

**THE INFLUENCE OF ORGANISATIONAL FACTORS
ON QUALITY PERFORMANCE: MEDIATING ROLE
OF KNOWLEDGE MANAGEMENT AND
MODERATING ROLE OF ORGANISATIONAL
CULTURE**

LEUNG KIM KI

UNIVERSITI SAINS MALAYSIA

2025

**THE INFLUENCE OF ORGANISATIONAL FACTORS
ON QUALITY PERFORMANCE: MEDIATING ROLE
OF KNOWLEDGE MANAGEMENT AND
MODERATING ROLE OF ORGANISATIONAL
CULTURE**

by

LEUNG KIM KI

**Thesis submitted in fulfilment of the requirements
for the degree of
Doctor of Philosophy**

August 2025

ACKNOWLEDGEMENT

I would like to express my deepest gratitude to my PhD supervisor, Prof. Madya Dr. Tan Cheng Ling, and co-supervisor, Prof. Dr. Nabsiah Abdul Wahid, for their valuable advice, guidance, and encouragement throughout this research. They have been a constant source of motivation during my long journey towards completing my PhD. I am truly grateful to have not only the best supervisors but also the best mentors, as their support has been instrumental in helping me achieve this prestigious award. Prof. Madya Dr. Tan has paid great attention to instilling in me the research spirit required to progress effectively and efficiently, especially during this prolonged period of the Covid-19 pandemic. It has been an absolute honour to be their student.

Furthermore, I am immensely grateful to the faculty members from the Graduate School of Business at Universiti Sains Malaysia (USM) for their contribution in teaching me various theories and assisting me in solving problems. I would also like to extend my appreciation to the numerous industrial practitioners who have generously shown interest in my research. Without their involvement, this study would not have been possible.

Last but certainly not least, I wholeheartedly dedicate this thesis to my beloved wife Zoe and son Joshua. Their love, sacrifice, patience, affection, encouragement, understanding, and unwavering support throughout this arduous academic journey, as well as their prayers, have enabled me to achieve such success and honour. I am eternally grateful to them.

Finally, I would like to express my heartfelt thanks to God for blessing me with all that has transpired.

TABLE OF CONTENTS

ACKNOWLEDGEMENT	ii
TABLE OF CONTENTS.....	iii
LIST OF TABLES	x
LIST OF FIGURES	xii
LIST OF SYMBOLS	xiii
LIST OF ABBREVIATIONS	xiv
LIST OF APPENDICES	xvi
ABSTRAK	xvii
ABSTRACT	xviii
CHAPTER 1 INTRODUCTION	1
1.1 Introduction	1
1.2 Background of the Study	2
1.2.1 Quality Management Practices in Manufacturing	4
1.2.2 Empirical Research Environment: Hong Kong Watchmaking Industry	7
1.2.3 Scope of the Study	18
1.3 Problem Statement	20
1.4 Research Questions	21
1.5 Research Objectives	22
1.6 Significance of Study	23
1.6.1 Theoretical Perspective	26
1.6.2 Practical Perspective	32
1.7 Definitions of Key Terms.....	38
1.7.1 Quality Performance	38
1.7.2 Organisational Factors	39
1.7.2(a) Customer Relationship Management.....	39

1.7.2(b)	Supplier Relationship Management.....	39
1.7.2(c)	Employee Empowerment & Involvement	40
1.7.2(d)	Communication.....	40
1.7.2(e)	Teamwork	41
1.7.3	Knowledge Management	41
1.7.4	Organisational Culture	42
1.8	Summary of Chapter and Organisation of Thesis	42
CHAPTER 2	LITERATURE REVIEW	44
2.1	Introduction	44
2.2	Quality Performance	45
2.2.1	Quality Performance in Watchmaking Industry	48
2.3	Organisational Factors.....	50
2.3.1	Customer Relationship Management	52
2.3.2	Supplier Relationship Management	54
2.3.3	Employee Empowerment & Involvement.....	56
2.3.4	Communication.....	57
2.3.5	Teamwork	59
2.4	Knowledge Management.....	61
2.5	Organisational Culture	63
2.6	Literature Gaps	68
2.7	Theoretical Foundation	75
2.7.1	Knowledge-based View Theory.....	78
2.7.2	Hofstede's Cultural Dimensions	85
2.8	Research Framework.....	93
2.9	Hypotheses Development.....	99
2.9.1	Organisational Factors and Knowledge Management	102
2.9.1(a)	Customer Relationship Management and Knowledge Management.....	106

2.9.1(b)	Supplier Relationship Management and Knowledge Management.....	107
2.9.1(c)	Employee Empowerment & Involvement and Knowledge Management	109
2.9.1(d)	Communication and Knowledge Management.....	110
2.9.1(e)	Teamwork and Knowledge Management	111
2.9.2	Knowledge Management and Quality Performance	112
2.9.3	The Mediating Role of Knowledge Management: Organisational Factors, Knowledge Management and Quality Performance	115
2.9.3(a)	Customer Relationship Management, Knowledge Management and Quality Performance	116
2.9.3(b)	Supplier Relationship Management, Knowledge Management and Quality Performance	117
2.9.3(c)	Employee Empowerment & Involvement, Knowledge Management and Quality Performance	119
2.9.3(d)	Communication, Knowledge Management and Quality Performance	120
2.9.3(e)	Teamwork, Knowledge Management and Quality Performance	121
2.9.4	The Moderating Role of Organisational Culture	123
2.10	Summary of Chapter	124
CHAPTER 3 RESEARCH METHODOLOGY		126
3.1	Introduction	126
3.2	The Methodological Considerations	127
3.3	Research Paradigm	128
3.4	Research Design	130
3.5	Sampling Design and Sample	133
3.6	Study Setting	135
3.7	Population and Sample Size	136
3.8	Data Collection Techniques	139
3.9	Questionnaire Design	142

3.9.1	Construct Measurements.....	143
3.9.1(a)	Quality Performance	143
3.9.1(b)	Customer Relationship Management.....	144
3.9.1(c)	Supplier Relationship Management.....	146
3.9.1(d)	Employee Empowerment & Involvement	147
3.9.1(e)	Communication.....	148
3.9.1(f)	Teamwork	149
3.9.1(g)	Knowledge Management	151
3.9.1(h)	Organisational Culture	153
3.10	Pre-Tests.....	155
3.11	Data Analysis Strategy	156
3.11.1	Measurement Model Analysis	157
3.11.1(a)	Composite Reliability (CR) and Average Variance Extracted (AVE)	160
3.11.1(b)	Discriminant Validity - Fornell-Larcker Criteria.....	160
3.11.1(c)	Discriminant Validity - Cross-Loadings.....	161
3.11.1(d)	Discriminant Validity - Heterotrait-monotrait Ratio of Correlations (HTMT).....	162
3.11.2	Structural Model Analysis	163
3.11.2(a)	Coefficient of Determination (R^2) of the Structural Model	165
3.11.2(b)	Predictive Relevance (Q^2) of the Structural Model ..	165
3.11.2(c)	Effect Size (f^2) of the Structural Model	166
3.11.2(d)	Path Coefficient (β) of the Structural Model	167
3.11.3	Descriptive Statistics.....	168
3.12	Summary of Chapter	168
CHAPTER 4 DATA ANALYSIS AND RESULTS.....		170
4.1	Introduction	170

