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# THE EFFECTS OF STRATEGIC ATTRIBUTES ON ORGANIZATIONAL PERFORMANCE IN THE BANKING SECTOR OF PAKISTAN



# DOCTOR OF PHILOSOPHY UNIVERSITI UTARA MALAYSIA 2018

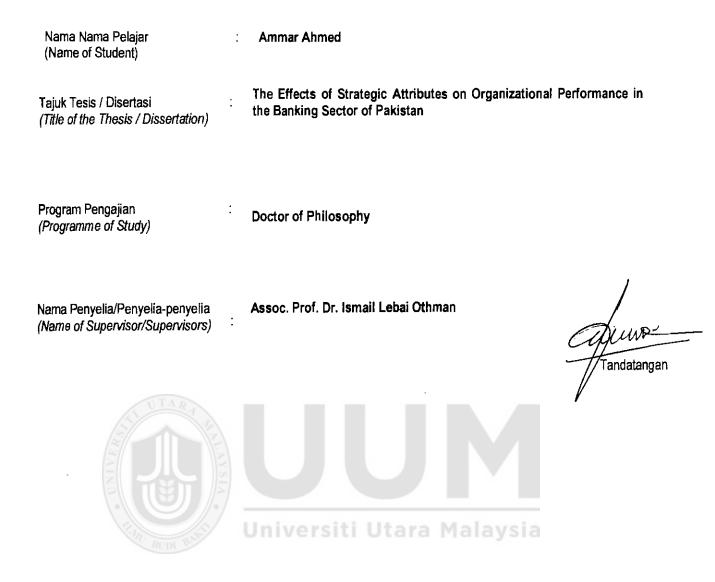
### THE EFFECTS OF STRATEGIC ATTRIBUTES ON ORGANIZATIONAL PERFORMANCE IN THE BANKING SECTOR OF PAKISTAN





Thesis Submitted to School of Business Management In Fulfillment of the Requirement for the Degree of Doctor of Philosophy Universiti Utara Malaysia

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#### ABSTRACT

In recent times, there has been an increasing interest in the strategic attributes which aims to achieve the superior organizational performance that allows organizations, including the banks, to be competitive with time. Therefore, to achieve superior organizational performance and successful bank growth, the banks need to focus on their strategic attributes. The key strategic attributes include strategic orientation, organizational culture, organizational IMO, and organizational commitment. Drawing upon the resource-based view theory (RBV) and the social exchange theory (SET), this study examined the influence of these strategic attributes on organizational performance. Moreover, this study also examined the mediating effect of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance. The data was collected from the 260 bank managers working in the branches of six-large banks of Pakistan. The results of PLS path modeling revealed the significant positive direct relationships between strategic orientation, organizational culture, organizational IMO and organizational commitment, and organizational performance. Similarly, the study also found significant positive direct relationships between strategic orientation and organizational culture, and organizational commitment. However, no significant relationship existed between organizational IMO and organizational commitment. Furthermore, the bootstrapping results revealed that organizational commitment mediated the relationships between strategic orientation, organizational culture, and organizational performance. In contrast, the study did not find any mediation of organizational commitment between organizational IMO and organizational performance relationship. In general, the findings showcased that organizational performance can be enhanced through the examined key strategic attributes of the study. Accordingly, the study has forwarded noteworthy claims regarding the mediating effect of organizational commitment on these variables. The study offers theoretical and practical contributions. This study also highlights the crucial role of these strategic attributes for performance improvement in the banking sector. Lastly, limitations and scope of further studies are also provided.

**Keywords:** strategic orientation, organizational culture, organizational IMO, organizational commitment, organizational performance.

