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RESEARCH PAPER

Aspects and Dimensions of Organizational Performance: A Qualitative-Exploratory Literature Review

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ABSTRACT

The objectives of this qualitative-exploratory literature review study are to examine and explore the various aspects and dimensions of the organizational performance. The enhancement of organizational performance is a primary objective for all organizations. The corporate planners utilize novel management theories, approaches, and philosophies to improve organizational performance. Moreover, organizational performance is a major dependent variable for management and business researchers. The meaning of organizational performance varies from organization to organization. The organizational performance has multiple aspects and dimensions. We employ the qualitative exploratory literature review design and decided to explore aspects of organizational performance because of its multidimensional and complex nature. We examined the phenomena from many angles, and reviewed a larger variety of data. We explored that knowledge creation performance, environmental performance, financial performance, marketing and sales performance, product quality performance, corporate social responsibility performance, and production performance are the primary aspects and dimensions of organizational performance. The study's conclusions are crucial for corporate planners and management researchers.

KEYWORDS Corporate Planners, Dependent Variable, Management Researcher, Organizational Performance

Introduction

Organizational performance (OP) is making the necessary efforts and achieving the desired results; which is an immense challenge for businesses. Many studies demonstrate the significance of OP as a dependent variable in management research and there are various dimensions and aspects of OP (Nyathi & Kekwaletswe, 2023). Performance is a fundamental component of modern management (Ndakanwa, Ndayitwayeko, Manirakiza & Nzohabonayo, 2024). Malik and Franke (2021) have designed an OP model and they have included growth, profitability, liquidity, and stock market performance in the model.

Many other aspects of OP include organizational capability, strategic (Ryeowon, Jong-Ho & Tony, 2019) leadership, structure, human resources (Smollan & Mooney, 2024) finance, programs, infrastructure, technology, enhancing job satisfaction (Richter, Schmidt, Ladwig, & Wulhorst, 2017) employee involvement, functional flexibility through training, quality initiatives (Al-Habib, 2022) and high productivity (Anghel & Almasan, 2022). Many researchers have stated that return on assets (ROA), return on equity, and return on sales are the examples of performance (Mishra & Mohanty, 2014).

We decided to explore OP because of its multidimensional and complex nature. We studied a wider range of data, carried out a thorough literature review, and looked at the issue from several perspectives. This research study has the potential to generate new opportunities for further research.

Literature Review

OP is a dependent variable in management research that has been shown to be significant in numerous studies. OP has different dimensions and characteristics. (Nyathi & Kekwaletswe, 2023). A key element of contemporary management is performance (Ndakanwa et. al., 2024) and growth, profitability, liquidity, and stock market performance are the examples of performance (Malik & Franke, 2021). Doval (2020) came to the conclusion that knowledge development considerably improves an organization's performance. Management and staff commit to the ongoing generation of knowledge, and this is a form of organizational performance.

The examination of how well an organization performs in relation to its goals and objectives is known as organizational performance analysis. Organizations differ from one another for a variety of reasons, some of which are connected to the goals of the organization. According to Sumbal (2020), organizational performance can be evaluated for individuals, groups, and the overall organization at various levels of hierarchy.

Researchers have identified many aspects and dimensions of OP. Organizational capability, strategic leadership (Ryeowon, Jong-Ho & Tony, 2019), structure, human resources (Smollan & Mooney, 2024), finance, programs, infrastructure, technology, employee involvement, functional flexibility through training, quality initiatives (Al-Habib, 2022), and high productivity (Anghel & Almasan, 2022) are just a few of the many other aspects of organizational performance. According to a number of experts, performance can be measured in terms of return on equity, return on assets (ROA), and return on sales (Mishra & Mohanty, 2014).

Material and Methods

We explored the numerous aspects and dimensions of organizational performance. We employed qualitative-exploratory literature review design. According to Sundaers et al. (2012), exploratory research serves as the foundation for more conclusive study. Exploratory research typically addresses novel issues with limited or no prior literature. The exploratory research design is flexible and adaptable to changes. Exploratory research is effective in building the groundwork that will lead to subsequent studies. Exploratory investigations may be able to save time (Brown, 2006).

We selected which publications to include in the review based on a criterion (Maune, 2014). We selected articles that were included in the most recent publications and published in peer-reviewed journals. According to Dash (2020), a qualitative exploratory literature review is a thorough research strategy that provides useful tools for in-depth investigation of the phenomenon.

