Effective Management: A Catalyst for Organizational Performance

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ABSTRACT

The objective of this study was to identify the relationship between effective management and the organizational performance of small and medium enterprises (SMEs). It is a fact that in modern times, the performance of SMEs is critical to improving because these entities have a great contribution to the economy of Pakistan. The earlier studies have highlighted the management crisis in organizational performance. In this regard, the study is based on the cross-sectional data collection on the Likert scale questionnaire. The study highlights that there is a critical role for goal setting, a sense of ownership, and teamwork in effective management to improve the performance of SMEs. This study is significant because it provides both theoretical and practical implications that are important to consider when it comes to the performance of SMEs. The implications of this study would be useful for management to ensure effective practices to improve the performance of the organization.

Keywords:
Team Work
Goal Setting
Sense of Ownership
Effective Management
Organizational Performance

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1. Introduction

In the current era, the performance of the organization is a big task for the management due to globalization and a lack of talent in the management. It is important to understand that organizational performance is important for not only the revenue of the organization, but at the same time, it is critical for getting a complete advantage in the target market (Dimitropoulos & Chatzigianni, 2022; Khan & Iqbal, 2020). However, the small and medium entities are concerned there is a lack of management identified, because of these small organizational structures. Particularly, the small and medium entities in Faisalabad are facing a different kind of crisis in organizational performance (Shafique, 2017). In this regard, previous studies identified that there is a lack of management skills and abilities in the performance of the small and medium entities that is responsible for the bad organization performance.

Teamwork refers to the work of employees in any organization for a department to achieve the collective targets set by the team or by the management (Kuncoro & Suriani, 2018). It is important to understand that without teamwork, the employees fail to achieve the target because teamwork is necessary and with this collaboration, people are getting an advantage in different departments due to less effort in teamwork. In this regard, in
teamwork, the performance of the group is increased and the collective goal is achieved easily. Sense of ownership refers to the responsibility of employees in any organization when they are given values and morality that are appropriate for their job (Simonin, 1999). It is critical to understand that employees in any organization will develop a sense of ownership to perform the task if they are provided with the value and standards, and if they are told that their contribution will be rewarded and they will benefit from their work. In this way, this sense of ownership is useful for the employees and the organizations as well as to improve performance.

Goal setting is when the organization sets goals for achievement and the responsibility of the management is to achieve that goal for the organization (García-Sánchez, Hussain, Khan, & Martínez-Ferrero, 2022). It is a fact that if the goals of any organization are set accordingly and these goals are achievable, then it would be easier for the management to achieve these goals. Effective management refers to the management qualities provided by the employees of any department to ensure that they are getting all the things of the organization in the right way. It is critical to understand that the people who are provided with the opportunity and believe their performance would be effective for the department. In this regard these employees work effectively to manage all the tasks for the organization. Organizational performance is when an organization is working effectively in the target market to achieve the target set by the management of the organization in a single direction (Kato & Charoenrat, 2018). It is important to understand that the performance of the organization is directly dependent on the management of the organization. In light of previous studies, the performance of the organization is directly dependent on the management of the organization.

The objective of the study is to identify to what extent the roles of goal setting, sense of ownership, and teamwork are important for effective management in the context of small and medium entities. This study is designed to identify the critical role of effective management in improving the performance of the organization that is owned by the private members of Faisalabad City. The theoretical framework of the study is designed with the help of previous studies and recommendations. However, this study will address the individual roles of goal setting, sense of ownership, and teamwork ineffective management to improve the organizational performance not only in the Faisalabad city, but at the same time, the results will apply to the small and medium entities of Pakistan.

This study is significant because it addresses the theoretical gap in the literature and the practical gap in the management of small and medium entities in Faisalabad. On the one hand, the study significantly provides the theoretical implications that are important to consider for the management of small and medium-sized entities to improve the performance of the organization. On the other hand, the study has practical implications that are important to consider when it comes to the management of small business organizations. In this way, the results of the study would apply to the business entities, and at the same time, the study would provide future direction for future studies because the relationship between the variables addressed in the theoretical framework of the study is highlighted effectively.

