

The Impact of Entrepreneurial Leadership, TQM Practices, and Innovation Management on Organizational Performance of SMEs in Kuwait

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Abstract

This paper seeks to describe the relationship between the determinants of organizational performance such as entrepreneurial leadership (EL), total quality management (TQM) practices, and innovation management (IM) of Kuwaiti's Small and Medium Enterprises (SMEs). However, relatively few studies that offer a complete model to fully explain the link between EL, TQM, and IM on SMEs performance. Hence, this study addresses a gap in the literature by providing a conceptual model to illustrate the relationships between these variables. The proposed model also suggested the mediating role of TQM practices and the moderating role of IM on the relationship between EL and organizational performance of SMEs based on the suggestions of the literature. The findings of this study are significant to SMEs in Kuwait on the need to provide an important insight into the concepts of EL, TQM, and IM to improve their performance. Furthermore, the study will serve as additional literature to few studies on Kuwait SMEs performance as a developing country emerging has not been explored.

Keywords: Entrepreneurial Leadership (EL), Small and Medium Enterprises (SMEs), Total Quality Management (TQM), Innovation Management (IM), Organizational Performance

1. Introduction

Small and Medium Enterprises (SMEs) are of strategic importance in most developing countries, especially in the Asian region (Haroon & Shariff, 2016). SMEs are seen as a major contributor to a country's economic development, they create job opportunities, stimulate technological innovation, support entrepreneurial activities, and serve as suppliers to large organizations in the industry. SMEs are not only instrumental for the economic growth of a country, but they are also a major catalyst in achieving inclusive and balanced growth. SMEs as a foundation for the activities in the private sector play a very important role in effecting economic transformation and stabilizing growth during a period of negative growth (Yunoh & Ali 2015). In the contemporary era, SMEs encounter intensive competitive pressure. Therefore, raising the competitive abilities and skills is now a critical imperative for SMEs to survive and even for continuous long-term development. There are several tools and strategies that can help SMEs to respond to changes and counteract the jeopardy and develop their performance and competitive advantage (Yang, 2018).

SMEs have to understand how EL could affect organizational performance (Rahim et al., 2015). EL is the way in which entrepreneurial leaders restructure their organizations to enable them to seize new opportunities and improve their ability to invent the requisite variety which would allow them to compete in a highly unpredictable environment (Huang et al., 2014). Entrepreneurs are expected to transform the design of production process through the implementation and capitalization of creative practices or by inventing novel ways to produce the same product, uncovering new methods to source materials or find unique avenues to market their products and services (Zehir et al., 2015). Entrepreneurial leaders must have a predetermined management philosophy and organizational structure in their endeavor to achieve these lofty objectives. These philosophies and structure provide a platform to gather knowledge which is then incorporated in new processes, products, and operational activities (Gupta & Batra, 2016).

EL and organizational performance can be integrated with a management philosophy that is based on TQM and IM practices in the most productive manner in an attempt to realize the aspirations of an organization. These practices became the most applicable management philosophy used in enhancing SMEs performance (Haroon & Shariff, 2016).

This current study has reviewed earlier studies and reports regarding the accomplishments made by SMEs in Kuwait in an effort to design a theoretical foundation for the study's model. The literature review reveals that there is a lack of studies on Kuwait's SMEs which examine more than one variable as a predictor of SMEs' accomplishment. Previous researchers contended that managerial problems are one of the areas that are most regularly attributed to the failure of the SMEs in developing countries (Haroon & Shariff, 2016; Abdollahi et al., 2014). The present study focuses on three fundamental managerial problems which have an impact on the performance of SMEs namely: entrepreneurial leadership, TQM practices, and innovation management.

