



QUALITY MANAGEMENT PRACTICES, INNOVATION AND FINANCIAL PERFORMANCE AMONG BUILDING CONSTRUCTION COMPANIES IN KAMPALA

ABSTRACT

This research was carried out to investigate the relationship between Quality Management Practices, Innovation and Financial Performance among Building Construction Companies in Kampala. The study was guided by the following objectives; to examine the relationship between quality management practices and financial performance, to examine the relationship between innovation and financial performance, to establish the relationship between quality management practices and innovation and to determine the mediating role of innovation on the relationship between quality management practices and financial performance. A quantitative cross sectional research design was adopted to undertake the study. Krejcie and Morgan (1970), table was used to determine the sample size 258 respondents. Data was analyzed using Statistical package for social science (SPSS version 20). Correlation analysis was done to determine the relationship between the study variables and regression analysis was conducted to determine the predictive power of the independent variables on the dependent variable. The findings also indicate that the predictor variables account for only 69.8% of the financial performance of building construction firms. In addition, quality management practices are more of a significant predictor than innovation. The mediating role showed a partial mediation role of innovation on the relationship between quality management practices and financial performance which finding is confirmed by sobel test ($z=3.146$, $p<0.01$). It was recommended that managers should improve and sustain quality management practices (Top Management commitment, Customer Focus and Continuous

Improvement) by putting in place an environment that fosters the above mentioned dimensions in order to continuously achieve improved financial performance. Construction firm's managers and officers should effectively be very innovative through strengthening product and process innovation in Uganda which will improve their financial performance.