#### ABSTRAK

Semenjak kebelakangan ini, terdapat peningkatan minat dalam kalangan organisasi terhadap atribut strategi vang bermatlamat untuk melonjakkan prestasi organisasi ke tahap yang lebih tinggi. Peningkatan prestasi yang lebih tinggi membolehkan pihak organisasi, termasuklah bank, untuk bersaing dengan masa. Bank perlu memberikan perhatian terhadap atribut strategi mereka sekiranya mereka inginkan meningkatkan prestasi organisasi dan merancakkan pertumbuhan bank. Atribut strategi yang utama ialah orientasi strategi, budaya organisasi, IMO organisasi, dan komitmen organisasi. Kajian ini yang berlandaskan teori pandangan yang berteraskan sumber (RBV) dan teori pertukaran sosial (SET) menyelidik pengaruh atribut strategi terhadap prestasi organisasi. Selain itu, kajian juga meneliti kesan perantara komitmen organisasi terhadap hubungan antara orientasi strategi, budaya organisasi, IMO organisasi, dengan prestasi organisasi. Data dikutip daripada 260 orang pengurus bank yang berkhidmat di tiga cawangan bank yang besar di Pakistan. Hasil daripada model laluan PLS memperlihatkan terdapat hubungan langsung yang positif lagi signifikan antara orientasi strategi, budava organisasi, IMO organisasi, serta komitmen organisasi dengan prestasi organisasi. Hubungan langsung yang positif lagi signifikan turut dilihat antara orientasi strategi dan budaya organisasi dengan komitmen organisasi. Walau bagaimanapun, tidak terdapat hubungan yang signifikan antara IMO organisasi dengan komitmen organisasi. Selain itu, hasil bootstrapping menunjukkan bahawa komitmen organisasi bertindak sebagai perantara hubungan antara orientasi strategi, budaya organisasi dengan prestasi organisasi. Sebaliknya, kajian tidak menemukan sebarang perantara hubungan komitmen organisasi antara IMO organisasi dengan prestasi organisasi. Umumnya, dapatan memaparkan bahawa prestasi organisasi boleh diperkukuh dengan meneliti atribut strategi utama dalam kajian. Kajian juga mengetengahkan kepentingan kesan perantara komitmen organisasi terhadap pemboleh ubah yang diselidiki. Kajian ini memberikan sumbangan dalam aspek teori dan amali. Kajian juga turut mendedahkan peranan penting atribut strategi dalam meningkatkan prestasi untuk sektor perbankan. Batasan dan skop untuk kajian masa akan datang turut dikemukakan dalam kajian ini.

Kata kunci: orientasi strategi, budaya organisasi, IMO organisasi, komitmen organisasi, prestasi organisasi.

### ACKNOWLEDGEMENT

I would like to praise and thank Allah SWT for his uncountable blessings and Prophet Muhammad (peace be upon him) for giving me the ability, strength, and motivation to complete this study, without Allah's blessing and help, it would never be possible for me to complete such a long journey.

First, I would like to give my sincere thanks to my honorable Supervisor "Associate Professor. Dr. Ismail Bin Lebai Othman", it has been an honor to be his Ph.D. student. I appreciate all his contributions of time, ideas, and funding to make my Ph.D. experience productive and stimulating. The joy and enthusiasm he has for his research were contagious and motivational for me, even during tough times in the Ph.D. pursuit. Thank you, Dr. Ismail, with my heartfelt feelings for all his contribution. He is such remarkable academician and researcher who have extended his greatest supports in assisting me to overcome all the obstacles that I have encountered in completing this study. Once again, I would like to extend my genuine gratitude to him for all the superb work he has done and wishes him best wishes for his future endeavors.

I would also like to thank my Examiners, Assoc. Prof. Dr. Ali Yusob Md Zain and Dr. Noor Azmi Hashim. Thank you for always being inspiring, sharing, patient, and understanding. You are wonderful academicians and mentors, and I feel incredibly fortunate to have the chance to work with you.

I am very grateful for my Father, Malik Rahim Bux, for earning an honest living for us. His support and his love encouraged me to work hard and to continue pursuing a Ph.D. project abroad. His firm and kind-hearted personality have affected me to be steadfast and never bend to difficulty. He always motivates me to work harder and do my best.

To my great Mother, who sacrifice and invest all her life for my wellbeing, she is a strong and gentle soul who taught me to trust in Allah, believe in hard and that so much could be done with little. She always had a high hope for me and wants to see me successful.

To my elder Brothers & Sisters, they took upon my family responsibility and took care of them; indeed, there are few brothers and sisters of your kind. I would like to thank Yasir Raheem, Abdul Mateen, Mrs. Shahrukh, Mrs. Shahid, and Mrs. Sajid for their moral support and love. I am glad that I did not disappoint you. I will always remember your kind support and valuable words of advice for me.

To my loving wife & Son, I would like to sincerely thank my wife and son for their unwavering support and love throughout this difficult journey. Prophet Muhammad (S.A.W) said, "The whole world is a provision, and the best object of benefit of the world is the pious woman". I wholeheartedly thank my wife for her encouragement, support, and love; indeed, there are not enough words to describe you.