2. Methodology

The study conducted an inclusive review search for the organizational performance of SMEs models and frameworks used in the previous theoretical studies in the context of SMEs. Consequently, a new conceptual model has been proposed which combined the three significant constructs (EL, IM, and TQM) of SMEs organizational performance. In verifying the conceptual model, the study data will be generated from Kuwait SMEs, using a well-organized survey questionnaire. A set of questionnaire will be formulated based on the literature review. The organizational performance will be represented by two dimensions of financial performance and operational performance. The operationalization of EL is based on four dimensions, opportunity seeking, proactivity, innovation, and risk-taking propensity. This study also operationally measures IM as a moderating variable using three dimensions, leadership and top management commitment, customer focus, and continuous improvement. The TQM practice measure as a mediating variable based on three dimensions such as innovation culture, innovation product, and innovation process. The questionnaire for this study will be designed in different sections based on the research questions. Section A address the demographic characteristics of the respondents and the overview background of the study. Section (B-E) will obtain information about the variables involved (EL, IM, & TQM). While Section D will obtain information about SMEs performance the dependent variable. All the items of measurement for the variables will be measured on a 5-Point Likert Scale of measurement which ranges from strongly disagree to strongly agree. A face to face survey approach will be adopted to administer the questionnaire to the respondents. The respondents will be either owner/manager of SME which will be chosen based on simple random sampling method. The fitness and validity of the conceptual model will be tested using statistical tools for data analysis such as partial least square-SEM (PLS-SEM).

3. Literature Review

3.1. Entrepreneurial Leadership

The opening of the world economy and the accompanying challenges at the beginning of the 21st century has resulted in the business environment shifting its attention to EL (Mishra & Misra, 2017). The owners and leaders of SMEs have to be mindful of the changes that occur in the global business environment. There is no business can survive and success without a clear vision established by the organization's leadership and supported by entrepreneurial actions. This means that the leader of an organization, which could be the CEO, director or operation manager, should know their capabilities, competencies and leadership styles, as well as the final outcomes they would like to achieve. Hence they should be proactive, creative, innovative, seize opportunities and take risks when appropriate. Amongst the characteristics of intelligent leaders is they use their skills and capabilities to drive growth and rapid development within their organizations whilst creating competitive advantage and ensuring sustainability (Palalic, 2017).

The theory of entrepreneurship states that the personal competencies of entrepreneurial leaders enable them to visualize a successful future for their organizations by creating innovative visions and identifying opportunities, while the functional competencies of entrepreneurial leaders empower them to inspire and influence their team members to abandon their conventional performance in order to achieve their aims and extend their efforts to implement innovative and entrepreneurial actions. This is done by transforming an individual's perception of their abilities and skills and maximizing their self-efficacy through participation in development and training programs (Bagheri, 2017).

EL encourages and enables organizations to adopt the processes that reinforce the culture of organizational innovation by discovering and exploiting opportunities to improve organizational performance, solve problems through creative methods, and to effectively and efficiently utilize the resources of the organization (Rae, 2017).

Chen (2007) pointed out that EL exists at the crossroads of leadership and entrepreneurship. It is a combined construct of proactivity, innovation, and risk-taking. This perspective is aligned with the theoretical foundation developed by Gupta et al. (2004) for this style of leadership, when the author conceptualized EL in the main three dimensions: (1) innovation dimension, which means nurturing creativity amongst team member to make effective change and create novel product and service to achieve a point of difference for the organization; (2) proactive dimension, which entails motivating individuals to compete aggressively and continuously with other organizations; and (3) risk-taking dimension, which is the willingness to face uncertainty and take responsibility (Kozlowski, 2010).

The purpose of EL is to enable individuals to identify and exploit profitable opportunities. In a similar vein, (Strobl et al., 2018) asserted that EL includes both opportunity recognition, which is related to an individual's perception, and exploitation of opportunities, which is linked with actions. More significantly, however, entrepreneurial leaders articulate a clear and inspiring vision for the organization that is able to garner participation of members of the organization, thereby encouraging them to act as agents of the organization who take charge of innovation and future success.

The EL conceived by Gupta et al. (2004) is based on two major predicaments faced by entrepreneurial leaders. Their first challenge to cultivate opportunities which could be used to transform the current situation; this is known as scenario enactment. Entrepreneurial leaders then have to persuade stakeholders and supporters that the objectives of the scenario could be achieved by enlisting additional cast and using suitable resources to implement the transformation through a process known as cast enactment. Gupta et al. (2004) proposed that there are five key roles that entrepreneurial leaders have to play in dealing with the two challenges, i.e. framing, absorbing ambiguity, and path clearing, nurturing commitment and setting limits. These roles, which are components of the two enactments, form the theoretical context of entrepreneurial leadership.