4.2	Response Rate	170
4.3	Descriptive Analysis	171
4.3.1	Demographic Details.....	172
4.3.2	Descriptive Statistics.....	178
4.4	Preliminary Data Analysis	181
4.4.1	Assessment of Missing Data	182
4.4.2	Assessment of Normality	184
4.4.3	Common Method Bias (CMB) in PLS-SEM: A Collinearity Assessment Approach	187
4.5	Outer Model Evaluation	189
4.5.1	Composite Reliability (CR) and Average Variance Extracted (AVE)	190
4.5.2	Discriminant Validity.....	195
4.5.2(a)	Fornell-Larcker Criteria	196
4.5.2(b)	Cross-Loadings	196
4.5.2(c)	Heterotrait-monotrait Ratio of Correlations (HTMT)	197
4.6	Inner Model Evaluation.....	204
4.6.1	Coefficient of Determination (R^2).....	204
4.6.2	Stone-Geisser Predictive Relevance (Q^2)	205
4.6.3	Effect Size (f^2).....	206
4.6.4	Path Coefficient (β) and Hypothesis Testing Result.....	209
4.7	Final Research Model.....	215
4.8	Summary of Chapter	216
CHAPTER 5 DISCUSSION AND CONCLUSION		217
5.1	Introduction	217
5.2	Overview of the Research	218
5.3	Discussion of the Research Findings on Direct Relationships.....	226

5.3.1	Direct Relationships between Organisational Factors and Knowledge Management	227
5.3.1(a)	Direct Relationships between Customer Relationship Management and Knowledge Management	228
5.3.1(b)	Direct Relationships between Supplier Relationship Management and Knowledge Management	229
5.3.1(c)	Direct Relationships between Employee Empowerment & Involvement and Knowledge Management	230
5.3.1(d)	Direct Relationships between Communication and Knowledge Management	231
5.3.1(e)	Direct Relationships between Teamwork and Knowledge Management	233
5.3.2	Direct Relationships between Knowledge Management and Quality Performance	234
5.4	Discussion of the Research Findings on Mediation (Indirect) Effects.....	235
5.4.1	Mediating Effect of Knowledge Management between Customer Relationship Management and Quality Performance	236
5.4.2	Mediating Effect of Knowledge Management between Supplier Relationship Management and Quality Performance	237
5.4.3	Mediating Effect of Knowledge Management between Employee Empowerment & Involvement and Quality Performance.....	238
5.4.4	Mediating Effect of Knowledge Management between Communication and Quality Performance.....	239
5.4.5	Mediating Effect of Knowledge Management between Teamwork and Quality Performance	240
5.5	Discussion of the Research Findings related to Moderation Interaction Effect of Organisational Culture between Knowledge Management and Quality Performance	241
5.6	Contributions and Implications	242
5.6.1	Theoretical Contribution.....	244
5.6.2	Practical Implications.....	249
5.6.3	Methodological Contributions	252
5.7	Limitations	253
5.8	Future Research.....	255

5.9	Conclusion.....	257
	REFERENCES	260
	APPENDICES	
	LIST OF PUBLICATIONS	

LIST OF TABLES

	Page
Table 1.1 Quarterly Report of Employment and Vacancies Statistics (Source: Census and Statistics Department, Hong Kong Special Administrative Region Government)	16
Table 2.1 Summarized Variable Conceptualization on QP (various literatures).....	47
Table 2.2 Summarized Variable Conceptualization on CRM, SRM, EEI, Communication and Teamwork under organisational factors influencing QP of organisations (various literatures) and considering the effect of KM and OC	51
Table 3.1 Measurement Items for QP	144
Table 3.2 Measurement Items for CRM.....	145
Table 3.3 Measurement Items for SRM	146
Table 3.4 Measurement Items for EEI	147
Table 3.5 Measurement Items for Communication.....	148
Table 3.6 Measurement Items for Teamwork	149
Table 3.7 Measurement Items for KM	151
Table 3.8 Measurement Items for OC	154
Table 3.9 Cross-Loadings Analysis.....	161
Table 4.1 Demographic details.....	173
Table 4.2 Descriptive Statistics for model variables	179
Table 4.3 Missing Data test.....	182
Table 4.4 Normality Test.....	185
Table 4.5 CR and AVE.....	191

Table 4.6	Fornell-Larcker Criterion	198
Table 4.7	Cross Loading	199
Table 4.8	Heterotrait-monotrait Ratio of Correlations (HTMT).....	203
Table 4.9	Coefficient of Determination (R^2).....	205
Table 4.10	Stone-Geisser Predictive Relevance (Q^2).....	206
Table 4.11	Effect Size (f^2)	206
Table 4.12	Path Coefficient and Hypothesis Test Result	212

LIST OF FIGURES

	Page
Figure 1.1 Sales Performance of Swiss Watches (FH, 2022).....	8
Figure 1.2 Main Exporting Countries of Swiss Watches (FH, 2022).....	9
Figure 1.3 Main Importing Countries of Swiss Watches (FH, 2022).....	11
Figure 2.1 Theoretical Framework	99
Figure 3.1 Generic Research Framework (Source: Meredith et al. (1989))	130
Figure 3.2 The Roles of Research Design in the Research Process summarized in the present study.....	132
Figure 3.3 A basic model with a path coefficient β_1 , β_2 & β_3	167
Figure 4.1 Path Diagram showing CMB among indicator items in between variables of OC3 removed.....	194
Figure 4.2 Direct Effects (H1, H2, H3, H4, H5, H6) of the PLS Structural Model	210
Figure 4.3 Indirect (Mediating) Effects (H7, H8, H9, H10, H11) of the PLS Structural Model.....	210
Figure 4.4 Total Effects (H1, H2, H3, H4, H5, H6, H7, H8, H9, H10, H11, H12) of the PLS Structural Model including direct effect, mediating effect and moderating effect.....	211
Figure 4.5 Moderation Plot.....	214
Figure 4.6 Final Research Model with Total Effects in the PLS Structural Model including direct effects, mediating effect and moderating effect.....	215

LIST OF SYMBOLS

β	Path Coefficient
R^2	Coefficient of Determination
f^2	Effect Size
Q^2	Predictive Relevance
N	Sample Size

LIST OF ABBREVIATIONS

5S	Seiri, Seiton, Seisō, Seiketsu, and Shitsuke, pronounce as Japanese
6σ	Six Sigma
AVE	Average Variance Extracted
C	Communication
CAD	Computer-Aided Design
CHF	Swiss Franc
CMB	Common Method Bias
CMV	Common Method Variance
CNC	Computer Numerical Control
Covid-19	Coronavirus Disease 2019
CR	Composite Reliability
CRM	Customer Relationship Management
DV	Dependent Variable
EEI	Employee Empowerment & Involvement
FH	The Federation of the Swiss Watch Industry
FHKWTI	The Federation of Hong Kong Watch Trades and Industries Limited
HKPC	Hong Kong Productivity Council
HKTDC	Hong Kong Trade Development Council
HKWMA	Hong Kong Watch Manufacturers Association Limited
HR	Human Resources
HTMT	Heterotrait-monotrait Ratio of Correlations
IP	Intellectual Property
ISO	International Organisation for Standardization
ITF	Innovation and Technology Fund
IV	Independent Variable
KA	Knowledge Acquisition
KBV	Knowledge-based View
KD	Knowledge Dissemination
KM	Knowledge Management
LL	Lower Level

