operational performance with the mediating effect of innovations. One of the main limitations in the study is, the research only focuses on the quantitative aspect. It is recommended for the future researchers to focus on the qualitative data as well.

Keywords: *Innovations, Operational Performance, Structural Equation Modeling, Total Quality Management.*

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