Results and Discussion

The multifaceted and complex character of organizational performance led us to explore its aspects and dimensions. We employed qualitative-exploratory literature review design. The review of literature shows that there are various aspects and dimensions of organizational performance. We explore the following aspects and dimensions of organizational performance

Knowledge Creation Performance

According to Cress and Kimmerle (2008), the creation of new knowledge in a collaborative process is regarded as an organizational performance. Also, the knowledge and skills of employees may be the outcome of their production, accumulation, and dissemination inside the company. Enhancing strategic capacities and procedures requires a thorough understanding of the different kinds of knowledge and the ways in which it is shared among people. (Doval, 2020; Nonaka, 1994). According to Doval (2020), analyzing external causes that generate new ideas, transforming existing knowledge, and using that knowledge to enhance activity performance all contribute to improved firm performance. Novel insights serve as an asset to the company. They stated that new knowledge is created through a methodical procedure.

Environmental Performance

The accumulation of environmental burdens brought on by routine company operations and everyday consumer behaviors is the cause of many global environmental issues, such as mass waste generation, global warming, and the release of a significant amount of hazardous chemicals into the environment. Organizations must drastically change in order to transition to a socioeconomic system that is sustainable and less harmful to the environment (Schultze & Trommer, 2011).

Pakistan has witnessed a notable shift in its environmental performance. Utilizing resources effectively and sensibly is imperative for firms if they are to protect the globe for generations. This is something that we all need to do. Different environmental performance indicators exist. Undoubtedly, there exist significant disparities among nations concerning their approaches to managing their own and other people's natural resources (OECD, 2001). Environmental performance refers to actions intended and implemented to combat environmental degradation.

Organizations need to improve environmental performance. Enhancing environmental performance also enables nations to meet their sustainable development objectives (Zhang et al., 2021). Organizations must adopt environmental protection measures in order to achieve sustainable development (Jimenez & Lorente, 2001). Environmental performance indicators have been integrated by nations into many programs related to pollution control and natural resources management. Environmental performance should be examined in relation to particular concerns, policy categories, and nations in order to optimize the return on (government) investment, but the elements also need to be widely recognized (Wendling et al., 2018).

Financial Performance

Every organization's main objective is to achieve financial performance (Baby, Mia, & Pitchay, 2024) and financial performance is the most important performance metric (Kim, Duvernay & Thanh, 2021). According to the Corporate Finance Institute (2024), financial performance is a comprehensive assessment of a business's entire status in relation to various categories, including assets, liabilities, equity, expenses, income, and overall profitability (Mihaela, Valentina-Diana & Avasilcai, 2022). Researchers have studied the various aspects of financial performance (Mara & Nicoleta, 2019).

The ratio of an organization's profit to its costs is called its profitability. Sometimes known as net profit or net income, profitability is an accounting term. Economic value (EVA), return on asset (ROA), return on investment (ROI), return on equity (ROE), and return on sales (ROS) are measures of financial performance, or profitability. Divide net profit by shareholders' equity to find the profitability ratio known as return on equity, or ROE for short. It shows how well the company can use equity investments to generate returns for investors.

Similar to ROE, return on assets, or ROA, is a profitability ratio that is calculated by dividing net profit by average assets for the company. It serves as a gauge for how successfully the business is using its assets and available resources to generate more revenues. A profitability ratio called gross profit margin calculates the portion of revenue that remains after deducting cost of goods sold. Operating costs, interest, and taxes are not included in the cost of goods sold, which only includes the direct cost of production. Put otherwise, gross profit margin represents the profitability of a product or item line exclusive of overhead.

A profitability ratio known as net profit margin calculates the portion of revenue and other income that remains after deducting all business expenses, such as interest, taxes, operating costs, and costs of goods sold. As a gauge of overall firm success that accounts for all associated costs in addition to the cost of products sold, net profit margin is different from gross profit margin.

Financial performance (growth) includes increases in assets, net revenue, net profit, and market share. The ability of a business to raise capital when needed is known as liquidity. The liquidity status of a corporation is primarily determined by two factors. First, it has short-term liquidity, or the capacity to turn assets into cash and pay for present obligations. Its potential for debt is the second. The ability of a business to raise capital through new debt in addition to servicing its existing debt is known as debt capacity. The current ratio is a liquidity ratio that shows you if a company has enough current assets and liabilities to cover its short-term debt.

Another kind of liquidity ratio that assesses a company's capacity to meet short-term obligations is the fast ratio, sometimes referred to as the acid test ratio. Only highly liquid current assets are used in the quick ratio's numerator, including cash, marketable securities, and accounts receivable. It is assumed that some current assets, such as inventory, are not always simple to convert into cash. The amount of operational liquidity that a company has available to fund its daily operations is measured by its working capital. Using debt to purchase assets is referred to as financial leverage, sometimes called the equity multiplier.