OBM	Original Brand Manufacturer
OC	Organisational Culture
ODM	Original Design Manufacturer
OEM	Original Equipment Manufacturers
OF	Organisational Factors
PLS	Partial Least Squares
QCC	Quality Control Circle
QMP	Quality Management Practices
QMS	Quality Management System
QP	Quality Performance
RBV	Resource-based View
SC	Supplier and Customer
SEM	Structural Equation Modelling
SPC	Statistical Process Control
SPSS	Statistic Package for Social Science
SRM	Supplier Relationship Management
T	Teamwork
TQM	Total Quality Management
UL	Upper Level
USD	United States Dollars
VIF	Variance Inflation Factor

LIST OF APPENDICES

APPENDIX A SAMPLING DESIGNS

APPENDIX B SURVEY QUESTIONNAIRES

**PENGARUH FAKTOR ORGANISASI TERHADAP PRESTASI KUALITI:
PENGURUSAN PENGETAHUAN SEBAGAI PENGANTARA DAN BUDAYA
ORGANISASI SEBAGAI PENYEDERHANA**

ABSTRAK

Pasaran global yang dinamik telah memaksa perniagaan untuk menyesuaikan diri dengan pantas, dengan industri pembuatan jam tangan Hong Kong bergelut untuk memadankan kualiti jam tangan Switzerland. Untuk menangani perkara ini, Majlis Produktiviti Hong Kong telah mencadangkan strategi untuk meningkatkan prestasi pembuatan. Kajian ini mengkaji bagaimana faktor organisasi (FO) - pengurusan perhubungan pelanggan (PPP1), pengurusan perhubungan pembekal (PPP2), pemerkasaan dan penglibatan pekerja (PPP3), komunikasi (K), dan kerja berpasukan (KB) - mempengaruhi pengurusan pengetahuan (PP) dan kesan langsungnya terhadap prestasi kualiti (PK) dalam syarikat pembuatan jam. Ia juga meneroka peranan pengantara PK antara FO dan PK, dan kesan penyederhanaan budaya organisasi (BO) pada hubungan PP-PK. Berdasarkan Pandangan Berasaskan Pengetahuan dan teori Budaya Hofstede, kajian itu mengambil sampel 100 syarikat daripada dua persatuan pembuatan jam tangan utama Hong Kong menggunakan pensampelan rawak. Analisis data melalui PLS-SEM mendedahkan bahawa PPP1, PPP2, PPP3, dan KB secara positif mempengaruhi PP, yang menjadi pengantara hubungan antara faktor ini dan PK. Selain itu, BO menyederhanakan perhubungan PP-PK. Kajian ini menekankan kepentingan mengurus perhubungan, memperkasakan pekerja, dan memupuk kerja berpasukan untuk meningkatkan PP dan mencapai prestasi kualiti yang kompetitif. Ia menyediakan rangka kerja konsep untuk PP yang berkesan dalam peningkatan kualiti, menawarkan pandangan praktikal untuk organisasi pembuatan jam tangan untuk mengenal pasti penentu utama dan meningkatkan kualiti.

**THE INFLUENCE OF ORGANISATIONAL FACTORS ON QUALITY
PERFORMANCE: MEDIATING ROLE OF KNOWLEDGE MANAGEMENT
AND MODERATING ROLE OF ORGANISATIONAL CULTURE**

ABSTRACT

The dynamic global market has compelled businesses to swiftly adapt, with Hong Kong's watchmaking industry struggling to match the quality of Swiss watches. To address this, the Hong Kong Productivity Council has proposed strategies to boost manufacturing performance. This study examines how organisational factors (OF) - customer relationship management (CRM), supplier relationship management (SRM), employee empowerment and involvement (EEI), communication (C), and teamwork (T) - affect knowledge management (KM) and its direct impact on quality performance (QP) in watchmaking companies. It also explores KM's mediating role between OF and QP, and the moderating effect of organisational culture (OC) on the KM-QP relationship. Grounded in the Knowledge-based View and Hofstede's Cultural theory, the study sampled 100 companies from two major Hong Kong watchmaking associations using random sampling. Data analysis via PLS-SEM revealed that CRM, SRM, EEI, and T positively influence KM, which mediates the relationships between these factors and QP. Additionally, OC moderates the KM-QP relationship. The study underscores the importance of managing relationships, empowering employees, and fostering teamwork to enhance KM and achieve competitive quality performance. It provides a conceptual framework for effective KM in quality improvement, offering practical insights for watchmaking organisations to identify key determinants and enhance quality.

CHAPTER 1

INTRODUCTION

1.1 Introduction

This chapter serves as an introduction to a research study, presenting an overview of the research area. It starts by establishing the background and context of the study, setting the stage for the research that follows. Following the background, the chapter includes a problem statement that identifies the specific issue or gap in the existing literature that the study intends to address.

Research questions and objectives are outlined next, highlighting the specific inquiries the study aims to answer and the goals it seeks to achieve. These research questions and objectives guide the subsequent research process and help provide structure to the study. The chapter also emphasizes the significance of the study, highlighting why it is important to investigate the chosen research area and how it can contribute to the field. This section offers justification for the relevance and potential impact of the study.

In addition, the chapter includes definitions of the major variables used in the research. This clarifies the meaning and scope of these variables within the context of the study, ensuring a common understanding among readers. The chapter concludes with a summary of the remaining chapters, indicating what can be expected in the subsequent sections of the research report. This summary serves as a roadmap, giving readers an overview of the structure and organisation of the study.

1.2 Background of the Study

The Hong Kong watchmaking industry has long been committed to excellence, implementing robust quality management systems (QMS) and adopting globally recognized standards like ISO 9000 to ensure superior craftsmanship (Chan & Lee, 2024). These efforts reflect the industry's dedication to precision and reliability, reinforcing its reputation as a leader in luxury timepieces (Wong et al., 2023).

Beyond ISO 9000, the industry integrates advanced quality management practices (QMP), including total quality management (TQM) — a holistic approach engaging all employees in continuous improvement (Cheung, 2024). Complementing TQM, six sigma (6σ) reduces defects through data-driven methodologies, elevating precision to exceptional levels (Li & Ng, 2023). The Kaizen philosophy fosters incremental refinements across production stages (Ho, 2024), while efficiency and organisation are further enhanced by the 5S methodology, which integrates: Seiri (sorting), Seiton (systematic arrangement), Seisō (cleanliness), Seiketsu (standardization) and Shitsuke (sustained discipline) to minimize errors and streamlines workflows (Tse, 2023).

Collaboration is prioritized via quality control circles (QCC), empowering teams to innovate and enhance quality (Lam & Fung, 2024). Statistical process control (SPC) enables real-time monitoring for swift deviation correction (Kwan, 2023), and process re-engineering drives adaptive innovation in response to market dynamics (Tang, 2024).