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# LIST OF ABBREVIATIONS

OP	Organizational Performance	
OC	Organizational Commitment	
SO	Strategic Orientation	
OC	Organizational Culture	
OCT	Organizational Commitment	
OIMO	Organizational Internal Market Orientation	
IMO	Internal Market Orientation	
IM	Internal Marketing	
RBV	Resource Base View	
SET	Social Exchange Theory	
PLS	Partial Least Square	
SBP	State Bank of Pakistan	
PES	Pakistan Economic Survey	
GDP	Gross Domestic Product	
IMF	International Monetary Fund	
FDI	Foreign Direct Investment	
SPSS	Statistical Package for Social Sciences	
PLS-SEM	Partial Least Square Structural Equation Modeling	
HR	Human Resource	
HRM	Human Resource Management	
EO	Entrepreneurial Orientation	
MO	Market Orientation	
LO	Learning Orientation	
ТО	Technology Orientation	
EO	Employee Orientation	
CO	Competitor Orientation	
РО	Product Orientation	
ΙΟ	Innovation Orientation	
NO	Networking Orientation	
CO	Customer Orientation	
AVE	Average Variance Extracted	

SEM	Structural Equation Modeling	
CMV	Common Method Variance	
$D^2$	Mahalanobis Distance	
HTMT	Heterotrait-Monotrait Ratio	
R <sup>2</sup> Value	Coefficient of Determination	
$F^2$	Denotes Effect Size	
$Q^2$	Predictive Relevance	



#### CHAPTER ONE

#### **INTRODUCTION**

#### **1.0 Introduction**

In this modern era, the strong financial sector functions as a base for the economic development of any country. On the other hand, financial sector of a specific country requires some special efforts and strategic tools to achieve strategic competitiveness to meet the complex and uncertain requirements of the global market (Acar et al., 2013). As an output within the financial sector, an efficient banking system has become one of the prime components throughout the world. Particularly, in developing countries like Pakistan, the focus on the banking sector has tremendously increased due to the globalization of banking operations and economic development (Shahid et al., 2015). The high competition and technological advancements are transfiguring bank roles from intermediaries (between the saver and the borrower) to more customer-centered organizations (Auerbach et al., 2012). Therefore, banks may employ more strategic alternative tools to increase their organizational performance through their employees by focusing on such tools as strategic orientations, corporate entrepreneurship, organizational culture, organizational internal market orientation, learning capability as well as organizational commitment (Pinho, Rodrigues & Dibb, 2014; Weinzimmer, Robin & Michel, 2012; Kaur, Sharma & Seli, 2008).

Generally, banks perform a very dynamic role in the development and growth of the economy of any country. The economic conditions of any country rely upon the prosperity of the banking sector as the banking sector provides the resources that lead to the development and growth of both the developing as well as the developed countries (George *et al.*, 2013; Otto *et al.*, 2012; Rotheli, 2010). Similarly, working strategies of banks concerning the economic development have a lot of implications for

all the stakeholders i.e. shareholders, depositors, investors, government and above all policy-makers (Haque & Tariq, 2012). Therefore, the effectiveness of the banking sector always influences any economy as the last global financial crisis of 2007/2008 confirms this fact (George *et al.*, 2013).

Therefore, the current study was conducted on the banking sector of Pakistan. The next sections highlight the background of the study including the banking sector in Pakistan, problem statement, research questions, research objectives, significance and contribution of the study, scope as well as limitations of the study and finally the operational definition of key terms.

#### **1.1 Background of the Study**

The worldwide globalization phenomenon prevalent in the financial markets caused the banks operating in the developing countries to improve their banking performance (Ringim, 2012). Generally, organizational performance (OP) refers to the organizational effectiveness to achieve its objectives (Abdalkrim, 2013; Choudhary *et al.*, 2013; Bani-Hani *et al.*, 2009). Furthermore, different organizations adopt different approaches for the assessment of the OP, as some measures OP from a financial viewpoint (e.g. Atoom *et al.*, 2017; Birhanu *et al.*, 2017), whereas others measures from non-financial viewpoints (e.g. Mehralian *et al.*, 2017; Baird, 2017). The main objective of an organization is to sustain competitive advantage and to attain superior performance (Ho, 2008). OP reflects the way an organization exploits tangible and intangible resources to achieve its goals and is the culmination of an organizations' working process and activities (Bapat & Mazumdar, 2015; Daniel, 2015). Therefore, it is very important to evaluate the OP (Roberts & Sattar, 2015; Zahid, 2015).

Apart from being intermediate role between institutions or individuals who have surplus funds and institutions or individuals who have deficit funds (Mahmood & Wahid, 2012), banks also contribute to the growth of GDP of a nation. They provide the enabling financial environment for other sectors of the economy to contribute to GDP, thereby helping to increase the productivity of the real economy (Rotheli, 2010). Thus, given the role banks play in the economy, their performance should not only be of concern to investors, depositors, and government, but also important to scholars and researchers alike.

