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### **The influence of total quality management in the innovative capacity of the municipal firm**

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#### **Background**

Quality is seen as a strategic factor for firms to achieve success (Reed, Lemak & Montgomery 1996; Vijande & Gonzáles 2008) but, in a society based on knowledge, producing high quality products or services it is not enough (Hoang, Igel & Laosirihongthong 2006). The basis to a sustained competitive advantage changed from quality to innovation, considering that the innovative capacity is the main factor that allows firms to achieve the desired results (Drucker 1989; Haner 2002; OECD 2005).

The literature includes a vast amount of research on both quality and innovation; however, the empirical knowledge of their intersection in specific sector settings – like in the public services sport sector – is still scarce.

#### **Objectives**

This empirical study aims at increasing the knowledge about the relationship between quality management practices and the innovative capacity of municipal firms whose field of action is sport. By mapping the characteristics of management approaches of three Portuguese municipal firms, we hope to identify the influence that Total Quality Management (TQM) practices has in the innovative capacity. Special attention is paid to differences in the managerial approaches between the three cases.

#### **Methods**

The present empirical article is based on analysis of three case municipal firms, representing different and contrasting approaches to TQM. One firm had no intention of implementing a formal TQM practice, another one was in the process of certification by ISO 9001 framework and, finally, the last firm was using TQM as a formal managerial practice for five years.

Several documents belonging to the firms involved in the study were collected, namely, its statutes, business and account plans and activity report referring to the last two years of activity, as well as several documents available in the companies website (news, press kits, activities description and intervention areas and flowcharts).

A semi-structured interview was also conducted with the firms CEO, and the qualitative data analysis software NVIVO version 8 was used, as an auxiliary instrument, during the process of analysis of the interview contents. The dimensions used to elaborate the script for the interview, which derived from the literature review, were also the basis to the assembly of the codification structure. We tried to keep this open to the inclusion of new data derived from the collected information during the interview and documental research.

## Results

As a result of the analysis, several aspects of Total Quality Management that seem to have a positive influence on Innovation were identified and their nature explained. These aspects are: human resources management, corporate culture and transformational leadership, and were mentioned by all of the three firms CEO as the principal factors that influence innovation. We found no differences between the three different approaches to TQM, although the firm that had been implementing the formal TQM framework for five years seemed to pay more attention to the development of mechanisms that increase market orientation.

## Conclusion/Application to practice

The first theoretical contribution of this study relates to the identification of several aspects, which are relevant in understanding and explaining the relationship between TQM practices and innovation. Managers, can use this framework to catalyze innovation in their specific settings. The second theoretical contribution relates to the absence of a clear relationship between the use of formal processes of TQM and the innovative capability of municipal firms. In the three cases, we found no clear evidence that those formal processes would, in fact, increase the influence of practices related to TQM in innovation capacity.

Next research in this topic, may find useful to use quantitative methods for collecting data from workers and customers of the municipal firms, thus enabling triangulation of collected data (Yin, 2003) and a greater reliability in the analysis.