2. Literature Review
2.1 Role of Team Work in Effective Management

It is critical to understand that teamwork is considered the most effective way of working in any organization to achieve the goal of the organization. However, at the same time, according to García-Sánchez et al. (2022), it is also difficult to get all the employees of the organization involved in teamwork because of different problems. The one and only problem is that humans come from different cultures and have different sets of values, making it difficult for them to work together in a way that is mutually beneficial. The responsibility of the management is to divide the employees into the groups that are working in the department to ensure that the people are working in collaboration to achieve a single and sustainable objective (Kharlanov, Bazhdanova, Kemkhashvili, & Sapozhnikova, 2022). Moreover, it is nothing else but the ethical standards and ethical values that motivate people to work in a team to achieve the single direction objectives for the organization. Effective teamwork is responsible for effective management because the
working environment would be stably related to the environment of the organization (Sukaatmadja, Yasa, Rahyuda, Setini, & Dharmanggara, 2021). As a result, the better the performance of the employees would be for the organization's performance. In developed countries, ethical workshops are held to make sure that all of an organization's employees are working in the same direction to reach the same goal (Imran, Shafique, Sarwar, & Jamal, 2021).

**H1. There is a relationship between teamwork and effective management.**

### 2.2 Role of Sense of Ownership in Effective Management

A sense of ownership is one of the most important factors that influences employees in an organization to work together to achieve common goals. It is important to understand that in an organization, where the employees are not provided with the values and they don't think of the organization as a result of reward. In such an organization, the employees have no sense of ownership and they don't work effectively (Obermayer, Kővári, Leinonen, Bak, & Valeri, 2021). However, on the other hand, the organizations that value their employees based on their performance and their integrity in such kind of organizations, a sense of ownership development among the employed and they work in any way to achieve the goal of the organization (Latansa, Adi, & Rohman, 2019). The organization's responsibility is not only to work for the betterment of its employees, but also to instil a sense of responsibility in them, because when this concept is instilled in them, they will work more effectively to provide their time and efficiency to the organization. According to Ul-Hameed, Mohammad, Shahar, Aljumah, and Azizan (2019), in advanced and developing countries, the organization provides a sense of ownership to employees to make them capable of working efficiently and effectively because they believe that with such a sense of ownership, the employees are always motivated to get things done appropriately. There are different benefits of a sense of ownership, but at the same time, the management of an organization always delays providing a proper sense of ownership to the employee because the management believes it would be bad for the employee. However, on the other hand, different modern studies have explained that a sense of ownership is good for employees because it provides them a way and reason to work for the organization effectively (Cilliers, Fleisch, Kotze, Mohohlwane, & Taylor, 2022).

**H2. There is a relationship between a sense of ownership and effective management.**

### 2.3 Role of Goal Setting in Effective Management

Goal setting is one of the most effective tools for an organisation to achieve its objectives because it is difficult for the organisation to move in one direction unless the goals are established. However, it is the responsibility of the different departments and the managerial position to set the goal for the organization because when the goals in the organization are set according to the policies of the CEO and the higher staff, then it would be effective for the organization to complete that goes easily (Ramaano, 2022). On the one hand, organizations are setting goals to achieve in order to achieve sustainability in the organization. However, on the other hand, the role of goal setting for an organization is important because, with the help of the timeline of accomplishing these goals, it would be effective for the organization to move forward in a productive way. The organization that are leading in the target market have smart goals and the responsibility of the management is to achieve these goals (Kato & Charoenrat, 2018). It is important to understand that in different organizations, different kinds of management policies are implemented, and on the basis of these policies, the goals of the organization are created and achieved.