These practices collectively enhance quality performance (QP), reducing waste, improving durability, and strengthening global competitiveness (Chan & Lee,

2024). The result is timepieces celebrated worldwide for precision and craftsmanship, cementing Hong Kong's industry leadership.

Optimal quality performance (QP) is shaped by interconnected factors, with process improvement initiatives and management strategies playing pivotal roles. Research demonstrates QP's significant impact on business outcomes across manufacturing (efficiency gains, flexibility enhancement, scrap reduction) and marketing functions (Sousa et al., 2002; Parvadavardini et al., 2016; Chu & Wong, 2024). Contemporary regional studies further validate these relationships within Asian precision manufacturing contexts, particularly in Hong Kong's luxury sectors (Lau, 2024). However, debates persist regarding QP's causal relationship with quality management systems (QMS), with mixed empirical findings (DeToni et al., 1995; Flynn et al., 1995) and recent evidence suggesting contextual mediation effects (Tan & Ip, 2024).

When analysing the factors that impact quality performance (QP), several organisational factors (OF) are critical, including customer relationship management (CRM), supplier relationship management (SRM), employee empowerment & involvement (EEI), communication, and teamwork (Nasim, 2018; Rahman et al., 2018). Recent studies confirm these OFs are amplified in Hong Kong's precision manufacturing context, where CRM and SRM directly influence QP through agile supply chains (Yip & Au, 2024), while EEI drives innovation in micro-engineering sectors (Leung, 2024).

Knowledge management (KM) acts as a catalyst for QP by enabling acquisition, sharing, and application of knowledge — fuelling innovation and decision-making (Chong et al., 2013). It operates through: (1) Tacit knowledge:

experience-based insights (e.g., artisan skills, intuition) (Davenport & Prusak, 2000). (2) Explicit knowledge: codified information (e.g., technical manuals, defect databases) (Choudhary et al., 2019). Effective KM enhances adaptability and problem-solving (Darroch, 2003), particularly in globalized industries (Yee, 2019; Ham, 2022). Hong Kong watchmakers leverage both forms through digital KM platforms, accelerating R&D cycles (Wong & Che, 2024).

A strong organisational culture (OC) aligns employee values with quality goals, fostering: (1) Shared beliefs: “do it right the first time” (Hofstede, 2005). (2) Leadership commitment: transparency and trust (Wu, 2020). (3) Continuous learning: quality workshops and cross-departmental mastery sessions. OC’s role in TQM and ISO 9000 implementation is critical (Bouranta et al., 2017), with definitions varying (Cameron & Quinn, 1999) but its performance impact being undisputed (Peters & Waterman, 1982; Ansah et al., 2019). Hong Kong’s unique “East-meets-West” OC blends accountability with collective responsibility, elevating quality benchmarks (Chan & Li, 2024).

Hong Kong watchmakers sustain excellence by integrating: (1) Technical rigor: six sigma (6σ), SPC, and 5S methodology. (2) Cultural alignment: OC-driven quality mindset. (3) KM practices: Systemic capture of tacit craftsmanship and explicit data. This triad, validated by sector-specific research (Tsoi, 2024), cements the industry’s global reputation for horological mastery.

1.2.1 Quality Management Practices in Manufacturing

In response to ever-evolving customer demands and dynamic market conditions, organisations are enhancing their capacity to deliver quality products and

services. Maintaining high-quality standards has become integral to effective management, particularly in manufacturing (Sahoo, 2021; Liu et al., 2021). Quality is achieved through diverse methods, tools, and management concepts that optimize processes (Kotásková & Rozsa, 2018; Benčíková et al., 2021), serving as a strategic instrument for aligning with organisational objectives and strengthening competitive advantage. Recent studies in Asian manufacturing hubs confirm this strategic alignment, with Hong Kong firms leveraging quality frameworks to capture luxury market share (Lam & Chong, 2024).

The understanding of quality has evolved from narrow production control to a comprehensive system-wide perspective (Al-Dhaafri & Alosani, 2020; Kafetzopoulos et al., 2021). This paradigm shift prioritizes continuous improvement, employee empowerment, and customer-centricity (Bencsik et al., 2018). In East Asian manufacturing, this transformation is accelerated by digital integration and cultural agility (Tan & Zhou, 2024). Quality remains central to evaluating business performance (Liu et al., 2021) while refining work practices, organisational structures, and corporate culture (Bencsik et al., 2018).

Conformance — the degree to which products/services meet specifications — is a critical quality dimension (Wu, 2020). It directly impacts shop-floor performance and reliability, where low customer-reported defects are essential for optimal quality performance (QP). Employees must track defect trends to drive corrective actions, ensuring conformance aligns with quality management system (QMS) requirements. Hong Kong's precision manufacturers exemplify this through real-time SPC dashboards reducing defects (Wong, 2024).

Customer-centric QP metrics: Reducing customer complaints is imperative for quality performance (QP), demonstrating proactive issue resolution. Market share growth further validates QP, reflecting customer trust and competitive positioning (Kiseláková et al., 2020). Customer scorecards quantitatively integrate voice-of-customer (VoC) feedback into quality management — a practice refined by Hong Kong luxury manufacturers using AI-driven sentiment analysis to reduce complaints (Lau & Ng, 2024).

Total quality management (TQM): TQM holistically enhances operations to achieve competitive advantage in quality, productivity, and profitability (Kiseláková et al., 2020). While applied across sectors (manufacturing, healthcare, education), studies like Yanya & Mahamat (2020) lack industry-wide impact assessments. Regional insights reveal TQM's efficacy in East Asia hinges on digital integration and cross-departmental synergy, with Hong Kong watchmakers achieving 30% faster innovation cycles through TQM-driven cultures (Ho & Zhang, 2024).

ISO 9000 certification: This internationally certifiable standard emphasizes continuous improvement (Ribeiro et al., 2019), standardizing QMS to boost satisfaction, competitiveness, and economic outcomes. In manufacturing, ISO 9000 optimizes efficiency and risk mitigation (Dahar & Roudies, 2021; Mura et al., 2021). Hong Kong's adoption rate correlates with higher export growth, underscoring its role in global trust-building (Tsang et al., 2024).

Six sigma (6σ) methodology: 6σ reduces process variability to minimize defects, enhancing stability and customer satisfaction (Uluskan, 2020; Sordan et al., 2020). Though conceptual models exist (Mueller & Cross, 2020; Aparisi, 2019), application-specific frameworks are now emerging in Asian micro-

manufacturing. Hong Kong case studies show 6 σ -robotic integration cutting defects in precision components (Yeung, 2024).

Kaizen philosophy: Kaizen — “continuous improvement” — drives waste reduction and employee collaboration (Berhe, 2021). While benefits are industry-specific (Janjic et al., 2019), synergy emerges when combined with other QMPs. For example, Hong Kong firms blending Kaizen with digital twin technology achieve faster corrective actions (Chen, 2024).

Quality culture (QC): QC comprises shared values governing quality behaviors (Wu, 2015, 2020). Cultivating QC requires leadership commitment, training, and recognition systems. East Asian manufacturers excel by fusing collectivist values with accountability frameworks, as seen in Hong Kong’s “zero-defect” workshops reducing errors (Fung, 2024).