According to the International Monetary Fund (IMF) report (2015), Pakistan is ranked at 40<sup>th</sup> in the list of the world's largest renowned economies on the basis of GDP's which is also below than the emerging Asian countries (Zahid, 2015). The World Bank Report (2015) figures reflect that with a population of 190 million, GDP of Pakistan stands at \$270 billion. Among the world-renowned economies, Pakistan's South Asian neighboring country India is ranked at 7<sup>th</sup> with a GDP of \$2.1 trillion. Likewise, the most emerging Muslim countries ranking are ahead of Pakistan, (Zahid, 2015). These figures show the economic growth but the other side shows the alarming situation in Pakistan (Zahid, 2015). Table 1.1 shows the world-renowned economies, their ranking and GDP in terms of dollars.

Ranking	Country	<b>GDP</b> (\$)
1	USA	\$18 trillion
2	China	\$11 trillion
3	Japan	\$4.1 trillion
4	Germany	\$3.3 trillion
5	UK	\$2.8 trillion
7	India	\$2.1 trillion
16	Indonesia	\$859 billion
18	Turkey	\$733 billion

Table 1.1Pakistan Ranking among World Renowned Economies

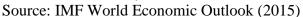
Ranking	Country	<b>GDP (\$)</b>
Kaliking	Country	GDI (\$)
20	Saudi Arabia	\$653 billion
24	Nigeria	\$490 billion
29	Iran	\$388 billion
31	UAE	\$345 billion
32	Egypt	\$330 billion
34	Malaysia	\$296.2 billion
40	Pakistan	\$270 billion

Table 1.1 (Continued)

Source: World Bank 2015

Furthermore, IMF has estimated Pakistan's slow economic growth of less than 5% in the next few years, while GDP per capita projections also remains lukewarm (IMF, 2015). Though GDP growth rates are higher than they were in 2009, investment is only 10 percent of GDP, and poor revenue mobilization ensures continued fiscal deficits (Roberts & Sattar, 2015). Globally, Pakistan now stands at 138 among 189 economies which is far below than the average line (World Bank, 2015). Also, when compared to the Asian developing economies, the Pakistan low economic growth is projected to continue till 2020 (IMF, 2015). In the similar fashion, the growth trend of Pakistan GDP is also unsatisfactory. Taking the last six years into consideration (2011-2016), the country's GDP has been growing at less than 1%.





According to Pakistan Economic Survey (PES) (2015-2016), the latest GDP growth is 4.71% which showed the 0.51% increase in the GDP of 2016 comparative to the 2015 which was 4.2%. This confirmed that growth is still less than 1%, and that become a source of concern for all stakeholders in Pakistan and beyond (IMF, 2015). The growth in the GDP has been supported by both services and product producing sectors. Though, the services sector has been growing at a faster pace than the product producing sector yet still; it requires some time to mature (PES, 2015-16). This sector has emerged as the main driver of economic growth and is playing a vital role in sustaining economic activities in Pakistan. Evidently, in 2016, the services sector grew at 5.71% against the 3.29% growth of the product producing sector. However, in the last decade, the share of services sector in GDP of Pakistan has only increased by 3.16%, from 56% in 2005 to 59.16% in 2016 (PES, 2015-16).

Furthermore, the Pakistan's financial sector is considered as the main pillar of the services sector and is integrated with the world economy and is reflected in its performance. Particularly, the 95% of the financial sector is grounded on the Pakistan banking system (Shahid *et al.*, 2015). Therefore, the financial sector contributes 5.5% in the services sector overall and its share in GDP is 3.25%, but as compared to the other services sectors, financial sector is very less contributory (PES, 2015-16).

The banking sector in Pakistan has passed through many phases after independence, due to political and economic issues (Butt, 2010). Even though, there has been growth observed in the banking sector over the last few years, but Pakistan's financial inclusion indicators have remained lower comparative to their geographical counterparts (Chhoangalia & Badshah, 2016). Surprisingly, in Pakistan only 13% of the population from age 18 and above having a registered bank accounts, similarly only 3% of the population interested in savings activity with formal savings accounts, and only 2% of the population availed the borrowing opportunity which undoubtedly representing significant scope of growth for the banks to increase their base indicators (Chhoangalia & Badshah, 2016). These base indicators not only show the economic activities occurring in Pakistan, also shows the performance of the banking sector. Table 1.2 provides the figures of financial inclusion indicators along with the Pakistan representation among their regional counterparts.