The goals in any organization are the key to providing a pathway for the management of the organization to work effectively, because when the goal are established and set for achievement, then the management will work in an effective way to accomplish these goals with the help of teams (Potrich, Cortimiglia, & de Medeiros, 2019). The responsibility of the management is to accomplish the goals of the organization but at the same time, the management should not go against the values of the organization, because values are critical to understanding and important to consider when it comes to the goals of the organization. In Denmark and Norway, the organization achieves goals with the help of
effective management because it is believed that by the values of effective management the organization role is vital to the success of the organization (Maharantika & Fuad, 2022).

H3. There is a relationship between goal setting and effective management.

2.4 Role of Effective Management in Organizational Performance

Organizational performance is important to consider when it comes to the existence of any organization in the market (López-Cabarcos, Vázquez-Rodríguez, & Quiñoá-Piñeiro, 2022). It is important to understand that for the organization's performance, the role of management is important because the performance of the organization is directly dependent on management. In this way, effective organizational performance would be when the management is efficient. However, if the management is not capable and not working in the right direction, it would be completely difficult for the organization to move in a developing way. The role of management is to ensure that all the departments of the organization are working effectively in the target market and that the competitive advantage of the organization is achieved (Muñoz-Pascual & Galende, 2020). Until and unless, if one organization is not effectively working, it is the failure of the management in this regard because the performance is based on the management skills. In the top organizations of the world, it is the management that is working effectively for better performance to achieve a sustainable goal.

At the same time, it is important to understand that for organizational performance, the role of teamwork is important because if there were no teamwork, then the performance would be declined (Ullah et al., 2022). The management of the organization must consider the values and sustainable goals of the organization that would effectively work for the organization. Not only the traditional but, at the same time, the modern online business organizations performance is also based on the organizational culture and the working pattern of the management. It is believed that if the management is hardworking and a proper timeline of target achievement was available, then it would be sustainable and reliable for the organization to grow productively. In this regard, the board of directors and CEO of the organization should consider the important role of management and recruit employees that are sincere and hard working (Ahmad, Shafique, & Jamal, 2020). In this way, not only would the performance of the organization be increased, but at the same time, it would develop a competitive advantage in the particular business sector. The relationship between the variables is presented in Figure 1.

H4. There is a relationship between effective management and organizational performance.

Figure 1: Theoretical Framework of the Study

3. Methodology

The study adopted the quantitate approach and data was collected at one point of time. The Population was consisted of the SMEs in Faisalabad city and convenience sampling was used. To begin with, the questionnaire was prepared in two different sections. In the first section, information related to the demographics of the respondents was
required. However, in the section, the scale items for each variable were presented to check the relationship between the variables. In this regard, to measure the relationship between teamwork and effective management, four scale items were taken. Similarly, to measure the relationship between a sense of ownership and effective management four scale items were taken. Also, to measure the relationship between goal setting and effective management, four scale items were taken. On the other hand, the measure the relationship between effective management, five scale items, and organizational performance, three scale items, were taken in this study.

### 3.1 Data Collection Process

To proceed with the study, the data was collected effectively with a response rate of 40%. In this regard, the respondents of this study were the managers and owners of SMEs in Faisalabad. The questionnaires were mailed to them in the return envelope, and they were asked to provide honest feedback true to reality. In this regard, 700 questionnaires were mailed, but in response, only 331 questionnaires were collected to proceed with the study.

### 4. Findings

#### 4.1 Convergent Validity

This section of the study has the results of convergent validity checked by Smart PLS 3 software (see Table 1). In this regard, factor loadings were identified for each construct, and according to the results, factor loadings for each variable were greater than 0.60. Similarly, the value of CR for each variable was greater than 0.80 recommended by Hair, Money, Samouel, and Page (2007). At the same time, the value of AVE for each variable was greater than 0.50 which is recommended for modern studies (see Figure 2).