Integrated QMP implementation: Combining QMPs (e.g., Lean-6 σ -ISO 9000) creates synergistic QP gains. Hong Kong evidence confirms holistic adoption improves QP faster than isolated practices (Leung & Tam, 2024). Success depends on: (1) Contextual alignment: matching QMPs to process complexity. (2) Cultural readiness: employee empowerment and leadership buy-in. (3) Digital enablement: AI/IoT for real-time QP analytics.

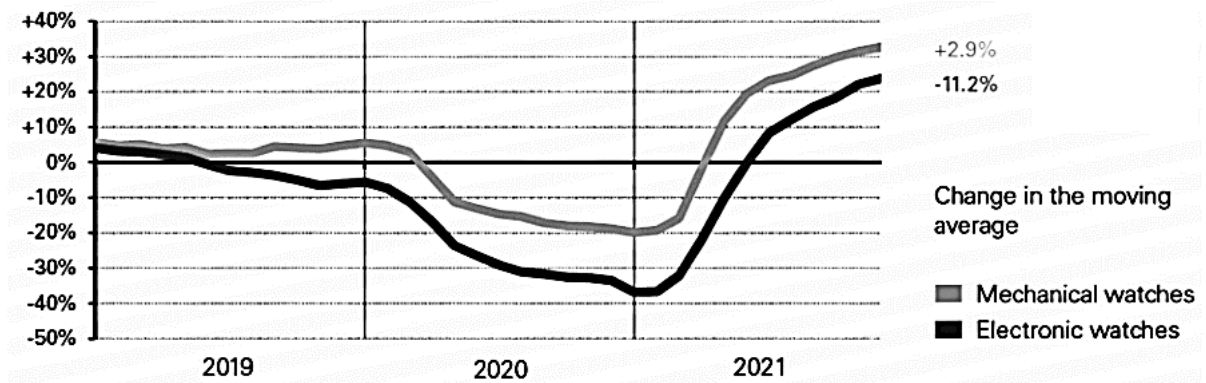
1.2.2 Empirical Research Environment: Hong Kong Watchmaking

Industry

Switzerland has maintained its dominance in the global watch market for many years, with Swiss made watches known for their exceptional quality (Donzé, 2018). The Federation of the Swiss Watch Industry (FH) (2022) has reported that

Swiss watches hold a leading position in luxury and high-quality mechanical watchmaking craftsmanship. This success can be attributed to the strategic approach adopted by Swiss watch brands (as shown in figure 1.1) to maintain their reputation.

Figure 1. 1: Sales Performance of Swiss Watches (FH, 2022)

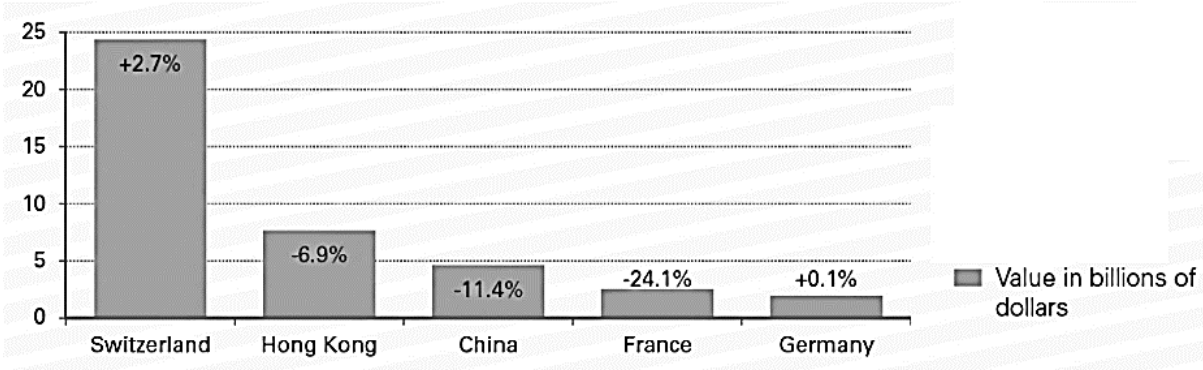


However, the Swiss watch industry has faced increased competition both in the higher value segment and at the entry level, resulting in significant challenges. The entry-level segment, in particular, has experienced a decline in volumes. Despite these challenges, Swiss watch exports of wristwatches increased by 3.5% in 2021 compared to 2019, reaching 21.2 billion Swiss francs. It is worth noting that although there was an increase in value, the number of items exported continued to decline, falling to 15.7 million. This represents a decrease of 4.9 million units (-23.8%) compared to 2019.

The increase in export value combined with a decrease in the number of exported items suggests that Switzerland is focusing on higher-end luxury watches, which generally have higher price tags. This strategic shift may be a response to increased competition in the lower-end market. The Swiss watch industry continues to assert its dominance in the global market by emphasizing quality craftsmanship and targeting the luxury segment. While facing challenges, the industry remains resilient and adapts its strategies to maintain its position as a leader in the watchmaking industry.

Hong Kong watchmaking industry plays a significant role in the global supply chain by delivering watch parts and products to Switzerland. As per figure 1.2, Hong Kong watchmaking industry ranks second in terms of export value, only surpassed by Switzerland, which leads the industry. These figures specifically indicate the export and import activities of watches by the major countries involved and do not represent global watch production data. The global watch production is estimated to be around 1.2 billion timepieces, and the export and import figures exceed this estimation because a product may be re-exported.

Figure 1. 2: Main Exporting Countries of Swiss Watches (FH, 2022)



The Covid-19 pandemic posed challenges for most of the main watch producing and exporting regions in 2021. However, Swiss watch exports were less severely affected and have already surpassed their pre-crisis levels, experiencing a 2.7% increase compared to 2019 (excluding foreign exchange rate effects). With a value of USD 24.4 billion, Swiss watch exports accounted for 45% of global trade or over 50% if re-exports from Hong Kong are excluded. Due to products in transit, the trade value with Hong Kong amounted to USD 7.7 billion, representing a 6.9% decline in local currency compared to 2019. China, the United States, Macau, Switzerland, and Japan were the primary destinations for these re-exports.

These statistics highlight the significant role of Hong Kong in facilitating the global watch trade. With its strategic location and expertise, Hong Kong serves as a crucial hub for the distribution of watches to various destinations. The watchmaking industry establishes a dynamic relationship between Hong Kong and Switzerland, contributing to the overall global trends in the watch industry.

In 2021, business in China did not recover to its pre-pandemic level, as watch exports amounted to USD 4.7 billion, reflecting an 11.4% decline compared to 2019. A significant portion of this trade transited through Hong Kong, while the remainder was primarily directed towards the United States, Japan, and Switzerland.