A review of previous studies shows that EL is a multidimensional concept, and some researchers defined and measured this concept based on different perspectives depending on the context and purpose of their studies. This study will adopt the four dimensions (opportunity seeking, proactivity, innovation, and risk-taking propensity) as the significant factors of entrepreneurial leadership.

3.2. TQM Practices

The term, TQM refers to the a holistic management approach that enable SMEs of the continuous improvement in quality with regards the overall functions of firms to produce and deliver products / services according to customers' needs and desires at a better, faster, safer, cheaper, easier processing cost, more than that of its competitors through involving the entire employees of that organization under the effective leadership of the organizational top management (Al Dhaafri et al., 2013; Rogo et al., 2017). In a TQM effort, all staff of that organization participates in improving processes, products, and the culture in which they work. Similarly, TQM is a holistic approach that uses systematic quality improvements with the aim of increasing customer satisfaction, enhanced productivity and greater profitability (Gharakhani et al., 2013). TQM enables organizations to long-term success to be able to respond effectively to customer demand in terms of quality, innovation, speed, and price; deal with the difficult and increasing need to make continuous improvement and loftier achievements, and adopt TQM practices, which has become a widespread phenomenon in fast-expanding industries (Madanat & Khasawneh, 2017). Therefore, recently it has been observed that numerous SMEs managers now adopt TQM practices to gain customer's loyalty. TQM is seen as a preferable way to differentiate their entrepreneurial activities in the hope of achieving a better outcome in an increasingly competitive environment (Sule et al., 2017).

TQM is a management philosophy that began in Japan in the early 1980s; it seeks to improve quality and productivity in business organizations. The 1990s saw the increasing popularity of TQM in organizations, where this management approach was adopted and implemented with an emphasis on continuous customer satisfaction and improved organization performance (Haroon & Shariff, 2016). TQM has been defined in different contexts and perspectives in the literature, and thus far there is not a single common definition of TQM (Haroon & Shariff, 2016). TQM is a comprehensive managerial approach that seeks to include all organizational processes and functions to continuously fulfill all customer demands and enhance an organization's system quality so as to increase productivity and profitability (Mehralian et al., 2016). TQM can also be seen as a revolutionary management philosophy, an

innovative line of thought in managing organizations, a change in the model, or an all-encompassing system which boost overall organizational performance (Patyal & Maddulety, 2015).

TQM is not a commitment of a single person; instead, all members of an organization are responsible for integrating knowledge and effort that are instrumental in producing quality products, services, and practices (Patyal & Maddulety, 2015). This conclusion is made based on the findings of several studies that were carried out in different countries and sectors. TQM requires continuous employee involvement. In their effort to improve the quality of services and products, organizations must involve employees in the process of identifying problems and improving production processes. The viable ideas put forward by employees should be implemented. Similarly, employees stand to benefit from TQM since its implementation facilitate their personal growth, development, and learning (Iqbal & Asrar-ul-Haq, 2017).

The literature of TQM provides a comprehensive model theoretical background. Several studies have been conducted to measure the critical factors that are necessary for the successful implementation of TQM in organizations (Anil & Satish, 2107). A comprehensive review of TQM literature with regard to measuring the CSFs of TQM in several industries shows that no universal set of TQM practice has been identified and that researchers and practitioners measure TQM practices differently based on the purpose, approach, and context of their study. However, there are seven major factors of practices which have been measured in previous studies and are found to have a positive effect on organizational performance. The seven factors are leadership, customer focus, strategic planning, human resource management (HRM), information and analysis, supplier management, and process management (Mahmud & Hilmi, 2014). Based on that, this study will adopt the three significant factors of TQM practices namely: leadership and top management commitment – customer focus – continuous improvement.

3.3. Innovation Management (IM)

Innovation is the most contemporary management orientation; it refers to the capacity of an organization to create and develop new ideas and transforms the ideas into processes, products, and services. According to Şimsit and his colleagues (2014), innovation is a continuing process of developing productive resources which will be used to manufacture products with superior quality at a lower cost. On a similar note, (Ilori et al., 2017) defined innovation as incorporating new knowledge into the process, product, and service. The author categorizes innovation as a function of technological development, marketing activities, and organizational characteristics. Based on these definitions, innovation is a sequential process that begins with the identification of problems or discovery of novel ideas, which are then expanded to include problem-solving and the nurturing of productive ability that would eventually lead to the introduction of creative products and services in the market.