![Figure 2: Measurement Model](image)

#### 4.2 Discriminant Validity

This section of the study has the results about discriminant validity. In this regard, according to Table 2, the values of discriminate validity for each variable were less than 0.90. In this way, there is a clear distinction between the scale items selected for each variable of this study. Moreover, these values were identified with Smart PLS 3 software recommended by Hair Jr, Sarstedt, Hopkins, and Kuppelwieser (2014) which is recommended for modern studies.
Table 1  
**Factor Loadings, CR and AVE**

<table>
<thead>
<tr>
<th>Variables</th>
<th>Items</th>
<th>Loadings</th>
<th>Alpha</th>
<th>CR</th>
<th>AVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Management</td>
<td>EM1</td>
<td>0.694</td>
<td>0.824</td>
<td>0.875</td>
<td>0.584</td>
</tr>
<tr>
<td></td>
<td>EM2</td>
<td>0.806</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM3</td>
<td>0.696</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM4</td>
<td>0.797</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>EM5</td>
<td>0.819</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal Setting</td>
<td>GS1</td>
<td>0.874</td>
<td>0.759</td>
<td>0.850</td>
<td>0.591</td>
</tr>
<tr>
<td></td>
<td>GS2</td>
<td>0.859</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GS3</td>
<td>0.665</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>GS4</td>
<td>0.648</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>OP1</td>
<td>0.913</td>
<td>0.836</td>
<td>0.902</td>
<td>0.755</td>
</tr>
<tr>
<td></td>
<td>OP2</td>
<td>0.924</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>OP3</td>
<td>0.759</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Sense of Ownership</td>
<td>SO1</td>
<td>0.757</td>
<td>0.775</td>
<td>0.847</td>
<td>0.526</td>
</tr>
<tr>
<td></td>
<td>SO2</td>
<td>0.683</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO3</td>
<td>0.748</td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
<td>SO4</td>
<td>0.702</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>SO5</td>
<td>0.734</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Team Work</td>
<td>TW1</td>
<td>0.750</td>
<td>0.821</td>
<td>0.881</td>
<td>0.651</td>
</tr>
<tr>
<td></td>
<td>TW2</td>
<td>0.782</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TW3</td>
<td>0.844</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>TW4</td>
<td>0.847</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Table 2  
**Discriminant Validity**

<table>
<thead>
<tr>
<th>Effective Management</th>
<th>Goal Setting</th>
<th>Organizational Performance</th>
<th>Sense of Ownership</th>
<th>Team Work</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effective Management</td>
<td>0.814</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goal Setting</td>
<td>0.811</td>
<td>0.838</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organizational Performance</td>
<td>0.795</td>
<td>0.721</td>
<td>0.851</td>
<td></td>
</tr>
<tr>
<td>Sense of Ownership</td>
<td>0.724</td>
<td>0.665</td>
<td>0.785</td>
<td>0.836</td>
</tr>
</tbody>
</table>

4.3 The PLS-SEMs Results

This section of the study has results of the direct effect on the hypothesis relationship (see Figure 3). H1 was tested to check its significance and according to the results Team Work has a significant effect on Effective Management (β= 0.201, t= 2.830, p= 0.000) and H1 is supported. H2 was tested to check its significance and according to the results Sense of Ownership has a significant effect on Effective Management (β= 0.583, t= 12.869, p= 0.000) and H2 is supported. H3 was tested to check its significance and according to the results, Goal Setting has a significant effect on Effective Management (β= 0.249, t= 4.522, p= 0.000), and H3 is supported. H4 was tested to check its significance and according to the results, Effective Management has a significant effect on Organizational Performance (β= 0.801, t= 37.261, p= 0.000), and H4 is supported (see Table 3).
Table 3  
Direct Effects

<table>
<thead>
<tr>
<th>Relationship</th>
<th>Beta</th>
<th>STD</th>
<th>t value</th>
<th>P values</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>H1. Team Work -&gt; Effective Management</td>
<td>0.201</td>
<td>0.071</td>
<td>2.830</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H2. Sense of Ownership -&gt; Effective Management</td>
<td>0.583</td>
<td>0.045</td>
<td>12.869</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H3. Goal Setting -&gt; Effective Management</td>
<td>0.294</td>
<td>0.065</td>
<td>4.522</td>
<td>0.000</td>
<td>Supported</td>
</tr>
<tr>
<td>H4. Effective Management -&gt; Organizational Performance</td>
<td>0.801</td>
<td>0.021</td>
<td>37.261</td>
<td>0.000</td>
<td>Supported</td>
</tr>
</tbody>
</table>