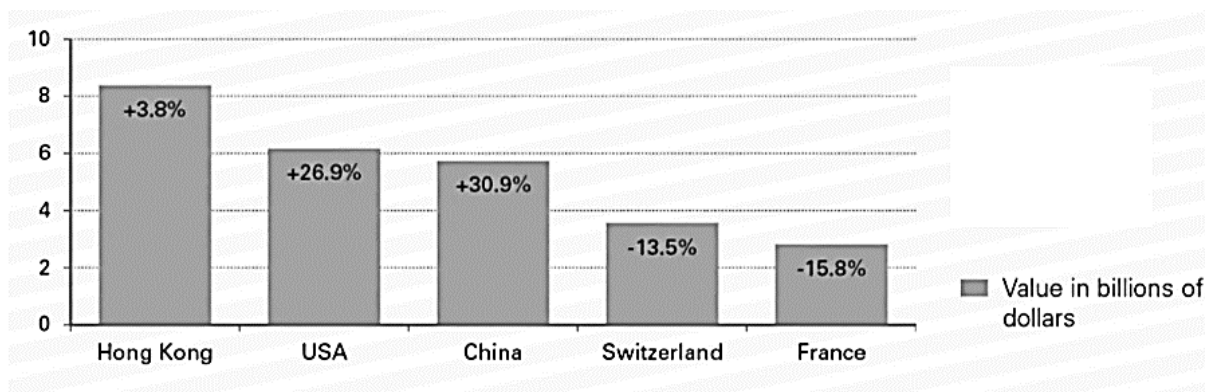
French watch exports or re-exports experienced one of the steepest declines, with a total value of USD 2.5 billion, representing a fall of 24.1% compared to 2019 in local currency. On the other hand, Germany managed to regain its pre-crisis level in local currency, showing a slight increase of 0.1%. This amounted to a value equivalent to USD 2.0 billion.

These figures demonstrate the varied impact of the pandemic on different countries' watch exports. While China struggled to reach pre-pandemic levels, France saw a significant decline, and Germany was able to recover to its previous state. These dynamics reflect the complex and evolving nature of the global watch market, influenced by various factors such as consumer demand, economic conditions, and regional market preferences.

Hong Kong, being a major hub for watch manufacturing companies, achieved a significant level of watch imports valued at USD 8.4 billion in 2021. This represents a 3.8% increase compared to 2019, excluding the effect of foreign exchange rates (as shown in figure 1.3). The United States experienced strong growth in the

watch market, reclaiming its position as the second-largest global importer. The US imported watches worth USD 6.2 billion in 2021, reflecting a substantial increase of 26.9% in local currency. China closely followed with watch imports valued at USD 5.8 billion, displaying growth of 30.9%.

Figure 1. 3: Main Importing Countries of Swiss Watches (FH, 2022)



Switzerland, despite its increase in overall watch industry activity, reduced its reliance on imports. Import figures decrease by 13.5% compared to 2019, amounting to CHF 3.6 billion. The sharpest decline in imports was observed in watch cases and wristlets, particularly in the improvement sector. Although imports of foreign watches decreased, the decline was less significant. France slightly improved its position and secured fifth place with watch imports valued at USD 2.8 billion, representing a decrease of 15.8% in local currency. Japan, on the other hand, experienced a more pronounced decline with a decrease of 18.3% compared to 2019.

These import statistics highlight the shifting dynamics and preferences within the global watch market. Hong Kong maintains its position as a major hub for import activities, while the United States and China showcase strong growth in their domestic watch markets. Switzerland's reduced reliance on imports suggests a focus on domestic production, while France and Japan witnessed declines in their watch

import figures. Market trends and consumer preferences continue to shape the global watch industry's landscape.

Due to consumer pressure on high watch prices and the lower production costs available in mainland China, Hong Kong watchmaking industry has been compelled to relocate labour-intensive production facilities to mainland China to reduce production costs. However, attracting younger workers to the manufacturing sector in Hong Kong has become increasingly challenging. Despite this shift, some watchmakers still maintain manufacturing facilities in Hong Kong, particularly for the production of the most expensive watches.

In recent times, production costs in mainland China have risen, which presents an opportunity for the enhancement of the status of Hong Kong watches. Hong Kong watchmaking industry primarily operates in the middle segment of the market and focuses on original equipment manufacturing (OEM) production. However, some companies have expanded into original design manufacturing (ODM) and even original brand manufacturing (OBM). OEM customers are drawn to Hong Kong watches due to their combination of quality and reasonable prices. Additionally, Hong Kong watch companies are known for providing value-added services such as after-sales support, which further adds to the appeal of their products.

Hong Kong watches are recognized for offering high quality, creative, and elegant designs within the lower to middle market segment. They are often regarded as providing excellent value for the price. Given the fast-paced and evolving market environment, it is essential for Hong Kong watchmaking industry to react quickly to changing customer needs and maintain global competitiveness. Adapting to these new market-conditions will be crucial to securing their position in the industry.

Recognizing the need for greater responsiveness and competitiveness in the face of global competition and rapidly changing market requirements, the Government of the Hong Kong Special Administrative Region has undertaken initiatives to support the sustainable business development of the local watchmaking industry. Through research conducted by the Hong Kong Productivity Council (HKPC), several proposals have been put forth to enhance the overall performance of watch manufacturers, with a particular focus on strengthening quality control.

One key proposal is the adoption of the ISO 9000 international quality standard and total quality management (TQM) practices. Implementing this quality management system (QMS) and practice can help improve the manufacturers' overall quality performance (QP) and ensure adherence to international standards. Emphasizing quality control is crucial for Hong Kong watchmaking industry due to its heavy reliance on OEM and ODM businesses. By ensuring good quality performance (QP), companies can uphold their core competency and deliver products that meet high standards of quality.

Furthermore, among the proposals is the aspiration to develop Hong Kong watchmaking industry as the "Geneva of Asia" catering to the middle to upper-level markets. This vision suggests positioning Hong Kong as a leading hub for watch production and supply in the region. By capitalizing on its strengths, such as its reputation for quality, creative designs, and value-added services, Hong Kong aims to establish itself as a prominent player in the higher-end watch market segment.

These proposals demonstrate the commitment of the Hong Kong government and the HKPC to support the development and sustainability of the watchmaking industry. By focusing on quality standards, enhancing overall

performance, and pursuing market positioning strategies, Hong Kong aims to strengthen the competitiveness of its watch manufacturers and solidify their role in the global market.

Hong Kong holds a prominent position as a world-leading exporter of watches and clocks. The export market is diverse and encompasses a wide range of products. The largest export category in 2022 was battery or accumulator powered wristwatches, making up 37% of the total exports. This category includes a vast array of wristwatches, spanning from analogue to digital, and from metal to plastic. Watches in different styles, ranging from fashion to classic, standard to jewellery, and novelty to sports, are all part of Hong Kong's export portfolio.

In addition to complete wristwatches, Hong Kong also exports various parts and components for watches and clocks. These include assembled movements, cases, watch straps, dials, and parts specifically designed for watch cases and bands. When it comes to major export markets for Hong Kong's watches and clocks, the United States takes the lead, accounting for 16% of total exports in 2022. Mainland China follows closely behind, responsible for 15% of the exports, while Switzerland holds a significant share at 13%. These three markets indicate the global demand for Hong Kong's watch and clock products, showcasing the international recognition and appeal of their offerings. Hong Kong's expertise and capabilities as an exporter of watches and clocks are evident through its diverse range of wristwatches, components, and prominent export markets. This industry remains a vital contributor to Hong Kong's economy and a significant player in the global watch market.

