EFFECT OF TOTAL QUALITY MANAGEMENT ON ORGANIZATIONAL PERFORMANCE: MEDIATING ROLE OF KNOWLEDGE CREATION PROCESS

Abstract

Total quality management (TQM) is a key operational approach that provides organizations a superior competitive advantage. Also, TQM facilitates knowledge management (KM) in the organization. Because of the synergistic effect, TQM and KM can enhance organizational performance (OP). This study is aimed at investigating the nature of the relationship between TQM and knowledge creation process (KCP) and the effect of this relationship on organizational performance (OP). A conceptual model was formulated and tested based on the literature review in the areas of TQM, KCP, and organizational performance. A questionnaire survey was conducted among respondents at different levels of the organizations. Certain dimensions of TQM were used and organizational performance was measured through balanced scorecard approach. Structural equation modeling (SEM) was employed to analyze the data. The findings from the analysis of 450 completed questionnaires confirmed that TQM has significant positive association with organizational performance. The SEM results also support that TQM has significant direct impact on knowledge creation and knowledge creation has significant direct effect on organizational performance. The results of the path analysis reveal that knowledge creation mediates the relationship between TQM and organizational performance. Practitioners can use this study as a fundamental guideline for instituting an efficacious knowledge management, specially knowledge creation, supported by total quality management practices. Moreover, the study provides insights to managers in formulating technological, process, and human centered strategy.