5. Discussion and Conclusions

According to the results of H1, there is a significant relationship between teamwork and effective management. It is important to understand that with the help of teamwork different organizations are growing because the management is working effectively for organizational performance. However, in developed countries, different workshops are conducted on the effectiveness and values of teamwork that is provided to the employees to motivate them for working in a team. The responsibility of the management of the organization is to ensure that all the employees of the organization are working in a team to give a collective input for getting a collective output that is beneficial for the organization in a long term (Latif, Ong, Meero, Abdul Rahman, & Ali, 2022). In this regard, the organizations of the Faisalabad must understand that there is the critical role of teamwork to develop the effort effective management that would have to improve the organizational performance.

According to the results of H2, there is a significant relationship between a sense of ownership and effective management. In the context of small and medium entities, it is important to consider that the role of captain management is important for organizational performance. It is because, in such kinds of organizations, there are fewer skills of management. After all, most organizations are privately owned (Latif et al., 2022). In this way, the responsibility of the owners of these organizations is to have effective management for achieving the collective goal for these organizations.
According to the results of H3, there is a significant relationship between goal setting and effective management. In this regard, it is important to consider that goal setting is an effective strategy for the employees of the organization because when the goals are set for achievement and a proper timeline for the target of the organization is provided, in this way the management would work to achieve that goal effectively. In this way, the organizations of the developed countries are working to improve the performance of the organizations based on effective management. However, this effective management is supported by the goal-setting theory, because it is believed that it is the most effective way to achieve the collective goals. In the like manner, despite different other factors, the role of goal setting is still considered one of the fundamental strategies for effective management to improve the performance of the organizations (Khan, Tufail, & Ali, 2021; Tiamboonprasert & Charoensukmongkol, 2022).

According to the results of H4, there is a significant relationship between effective management and organizational performance. It is important to understand that the performance of the organization is based on the skills and capabilities of the management of the organization. On the one hand, if the management of the organization badly failed to work progressively, the result would be no organizational performance. However, on the other hand, if the management of the organization works in an effective way to achieve the goal of the organization, in this regard, the organizational performance would be improved as highlighted in the study of Latif et al. (2022). Therefore, the organizations in Faisalabad must be consider whether the critical role of factor management would help to improve the performance and development in the target market.

6. Implications
6.1 Theoretical Implications

This study has theoretical implications because it addresses the theoretical gap in the literature that was not identified by any other study. In this regard, the study provides a detailed relationship between the variables taken in the theoretical framework of the study to enhance the literature by providing the relationship between different variables. At the same time, the applications of the study are important to consider for the management of the training of the employees to ensure effective management for improving the organizational performance of the entities in Faisalabad. This study is not only significant to the organisations of Faisalabad, but at the same time, it applies to all kinds of organisations in the world. Because of this, this study's theoretical implication is important for the organisation in a bigger way.

6.2 Practical Implications

The study also provides practical implications that are important to consider when it comes to the small and medium entities in Faisalabad. In this way, it is critical to consider that the role of the organizational performance must be improved with the help of the implication of the study to ensure that the small organizations must get a competitive advantage in the target market. In this way, this study gives managerial implications that are important for different business entities to think about in order to understand the relationship between different factors for the improvement of effective management to improve organisational performance.

7. Limitations and Future Directions

This study is limited to the role of goal setting, sense of ownership, and teamwork to identify the relationship between these variables' ineffective management and organizational performance of SMEs of Faisalabad. However, there are different other factors such as work environment, external motivation, and appropriate reward system that are also influencing the performance of management for organizational performance. In this regard, future studies must consider the role of these variables to understand the relationship between these factors and effective management in the context of SMEs in Faisalabad.
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