Innovation does not occur spontaneously. The intense competition in the global environment dictates that organizational authorities need to coordinate, facilitate, and decide to be innovative. Innovation is a function of a stringent cross-functional orchestration. This orchestration involves organizing teams and delegating responsibilities, roles, and powers in an effort to be part of the innovation challenge. Hence organizations must have an appropriate organizational structure with a strong commitment to innovation (Nagano et al., 2014). A large part of the literature is dedicated to investigating the relationship between innovation and management, which is frequently regarded as the core competencies in the contemporary economy. They have proven that the strong competitive advantage is dependent upon the ability of an organization's management to carry out innovation process, and they have also proposed the factors that relate to the effective management of innovation process (Adams et al., 2006). IM is a systematic process used by organizations to improve existing products, services, methods and marketing strategies and to develop new ones. It includes the development of a networked environment and focusing on managing talented employees to encourage individuals to generate creative ideas within the organization (Kadar et al., 2014).

Many scholars and practitioners believe that IM is a critical approach which must be adopted by all organizations in the contemporary business environment. It is seen as a multidimensional model that include vision, leadership, culture, knowledge, individuals, technology, organizational structure and more. In order to be able to capitalize on innovation opportunities, these dimensions must be managed with appropriate strategies. Organizations should be open to intelligent and creative ideas and should design a mechanism that begins with supporting human resource. This would allow innovative initiatives and competitiveness to flourish in the organization. In order to

achieve this, the managerial structure must be designed to support innovative tendencies and working conditions must be regulated accordingly. Many researchers have conducted extensive studies on this issue in an attempt to identify the factors and categories that are crucial to innovation management. In this regard, the present study proposes the following three factors: innovation culture, product innovation, and process innovation.

3.4. Organizational Performance

Researchers who specialize in the field of management often focused on the performance of organizations as one of the most important dependent variables since the ability of organizations to progress and grow is contingent upon their performance (Jagdale & Bhola, 2015). Ahmed (2018) defined organizational performance as organization output with regard to its interaction with the external and internal environment. Thus, organizational performance comprises three aspects: (1) performance of an individual in their specialized organizational units; (2) performance of organizational units within the comprehensive framework policies of the organization; and (3) organization performance within the framework of economic, cultural and social environments. Even though organizational performance comprises three aspects, the performance of organizations is completely different from each individual aspect if taken separately. It is different from individual performance and unit performance although it is the result of these two factors, in addition to the effects of social, economic and cultural environments.

There are several definitions of organizational performance as there are varying philosophies relating to it. Organizational performance is the essence of all processes and activities in an organization, and it is the key determinant of the organization's ability to survive. Wheelen and Hunger (2010) contended that organizational performance is contingent upon the manner in which an organization capitalizes on tangible and intangible resources in order to achieve their objectives; it is the ultimate determinant of the organization's success. Tomal and Jones (2015) defined organizational performance as the actual accomplishment or productivity of an organization vis-à-vis its envisioned outputs (Almatrooshi et al., 2016) suggested that organizational performance is a measure of an organization's achievement in comparison to its objectives. As mentioned by the contingency theory, in general, there is no single performance measuring system that is suitable for all types of organizations in all circumstance; instead, there is a need to adapt the system based on well-defined organizational and contextual factors. According to the literature, various performance indicators have been used in the past, for instance, financial performance, increase in market share, marketing effectiveness, innovation process, quality of products and services, or measurement of specific aspects of operational performance. Based on the findings and results of previous studies, the present study will use two indicators, financial performance, and operational performance, to measure the performance of Kuwait's SMEs. Financial performance has been linked with the ability of an organization to generate profit or income and is often used as a typical benchmark of business results. In other words, it is a measure of how well an organization carries out its business activities. It can also have employed as a benchmark to weigh the performance of an organization against other organizations within an industry. These measures are connected with managerial policies: the method utilized by the management to the appropriate allocation for all projects. On account of this, the measures are an indication of internal managerial performance and decision-making capability instead of an external market response (Orlitzky et al., 2003). On the other hand, Chavan (2009) has criticized the SMEs for their over-reliance on the measurement of financial performance without taking into account the performance of non-financial aspects, which are the ultimate determinant of value. Due to their over-dependence on financial measures of performance the managers of SMEs have focused their attention on the results of past actions instead of the determinants of success. Because of their lagging nature, financial measures provide information on what has happened in the past and thus do not provide managers with any information or indication of future performance.