Financial Inclusion Indicators 2015			
	People with	People with	People with
Countries	Bank Accounts	Formal Savings	Formal
	(%)	(%)	Borrowings (%)
Pakistan	13	3	2
Sri Lanka	83	31	18
India	53	14	6
Bangladesh	31	7	10
China	79	41	10
Kazakhstan	54	8	16
Iran	92	22	32

2015

Table 1.2 Financial Inclusion Indica

Source: Chhoangalia and Badshah (2016)

Although, this sector is developed after independence, but there are many weaknesses in the banking system including limited technology advancement. According to the Banker Pakistan (2014) "there are fewer number of banks in Pakistan". For every 10,000 people, there is only a single bank branch. In developed nations, this ratio is 4000 people. So, the saving ratio is very less, and same is the case of investment (Banker Pakistan, 2014). However, some major challenges facing by this sector includes, fluctuating contribution of banking sector in the GDP of Pakistan (Trading Economics, 2017), banks' low level lending habit (Pakistan Today, 2016), increased systematic risk by large banks, which can affect the Pakistan economy adversely in the presence of financial crisis (Zeb & Rashid, 2015), decreasing foreign direct investments (FDI) (The Express Tribune, 2015), banks investment in government securities to avoid the risk (Aslam, 2014), increase market uncertainty, less availability of finance (Ahmed & Ahsan, 2011), and decline in operating profits due to fluctuation in oil prices and political instability (Chhoangalia & Badshah, 2016). Similarly, past studies have also revealed other major reasons of weak banking performance in Pakistan such as poor top management governance, weak prevailing culture, low organizational commitment, high banks operating cost, employment issues, bank's ignoring attitude with employees (e.g. internal market orientation), ineffective HR policies, and increasing non-performing loans affected the performance of banking institutions adversely and resulted into financial losses (Lopes & Kachalia, 2016; Chhoangalia & Badshah, 2016; Hussain, 2013; Badar, 2011).

Since, the important role of the banking sector to the overall economic growth has been academically and practically confirmed (Al-Swidi & Mahmood, 2011). Interestingly, the developing countries suffer from slower economic growth due to weak bank's performance (Ahmed & Othman, 2017b). For that reason, many Pakistani banking sector observers have stressed that the banking sector finds itself stuck between a rock and a hard place (Hussain, 2013).

Furthermore, Mr. Sirajuddin Aziz, President of Habib Metropolitan Bank Limited emphasized that the banks should give attention to their strategies to meet corporate challenges (Aslam, 2014). Similarly, Mr. Salim Raza, former Governor of State Bank of Pakistan also stated that banks should come ahead to provide easy finance to all sectors; enhance their internal skills, and setting a culture for the betterment of the domestic business markets. He also stated that this is the need of time to coup with financial market challenges and banks should play its role by devising appropriate strategies and policies as per the changing business environment (Aslam, 2014).

Besides, due to global financial crises, there is a considerable increase in the transactions of merger and acquisition in Pakistan. In 2011, eight Pakistani banks failed to maintain the minimum capital requirement policy of State Bank of Pakistan and

looked for the rooms to raise capital because of the weak performance and cannot face the business challenges (The Express Tribune, 2012). After financial crisis, total 57 Mergers and Acquisitions deals were incurred in the Pakistan's banking sector (Abbas *et al.*, 2014), but the issue of economic disorder still yet (PES, 2015-2016).

Considering the above situation in the banking sector of Pakistan, the organizational performance of banks is deteriorating due to the internal factors, ultimately slowing down financial sector development and economic development (Shahid *et al.*, 2015). Therefore, continuous improvement of bank's functions and a bank's financial condition lead to enhancement of banks' performance (Paradi & Zhu, 2013). Thus, past studies revealed that organizational performance has been affected by the internal factors and organizations should pay equal attention to them as they offer towards external factors (Kareem & Haseeni, 2015; Barrett *et al.*, 2012).

The State Bank of Pakistan (SBP) recognizes that, "*Pakistan's banking sector is still not able to carry out its basic and core function*" (Kamran, 2017). While, the developed countries banks focus importantly on its basic functions and strategies implementation (Pettit, 2015). Further, Pettit (2015) specified the key attributes of successful bank growth. He stated that the banks having a clear vision of 'who and where they want to be in the future' have more increased growth potential. In the same way, the banks almost certainly to succeed, if they work towards clearly set goals with flexibility, discipline, and focused (Pettit, 2015).

Accordingly, the developed countries have more focused on the banking performance, while limited studies have been conducted on the banking performance in developing countries like Pakistan (Badar, 2011; Butt, 2010). To evaluate the banking performance, previous researchers describe the organizational performance as an important concept

which signifies the wide range of organizational activities (Ouakouak *et al.*, 2014; Hamdam *et al.*, 2012). Hence, misfortune in the banking industry has also shown the need for sustainable and effective management strategies (Acar *et al.*, 2013). Therefore, the current study attempted to examine the vitality of key strategic attributes such as strategic orientation, organizational culture, organizational internal market orientation, and organizational commitment and its effect on organizational performance in the banking sector of Pakistan. The next section discusses the problem statement of this study.