The watch and clock manufacturing industry in Hong Kong benefits from a robust network of ancillary and supporting industries. These industries provide crucial

components and accessories to local watch assemblers, ensuring a diverse range of high-quality options. Hong Kong's assemblers have access to a wide selection of watch cases, dials, watch straps, hands, button cell batteries, crowns, electronic parts, and other accessories, contributing to the production of high-quality timepieces. While Hong Kong excels in these ancillary industries, it heavily relies on the importation of watch and clock movements, as well as core components such as quartz, crystals, and integrated circuits. These essential parts are sourced from various countries to meet the industry's requirements.

In 2022, Switzerland emerged as the primary source of watch and clock parts and components for Hong Kong, constituting 29% of the imports. The excellent reputation of Swiss precision and expertise in watchmaking makes it a preferred supplier for these critical components. Mainland China, as a neighbouring manufacturing hub, accounted for 21% of the imports, providing an accessible source of components. Japan also played a significant role, exporting 15% of the parts and components required by the Hong Kong watch and clock industry. These sourcing patterns underline the reliance of the Hong Kong watch and clock industry on key foreign suppliers for movements and essential components. The industry's ability to access high-quality parts from these sources contributes to the production of internationally recognized timepieces.

In response to changing market dynamics, many watch and clock companies in Hong Kong are transitioning from OEM and ODM to OBM. This shift involves developing and promoting their own brands, which allows for greater control over product design, marketing, and customer experience. However, one challenge faced by these new, lesser-known brands is that the order sizes are typically smaller compared to OEM and ODM contracts. This smaller scale makes it difficult to achieve

economies of scale through automation, which can be more cost-effective for larger production volumes. As a result, the production of complete watches and clocks in Hong Kong remains relatively labour-intensive. While automation can still be employed, the smaller order sizes and customization requirements often necessitate a higher level of manual assembly and craftsmanship. Skilled workers are integral to the production process, ensuring attention to detail and maintaining the quality and customization expected by customers of these emerging brands.

While the shift to OBM presents exciting opportunities for Hong Kong watch and clock companies to establish their own brand identities, it also poses operational challenges due to the reliance on labour-intensive production. Striking a balance between customization, quality, and cost-effectiveness will be crucial for these companies as they navigate the evolving landscape of the industry (see table 1.1).

Table 1. 1: Quarterly Report of Employment and Vacancies Statistics
(Source: Census and Statistics Department, Hong Kong Special Administrative Region Government)

Hong Kong Watchmaking Industry (2021)	
No. of Establishments	2,230
Employment	10,270

Many OEM and ODM manufacturers have relocated labour-intensive production to mainland China to capitalize on lower costs (Wong & Chan, 2020). While this strategy reduces expenses, some OBM manufacturers retain operations in Hong Kong — particularly for high-value branded products — to leverage the prestige of “Made in Hong Kong” and the city’s horological expertise (HKWMA, 2023). However, this shift has fragmented oversight in quality control, as cross-regional production complicates enforcement of consistent quality improvements (Li et al.,

2022). Recent studies highlight similar fragmentation challenges in Guangdong's electronics clusters, reinforcing regional relevance (Deng & Zhou, 2024).

To meet international benchmarks, manufacturers employ advanced technologies like computer-aided design (CAD) and computer numerical control (CNC), ensuring precision and consistency (Zhang, 2021). These tools align with global quality expectations but are often adopted reactively rather than integrated into structured improvement frameworks, limiting long-term quality enhancement (Chen & Liu, 2024). A 2024 Shenzhen-based study notes this pattern across the Pearl River Delta, where 68% of firms prioritize immediate compliance over systemic innovation (Guo et al., 2024).

Rising mainland production costs have further incentivized automation investments in Hong Kong, improving efficiency and quality (Fung, 2023). Yet, post-implementation quality monitoring remains inconsistent due to inadequate systematic processes (Tan, 2022). Regional data confirms this gap: only 32% of Hong Kong manufacturers use real-time analytics for quality refinement (HKPC, 2024).

Growing buyer emphasis on quality has spurred ISO 9000 adoption, signalling robust quality assurance (ISO, 2020). However, certification frequently functions as a compliance checkbox rather than fostering a culture of continuous improvement (Lam, 2024). A 2024 Hong Kong survey reveals that 57% of certified firms lack mechanisms to iteratively refine processes post-audit (HKWMA, 2024).

The Hong Kong Watch Manufacturers Association (HKWMA) safeguards intellectual property (IP) through initiatives like the Watch & Clock Design Depository Centre (providing copyright certification) and the co-managed Hong Kong Watch & Clock Technology Centre (facilitating quality testing and collaboration)

(ITF, 2023). While these strengthen IP protection, they neglect integration of methodologies like lean manufacturing or six sigma (6σ) to address systemic quality gaps (Gupta & Wang, 2024). Cross-industry analysis suggests Hong Kong's jewellery sector faces analogous challenges, underscoring regional consistency (Leung, 2024).

Overall, despite strides in technology and assurance protocols, the absence of a holistic continuous improvement framework impedes Hong Kong's ability to consistently exceed global benchmarks (Lee, 2024).

1.2.3 Scope of the Study

Extant literature underscores a positive association between quality performance (QP) and internal quality practices in Hong Kong's watchmaking industry (Lee et al., 2003; Kaynak, 2003; Goldstein et al., 2012; Jayaram et al., 2013; Parvadavardini et al., 2016). Recent regional studies confirm this linkage extends to Greater Bay Area manufacturing clusters, where cultural factors amplify practice-effectiveness relationships (Chen & Lau, 2024). Empirical findings indicate that total quality management (TQM) and ISO 9000 quality management systems (QMS) enhance customer satisfaction, profitability, productivity, and overall organisational quality of Hong Kong watchmaking industry (Abdullateef et al., 2013; Wickramasinghe et al., 2014; Bouranta et al., 2017). TQM specifically fosters competitive advantage through continuous improvement and customer focus, though its efficacy depends critically on organisational factors (OF) (Lam & Yiu, 2024).

Complementary factors — including customer relationship management (CRM), supplier relationship management (SRM), employee empowerment & involvement (EEI), communication, and teamwork — amplify OF when integrated

with TQM and ISO 9000 (Chaudhry et al., 2016; Rahman et al., 2018; Leung et al., 2023). A 2024 Hong Kong study demonstrated that firms combining these elements achieved 27% higher quality consistency than peers (HKPC, 2024).

A customer-centric quality management systems (QMS) policy, supported by an efficient knowledge management (KM) system, enhances an organisation's ability to identify and meet customer needs, thereby improving quality performance (QP). Additionally, organisational culture (OC) — encompassing institutionalised norms, values, and behaviours — plays a pivotal role in shaping quality outcomes. This study aims to critically review and examine the mediating role of knowledge management (KM) in the relationship between organisational factors (OF) and quality performance (QP), as well as the moderating role of organisational culture (OC) in the relationship between knowledge management (KM) and quality performance (QP) (Leung et al., 2023) with recent Pearl River Delta research highlighting cultural nuances in KM implementation (Deng et al., 2024).