In terms of organizational performance, non-financial performance is in effect a more reliable indicator of future financial performance. Non-financial performance provides information on the relationship between business activities and financial results which have a significant influence on business performance. For instance, a measure of customer satisfaction could give an indication of future cash flow that would not be available via other sources (Maduekwe & Kamala, 2016). Improved operational performance is important if it is able to have a positive impact on an organization's competitive position. The ability of an organization to provide superior value and/or lower prices will increase customer satisfaction and loyalty, thereby increasing its market share and profitability (Feng & Wang, 2000). Organizations need to orientate all their business units to ensure that they are all working in unison to achieve their core business goals. According to, (Saleh et al., 2018) it has to do with the performance of the internal operations of a company, including productivity, product quality, and customer satisfaction.

4. Conceptual Framework and Propositions

An extensive review of the literature shows that there is a link between entrepreneurial leadership, TQM practices, innovation management, and organizational performance. In reviewing the literature, different types of research, for instance, meta-analysis, empirical, and conceptual approaches, were scrutinized to understand the association between EL and organizational performance. These studies, in particular, the empirical studies, have shown that there is a direct relationship between the two variables (De Greef, 2014). The empirical studies have documented how EL influences successful outcomes, and have linked its influence to the proliferation of SMEs (Koryak et al., 2015). Rahim et al. (2015) conducted a similar investigation on the association between EL and organizational performance of Malaysian SMEs. The authors found that EL is positively related to organizational performance. Moghaddam (2015) suggested that organizations have to be innovative and proactive in their effort to achieve their mission and goals; in a nutshell, they have to practice organizational entrepreneurship.

The majority of literature concerning TQM pointed out that most organizations claimed that there is a positive relationship between TQM practices and organizational performance. Several empirical research has been conducted to understand the link between TQM practices and organizational performance in the context of SMEs. Several studies have shown that it is possible for SMEs to adopt TQM with a fairly high degree of success (O'Neill et al., 2016; Herzallah et al., 2014). Sule et al. (2017) have examined and analyzed the consequences of adopting TQM practices on SMEs in Nigeria. The researchers found that the adoption and implementation of TQM practices have a strong influence on the performance of Nigeria's SMEs. TQM practices assure uninterrupted quality improvement in an effort to achieve the desired outcomes. TQM is a key element which ensures the success of a business, especially in dealing with a product recall and investigation problem and their suggested solutions.

Even though there is a clear relationship between leadership and total quality management, there are several gaps in research which need to be explored (Barbosa et al., 2017). A review of the literature has shown that several studies have confirmed the strong positive impact of TQM (Panuwatwanich & Nguyen, 2017; Qasrawi et al., 2017) and EL (De Greef, 2014; Rahim, 2015) on organizational performance. Surprisingly, there is limited studies focus on trying to understand the combined effect of EL and TQM practices on the organizational performance of SMEs. Many studies have found that TQM practices can affect organizational performance in a mediation role. For example, (Al-Dhaafri & Al-Swidi, 2016) examined how organizational performance is affected by both entrepreneurial orientation (EO) and TQM. The statistical results of their study have proven that EO and TQM do have an impact on organizational performance and that TQM practices partially mediate the effect of EO on organizational performance. The findings of this study are consistent with those made by Imran et al. (2018) who analyzed the data gathered on Pakistan's SMEs to examine how TQM practices mediate the EO of SMEs with their export performance. The researchers were able to identify a strong relationship between EO and TQM practice with SMEs' export performance. Moreover, they were able to determine how TQM practices play a complementary mediating role between EO and SMEs export performance in the manufacturing sector in Pakistan. Together, EL and TQM practices facilitate a superior organizational performance where everyone constantly strives to do the right thing the first time. In addition, (Arunachalam et al., 2018) refer that, TQM practices, has been accepted worldwide as a management approach and practice to develop quality. However, there is scarcity empirical studies have been conducted in SMEs in the Gulf countries. Consequently, there is a still need to examine TQM practices in this context. Therefore, this study seeks to establish the mediation role played by TQM practices between EL and organizational performance in Kuwait context. Problems related to innovation, entrepreneurship, and performance in SMEs are escalating very rapidly. Exploratory and exploitative innovation is considered as the main characteristic of entrepreneurial leadership. Entrepreneurial leaders have developed innovation strategy, processes, and skills, in addition to assembling resources, to take advantage of innovative opportunities and structure an organization that is ready to implement innovation strategies (Huang et al., 2014). The moderation role of IM is empirically supported. There is empirical evidence for the mutual association between innovation management, entrepreneurial leadership, and organizational performance. Mozhdah et al. (2016) stated that innovation could have a strong moderation effect. They conducted a survey involving the top 100 companies in Malaysia. The study was able to prove that entrepreneurial leaders and organizations created plenty of the right sets of circumstances and implement them in manners that foster the firms' acceptance of innovation, which was positively reflected in the performance of the organizations.