A solvency ratio called the debt-to-equity ratio indicates how much of a company's funding comes from equity as opposed to debt. This ratio illustrates the ability of shareholder equity to pay off all debt in the case of a business crisis, which sheds light on the solvency of the company. The number of times the company sells all of its inventory during an accounting period is known as inventory turnover, which is an efficiency ratio. It provides information about whether a business has too much inventory in relation to its sales volume. An efficiency ratio called total asset turnover gauges how well a business uses its assets to produce income.

Marketing and Sales Performance

Ali, Ayoub and Kawar (2024) assert that strategies for marketing play a crucial role in improving a company's marketing and sales performance. Every firm needs sales to survive. A company's capacity to sell more and better within a specific time frame is its sales performance, to put it simply (Ghorbal, 2023). According to Brayton (2024), a variety of factors affect sales performance. The experience of the sales team is one key component; other factors are product knowledge and employee motivation. Additionally, sales performance varies per firm. It is evaluated using the personalized sales goals you have previously established.

Sana (2023) highlighted in a report that sales performance is a continual process requiring commitment, planning, and persistent effort. Regularly evaluating sales approach, tracking progress, and implementing new tactics can boost sales, boost revenue, and help business succeed long-term. Amoa-Gyarteng, Dhliwayo & Adekomaya (2024) have concluded that innovative marketing strategies enhance sales performance. Cost per lead (CPL), marketing qualified leads (MQLs), customer retention (CR), cost per customer acquisition (CPA), return on investment (ROI), sales qualified leads (SQLs), and sales revenue (SR) are critical key performance indicators (KPIs) that sales and marketing teams use to evaluate success.

Product Quality Performance

A product's ability to satisfy user expectations is referred to as its quality (Caramela, 2024). There are eight important quality characteristics or categories that might act as a framework for strategic analysis. These are performance, features, reliability, conformance, durability, serviceability, aesthetics and perceived quality (Garvin, 1987). The Indeed (2024) study has emphasized that product quality is important. Products of superior quality are necessary for the business to succeed.

A corporation may compete and beat rivals by raising the caliber of its products and customer service, according to research done by Syafarudin (2021). In order to make customers feel heard, a smart business offers a channel for them to share their opinions and problems (Martadiani et. al., 2021). A company's ability to retain customer happiness and hence boost earnings makes it one of the most crucial factors in ensuring business continuation.

Regulatory Compliance Performance

Businesses face challenges in complying with regulations (Hunt, 2024). In order to be in conformity with external legal demands, such as laws and regulations in specific jurisdictions or industries, one must adhere to regulatory compliance. According to Sadiq and Governatori (2015), a major difficulty is coordinating control objectives derived from laws and regulations with business objectives designed to enhance business performance. The effectiveness of a regulatory body is dependent on its level of activity. Pakistan's regulators are largely inactive and not working independently. This is the greatest disease that is seriously harming Pakistan's economy, social structure, political dynamics, strategic and national interest.

Corporate Social Performance

According to Harper and Lombardo (2023), organizations are answerable to a variety of stakeholders because they are socially responsible for the society in which they function. Researchers and practitioners have been interested in corporate social performance (CSP) for a long time (Wood, 1991). Battaglini (2019) provides a clear explanation of the social performance phenomenon. CSP is a complex subject that deals with company policies and management that are in line with societal values and goals.

Production Performance

The ability of a production system to fulfill orders of customers. While a production system's KPIs differ from company to company. Aherene (2023) published a report in the Leading-Edge Group and stated that there are nine KPIs for production performance. They include conformance to quality, overall equipment effectiveness, cost of production, volume of production, speed of production process, rejection ratio, targets, time and down time. According to Csiki, Demeter, and Losonci (2023), production managers play a critical role in enhancing production performance. A key duty for plant managers in the manufacturing industry is to boost output and profitability. An organization's processes and the thorough execution of those processes by its staff are critical to its success.

Conclusion

We decided to explore the organizational performance because of its intricate and multifaceted nature. We conducted a comprehensive literature analysis, examined a larger variety of data, and considered the problem from multiple angles. We came to the conclusion that knowledge creation performance, environmental performance, financial performance, marketing and sales performance, product quality performance, corporate social responsibility performance, and production performance are the primary components of organizational performance.

Recommendations

We recommend the corporate planners to focus on organizational performance because it is vital to save the company and to stay in the market. It is also advised that future researchers look into and examine different aspects of performance.

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