#### **1.2 Problem Statement**

The scenario discussed in the background of the study showed that the Pakistan economy and specifically the banking sector of Pakistan has confronted with numerous internal as well as external challenges (Pakistan Today, 2016).

In banking organizations, the middle management comes across numerous problems in operating their banking businesses (Theodosiou, Kehagias & Katsikea, 2012). The development of effective strategic orientation by the internal management can create a lot of opportunities for the organization (Cheng, Ioannou & Serafeim, 2014). Consequently, the failure to adopt effective strategic orientation is a major reason hindering the achievement of higher performance targets (Aminu & Shariff, 2015). Thus, given that strategic orientation predicts organizational performance and considered as an important strategic attribute of an organization (Weinzimmer *et al.*, 2012).

However, previous studies have examined the effect of strategic orientation (as a unidimensional construct) on organizational performance such as Innocent (2015) and Weinzimmer *et al.* (2012). They implicit that the strategic orientation would be a good

predictor of organizational performance. Nonetheless, findings from the past studies are inconsistent (Song & Jing, 2017; Chahal, Dangwal & Raina, 2016; Choi & Yoon, 2015; Ariyarathne, 2014; Deshpandé *et al.*, 2013; Han & Verma, 2012; Chatzoglou *et al.*, 2011; Avci *et al.*, 2011; Pleshko & Nickerson, 2008). Likewise, past studies have found that strategic orientation has a positive effect on organizational performance (Jassmy & Bhaya, 2016; Storey & Hughes, 2013; Theodosiou *et al.*, 2012; Eris & Ozmen, 2012; Altindag, Zehir & Acar, 2011). Even though, it is also claimed that strategic orientation has no effect on organizational performance (Obeidat, 2016; Al-Ansaari, Bederr & Chen, 2015; Altuntaş, Semerciöz & Eregez, 2013; Deshpandé *et al.*, 2013).

One potential reason behind this contradiction may be related to the fact that most of the previous studies have relied upon different measures of strategic orientation and organizational performance (Liu & Fu, 2011). However, the effect of strategic orientation on organizational performance is still occupied with some deficiencies in existing literature (Song & Jing, 2017). Cadogan (2012) have recommended that future studies should consider strategic orientations in the context of developing countries. Thus, there is a need to assess the strategic orientation in Pakistani organizations especially in the banking sector of Pakistan with a view to relating it to their organizational performance.

In the same way, Storey and Hughes (2013) have emphasized that the organizational strategy and its culture should be aligned. Organizational culture, as a key strategic attribute, is important in the examination of strategic orientation because its directly influence the organizational performance (Ahmed & Othman, 2017a; Storey & Hughes, 2013; Weinzimmer *et al.*, 2012).

Existing literature confirms direct and indirect effects of organizational culture on organizational performance (Chuang, Morgan & Robson, 2012; Sokro, 2012; Nazir & Lone, 2008). Despite the potential effects and significance of organizational culture, the link between organizational culture and organizational performance is underdeveloped both theoretically and empirically (Weinzimmer *et al.*, 2012; Sackman, 2010). Some studies have confirmed the significant relationship between organizational culture and organizational performance (Naranjo-Valencia *et al.*, 2016; Pinho *et al.*, 2014; Storey & Hughes, 2013; Galves & Garcia, 2011), whereas, some studies found mix results regarding the relationship between organizational culture and organizational performance (Bashayreh, 2017; Hartnell *et al.*, 2016; Omira, 2015; Uzkurt *et al.*, 2013; Han & Verma, 2012; Hartnell *et al.*, 2011). Thus, it is necessary to evaluate the organizational culture in the banking sector of Pakistan with a view to determining the discipline, acceptance of strategies, and focus on bank goals, and its effect on organizational performance (Pettit, 2015).

It is also obvious that human resource is the most valuable asset of the organization (Gul *et al.*, 2012). This human factor is considered very important and can affect directly on the OP (Kareem & Haseeni, 2015). Accordingly, organizational internal market orientation (IMO) is considered as one of the important internal factors and refers to the concept of exchange between employees and the organization i.e. resources, communication and other non-economic transactions (Lings & Greenley, 2010). Organizational IMO is considered as a strategic attribute and positively perceived IMO resulting in positive employee outcomes and organizational outcomes (Ferdous & Polonsky, 2011). Moreover, the nature and extent of IMO in the banking sector have remained untouched in the existing literature (Kaur, Sharma & Seli, 2008). Further research is therefore needed to empirically examine the internal market

orientation behavior of the organization and its effect on organizational outcomes (Ferdous & Polonsky, 2011; Awwad & Agti, 2011; Lings & Greenley, 2010).