This study assumes that EL and IM are strongly connected due to the extensive and rapid development in the technologies and methods adopted by SMEs in the contemporary era. EL is one of the fundamental factors that assure

effective strategic entrepreneurship in managing high-growth ventures and a dynamic business environment that is expressed in terms of change, complexity, chaos, and contradiction. Current literature on EL is still not able to provide both conclusive conceptual and empirical definition of the dimensions and indicators which measure EL with regard to IM in the context of entrepreneurship and quality. Hence, it is vital to consistently measure EL together with IM considering the rapid development made in theories of management (Musa & Fontana, 2014). Arshi and Viswanath (2013) pointed out that the constructs of EL and innovation have not been tested in the Middle East and considered as an infancy field as well as there are hardly any studies that can be a reference point for organizational leaders in this part of the world. A review and survey of the literature have shown that currently there is no measure of the moderating role of IM on the link between EL and organizational performance of SMEs. Therefore, this study serves to fill the important gap in the current literature by identifying the conclusive effect of EL style that can be adopted by organization and leaders based on their TQM and innovation managing focus. Based on the findings of previous literature that are related to the variables in this study, a conceptual framework has been developed which is underpinned by the resource-based view theory which claims that an organization's performance is dynamically impacted by its current internal resources and abilities. This assertion is derived from the fact that an organization could achieve an excellent performance over its rivals by efficiently utilizing its internal resources. Hence, the proposed model shows the relationship between the four variables: entrepreneurial leadership and their impact on SMEs in Kuwait. The variables were classified into four categories: (1) independent variable: entrepreneurial leadership; (2) dependent variable: organizational performance; (3) mediating variable: TQM practice; and (4) moderating variable: innovation management, as shown in Figure 1. The findings of previous studies have clearly proven that EL has a direct effect on organizational performance as well as TQM practices and innovation management. This research contributes to the existing body of knowledge by formulating a conceptual framework for analyzing the moderating effect of IM as well as the mediating effect of TQM practices.

The present study is the first study to investigate the effect of these variables on the relationship between EL and organizational performance in one model in order to give a more in-depth insight into this relationship. Based on this framework, it can be concluded the utilization of each construct would positively impact the organizational performance of Kuwait's SMEs. Hence, it is imperative that the management design constructs which would improve the performance of their organizations. The set of propositions concerning the relationship between the variables can be presented as follows:

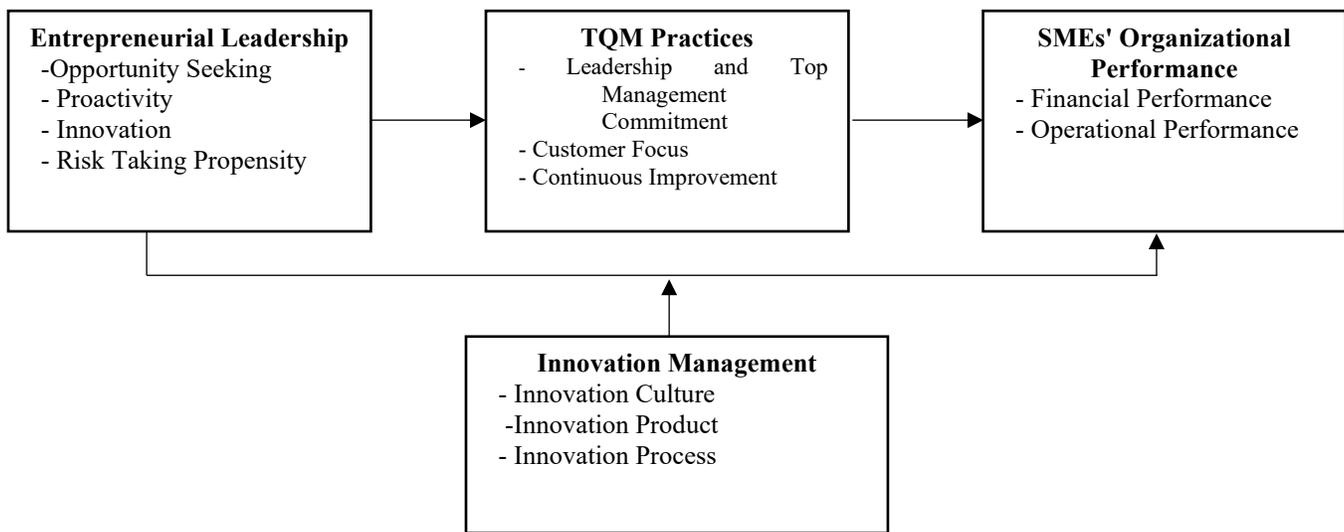


Figure 1: Conceptual Framework

- P1 EL has a positive effect on SMEs' organizational performance.*
- P2 TQM practices have a positive effect on SMEs' organizational performance.*
- P3 TQM practices mediate the association of EL with SMEs' organizational performance.*
- P4 IM moderates the association of EL with SMEs' organizational performance.*

These propositions can be used to support the formulation of hypotheses for empirical studies in future studies.

5. Discussion and Conclusion

The presented research model of this study provides more understanding of the relationship between EL, TQM, and IM on SMEs' organizational performance. This paper discusses the proposed mediating role of TQM and the moderating role of IM on the relationship between EL and organizational performance as shown in Figure 1. Thus, the proposed model shows several contributions regarding the performance of SMEs in Kuwait. First, if the proposed framework is validated, the findings will provide important insight to owners/managers of SMEs and other business firms on the nature of the relationship between EL, TQM practices, IM, and organizational performance. These identified constructs can influence and enhance the organizational performance of SME. Second, the paper also suggests as showing in the framework (Figure 1) that, if EL, TQM, IM, and organizational performance then the findings will have valuable implications for the owners/managers of SMEs, contributions for an increase in Kuwait GDP and employment level respectively. Third, in the exemplary hypothesized scenario as Figure 1, the model suggested that EL has an indirect effect on the performance of SMEs through the mediating construct of the TQM. These findings reinforced the need for SMEs managers to devise strategies that focus on EL to be more entrepreneurial in their effort to enhance TQM, which in turn can lead to positive organizational performance. EL is a relatively new concept, which is not currently well understood in developing countries. There is a need to analyze and understand the gap between the mutual influence of EL and its traits and characteristics and other variables, such as IM and TQM practices. Fourth, the proposed model suggests that IM may moderate the relationship between EL SMEs performance. Based on such information, by having innovation practices more than ever before, there will be a likely hood of having improvement of SMEs' performance in Kuwait. On the other hand, IM should clearly get more managerial attention when leaders exhibit a low level of skills and experts. It is also important to emphasize that, IM that moderate the link EL-performance is to a large extent under managerial control of SMEs.

6. Limitation and Future Research

Since this is a conceptual paper, future research should investigate the conceptual model of this study empirically by conducting quantitative research. This study has developed a model which focused on the SMEs in Kuwait, and therefore there is a need for future studies to examine the framework of this study in the context of other countries and in different industries, such as the technology industry, in order to be able to generalize the results. Also, we suggest testing the effect of other factors of TQM such as; training, employee's involvement, and supplier relationship. Finally, future studies may investigate the moderation role of learning orientation on the association of EL with organizational performance.

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