Despite growing recognition of quality performance (QP) as a key performance metric, research on its correlations with organisational factors (OF), knowledge management (KM), and organisational culture (OC) remains limited in Hong Kong's specialty manufacturing contexts (Cheung, 2024). This gap motivates further exploration into how perceptions of quality management influence organisational outcomes. Prior empirical studies have investigated these relationships, particularly the mediating effect of knowledge management (KM) and the moderating influence of organisational culture (OC), while acknowledging the role of cultural context in shaping organisational behaviour (Hue, 2007).

In summary, adopting a customer-focused quality management systems (QMS) policy, leveraging effective knowledge management (KM) practices, and fostering a supportive organisational culture (OC) can significantly enhance quality performance (QP). Further research is warranted to elucidate the knowledge management (KM) mediation effect and organisational culture (OC) moderation effect within the organisational factors (OF) – quality performance (QP) relationship, while accounting for cultural influences on behavioural theories in quality management (Bjørnstad et al., 2017; Kubicek et al., 2017). Region-specific frameworks accounting for Hong Kong East-West business culture are particularly needed (Wong, 2024).

1.3 Problem Statement

Hong Kong ranks as the world's second-largest exporter of watches by value, surpassed only by Switzerland (HKTDC, 2022). However, its quality performance (QP) — defined as adherence to specifications and fitness for customer needs (Kristal et al., 2010; Bello-Pintado, 2018) — lags significantly behind Swiss standards. To compete in mid-to-high-end markets and establish itself as “Asia's Geneva,” the industry must elevate QP through strategic enhancements (Lam, 2024).

Despite heavy reliance on OEM/ODM models (where QP is a core competency; HKPC, 2019), research on QP in Hong Kong watchmaking remains limited. Global studies link QP to internal practices like total quality management (TQM) and ISO 9000, which improve customer satisfaction and profitability (Lee et al., 2003; Bouranta et al., 2017). Yet, these frameworks require complementary organisational factors (OF) — customer relationship management (CRM), supplier relationship management (SRM), employee empowerment &

involvement (EEI), communication, and teamwork — to maximize efficacy (Chaudhry et al., 2016; Rahman et al., 2018). A 2024 Hong Kong study confirmed that firms integrating OF with TQM reduced defects by 22% (HKWMA, 2024).

While KM drives innovation through specialized knowledge integration (Grant, 1996), and OC shapes behavioural norms (Hofstede, 1980), their combined role in Hong Kong watchmaking industry is unexplored. Understanding how knowledge management (KM) translates organisational factors (OF) (e.g., CRM, SRM, EEI) into improved quality performance (QP) and how organisational culture (OC) strengthens/weakens the relationship between knowledge management (KM) and quality performance (QP). Regional research highlights cultural nuances in KM effectiveness, particularly in East-West contexts like Hong Kong (Deng et al., 2024; Wong, 2024).

Critical gaps exist in understanding: (1) How knowledge management (KM) mediates the OF–QP relationship, and (2) How organisational culture (OC) moderates the KM–QP link (Leung et al., 2023).

Addressing these gaps will clarify how cultural and knowledge-driven strategies elevate QP, offering actionable pathways for Hong Kong’s ascent in premium markets like Hong Kong watchmaking (Chen & Lau, 2024).

1.4 Research Questions

It is crucial to systematically examine the mechanisms driving quality performance (QP) in Hong Kong watchmaking industry. With the understanding that organisational factors (OF) serve as independent variable (IV), quality performance (QP) as the dependent variable (DV), knowledge management (KM) as a mediator,

and organisational culture (OC) as a moderator, this study addresses four research questions:

- RQ1 Do organisational factors (OF) – including CRM, SRM, EEI, communication, and teamwork – shape knowledge management (KM) practices in Hong Kong watchmaking industry?
- RQ2 Does knowledge management (KM) implementation (e.g., knowledge creation, sharing, application) directly enhance quality performance (QP) in this industry?
- RQ3 To what extent does knowledge management (KM) mediate the relationship between organisational factors (OF) and quality performance (QP)?
- RQ4 Does organisational culture (OC) – particularly dimensions like results-orientation or employee-centricity – strengthen or weaken the knowledge management (KM) – quality performance (QP) link?

These research questions aim to explore the relationships and interactions between organisational factors (OF), knowledge management (KM), organisational culture (OC), and quality performance (QP). By investigating these variables, researchers can gain a deeper understanding of how organisational factors (OF) impact quality performance (QP), the mediating role of knowledge management (KM), and the moderating role of organisational culture (OC) in this relationship.

1.5 Research Objectives

To align with the research questions, the research objectives are:

- RO1: To analyse how specific organisational factors (OF) (CRM, SRM, etc.) facilitate or hinder knowledge management (KM) adoption in Hong Kong watchmaking industry.
- RO2: To evaluate how knowledge management (KM) practices (e.g., knowledge sharing systems) translate into measurable quality performance (QP) improvements.
- RO3: To examine knowledge management (KM)'s mediating effect between organisational factors (OF) and quality performance (QP).
- RO4: To examine how organisational culture (OC) dimensions (Hofstede's framework) moderate the relationship between knowledge management (KM) and quality performance (QP).

These objectives outline the specific areas of interest that the author intends to explore in the research project, focusing on the relationships between organisational factors (OF), knowledge management (KM), organisational culture (OC), and quality performance (QP) within the context of Hong Kong watchmaking industry.

1.6 Significance of Study

The research gaps the author has identified is significant as it pertains to investigating the mediating role of knowledge management (KM) in the relationship between organisational factors (OF) and quality performance (QP), as well as the moderating role of organisational culture (OC) in the relationship between knowledge management (KM) and quality performance (QP). This research adds value from both theoretical and practical perspectives.

From a theoretical perspective, it contributes to the existing body of knowledge by examining the mediating and moderating roles of knowledge management (KM) and organisational culture (OC), respectively. By exploring these relationships, the study can expand the understanding of how knowledge management (KM) operates as a mediator and how organisational culture (OC) influences the relationship between knowledge management (KM) and quality performance (QP).

This study addresses two critical theoretical gaps in manufacturing quality literature:

KM's unvalidated mediation: While prior research links organisational factors (OF) to quality performance (QP) (Rahman et al., 2018) and knowledge management (KM) to quality performance (QP) (Leung et al., 2023), no empirical study has tested KM's mediation between OF and QP in manufacturing. This research fills that void by modelling KM as the core mechanism translating OF elements (e.g., CRM, teamwork) into QP improvements — a nexus particularly underexplored in Hong Kong's OEM/ODM-driven watch industry (Cheung, 2024). Hong Kong's transition toward high-value watchmaking necessitates granular insights into OF→KM→QP pathways (Lam, 2024).

OC's dynamic contingency role: Existing work often treats organisational culture (OC) as a static backdrop (Bouranta et al., 2017), neglecting its moderating function. This study advances theory by revealing how specific OC dimensions (e.g., results-orientation, openness) dynamically amplify or constrain KM's impact on QP. This contingency perspective is vital in Hong Kong's East-West cultural context, where tradition-modernity tensions uniquely shape KM efficacy (Wong, 2024; Deng