Similarly, in previous studies, the relationship between IMO and organizational performance has been investigated considerably (Yu, Yen & Huang, 2016; Kanyurhi & Akonkwa, 2016; Martin JR & To, 2013), yet still, the effects of organizational IMO has been rarely examined (Ferdous & Polonsky, 2011). Consequently, IMO constitutes a core competency of the organization, creates a potential competitive advantage, organizational commitment, and profitability (Joung *et al.*, 2015; Fang *et al.*, 2014; Lings & Greenley, 2005).

Furthermore, some past studies have found a positive relationship between organizational commitment and organizational performance (Chai *et al.*, 2016; Zincirkiran *et al.*, 2015). Likewise, past study such as Kidombo *et al.* (2012) reported a strong relationship between HR strategic orientation and organizational commitment. Additionally, the previous studies pointed out that there was a positive relationship between organizational culture and organizational commitment (Zavyalova & Kucherov, 2010; Lim 2010; Lok *et al.*, 2007). Yu *et al.* (2016) and Joung *et al.* (2015) also revealed the significant relationship between strategic orientation (Liu & Fu, 2011), organizational IMO (Kaur *et al.*, 2008), organizational culture (Chuang *et al.*, 2012) and organizational performance has never been studied in single framework alongside the mediation of organizational commitment (Pinho *et al.*, 2014).

Based on the issues discussed above, the current study has been conducted to bridge theoretical gaps in the existing literature. Similarly, it was also observed that limited empirical studies have investigated the mediating effect of organizational commitment in the relationship between strategic orientation, organizational culture, organizational IMO, and organizational performance. Concerning the theoretical gaps detailed in the problem statement, the present study attempted to address as, "to what extent do strategic orientation, organizational culture, and organizational IMO affects organizational performance, and does organizational commitment play any mediating role between them in the Banking Sector of Pakistan?".

#### **1.3 Research Questions**

To address the issue of organizational performance, the present study devised to answer the following research questions:

- To what extent do strategic orientation, organizational culture and organizational IMO explain the organizational performance?
- 2. To what extent do strategic orientation, organizational culture and organizational IMO explain the organizational commitment?
- 3. What is the relationship between organizational commitment and organizational performance?
- 4. Does organizational commitment mediate the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance?

#### **1.4 Research Objectives**

Based on the formulated research questions endorsed above, the current study attempted to achieve the following research objectives:

1. To explore the impact of strategic orientation, organizational culture and organizational IMO on organizational performance.

- 2. To investigate the impact of strategic orientation, organizational culture and organizational IMO on organizational commitment.
- 3. To determine the relationship between organizational commitment and organizational performance.
- To examine the mediating effect of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance.

#### 1.5 Significance and Contribution of the study

In Pakistan, the banking sector holds up the 95% of the financial sector and the role of this sector in economic development is practically and academically confirmed (Shahid *et al.*, 2015). Due to some internal factors, along with external factors, the performance of the banking sector is affected adversely and resulted into a failure of eight Pakistani banks, low contribution in GDP of Pakistan, increased systematic risk, lack of strategic characteristics, shrinking profitability, and market uncertainty.

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According to the Butt (2010), the efficient bank performance is indispensable for the country's economic development and unfortunately, very little attention has been paid to the Pakistan banking sector. Furthermore, the internal factors affect the organizational performance and are under the control of an organization (Kareem & Haseeni, 2015). Therefore, the current study examines the linkage of internal factors also called as key strategic attributes in relation to organizational performance and significant to the banking organizations which can also be used as the source for other organizations focusing on organizational performance. In addition, the findings of the current study can help to expand the knowledge on strategic orientation, organizational culture, organizational IMO, and organizational commitment and provide the guidance for practitioner's (leaders, managers, employees), scholars and researchers on how to

design and implement the effective strategic features in an organization. Overall, the current study findings help the other organizations to get a better understanding of how to implement these strategic attributes in order to improve the organizational performance and contribute to the Pakistan economy.

*Theoretical Significance*: This study contributes in the understanding of important internal factors affecting the organizational performance and is expected to add to the pertinent literature on the strategic attributes (i.e. strategic orientation, organizational culture, organizational IMO, and organizational commitment) and its relationships particularly in the banking sector of Pakistan. Also, it helps in better understanding of the strategic attributes among bank management and employees of banks in Pakistan, hopefully narrowing the identified gaps. Further, this study also provides additional empirical evidence in the domain of resource-based view of the firm theory (RBV) and social exchange theory (SET). Likewise, this study is very useful to researchers and students interested in this area.

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*Practical Significance*: The current study discussed many important external and internal issues affecting the banking performance and hindering in the economic development. Therefore, this study becomes a valuable source for the financial regulatory authorities and banking organizations to discover the impact of strategic orientation, organizational culture, organizational IMO, and organizational commitment on organizational performance and contribute significantly in the economic development of Pakistan. The findings of this study work as the fundamental source and can further enhance the organizational existing strategies, improve prevailing culture and increased the organizational commitment, resulted into increased banks performance and more importantly will contribute in achieving the Pakistan

economic vision that is "Making Pakistan one of top 25 economies of the world by 2025" (Pakistan Today, 2016).

#### **1.6 Scope and Limitations of the Study**

State Bank of Pakistan has classified the commercial banks into 3 groups on the basis of a market share of deposits and called as large banks, medium banks, and small banks (Chhoangalia & Badshah, 2016). The scope of this study was limited to collect the data from Large Banks of Pakistan due to their 60% share in total assets, deposits and branches network. The current study was carried out in Pakistan's banking sector context and its implications are equally significant for any other services sector or bank group, as it examined the role of strategic attributes of an organization and its impact on organizational performance.

Furthermore, the cross-sectional and quantitative research design was followed in this research and questionnaire as survey instrument was used for data collection. The banks' managers are the representative of their bank who piloting the affairs of their bank (branch) and contribute directly to the organizational performance. Therefore, the data was collected from the banks' managers (respondent) working in the branches of six-large banks functioning in the five capital cities (Karachi, Lahore, Islamabad, Peshawar, and Quetta) through self-administered approach, and considered the banks' managers (individual) as a unit of analysis.

Lastly, a research framework was developed based on a review of the pertinent literature, aimed at examining the effect of strategic attributes (strategic orientation, organizational culture, organizational internal market orientation, and organizational commitment) on organizational performance along with the mediating role of organizational commitment between them.

#### **1.7 Operational Definition of Terms**

This section provides the operational definitions of the key terms and variables used in this study are as follows:

#### i. Organizational Performance

Organizational performance is defined as, "the level of bank performance (increase/decrease) in terms of both financial and non-financial performance indicators". Also, refers to, "the organizational effectiveness and represents the results of the organizational activities or focuses on the achievement of objectives" (Henri, 2004; Hammer & Champy, 1993).

#### ii. Strategic Orientation

Strategic orientation has been defined as, "the inclination of an organization to focus on strategic direction and proper strategic fit to ensure superior organizational performance" (Weinzimmer *et al.*, 2012).

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### iii. Organizational Culture

Organizational culture defines as, "the system of norms and values which is common among organization's employees and it determines the attitudes and approaches of organizational members towards confronting different problems in an organization" (Denison, 1990).

#### iv. Internal Market Orientation

Internal market orientation is defined as, "the continuous activity is done by the organization to fulfill the employees' needs and wants as the prerequisite to satisfied external customer needs and wants" (Gounaris, 2008). Hence, internal market orientation primarily focuses on the internal customers (employees).

#### v. Organizational Commitment

Organizational commitment refers to, "an employee's emotional attachment, identification with and involvement in the organization" (Jaworski & Kohli, 1993).

## vi. Bank

"Financial institution which accepts funds from surplus units in the form of deposits and makes same available to deficit units through its lending activities" (Mahmood & Wahid, 2012).

## vii. Bank Managers

These are people who have the responsibilities of overseeing or piloting the affairs of the banks.

#### **1.8 Organization of the Thesis**

Organizationally, this thesis is divided into five chapters. **Chapter One** introduces the whole study. It begins by providing the background of study. After that, it addresses the problem statement and pointing out gaps in the literature. Based on the problem statement, the research questions and objectives have been formulated. Also, the chapter describe the scope and the significance of this study and end up with the definitions of specific key terms that are used repeatedly in this thesis.

**Chapter Two** reviews relevant literature (both conceptual and empirical) on: organizational performance (OP), strategic orientation, organizational culture, organizational IMO and organizational commitment. The theory underpinned this study has also been discussed. Further, the relationship between these variables have also been discussed and based on the identified gaps, the hypotheses have been developed along with the hypothesized research framework of this study. **Chapter Three** discussed the approaches and techniques employed in carrying out this study. It goes further to explain the research design, population, sample size and the sampling technique of this study. Also, this chapter operationalize the variables examined in this study along with their reliability and validity (pre-testing). Lastly, the findings of pilot study, procedures and techniques for data collection and analyses have also been discussed in this chapter.

**Chapter Four** discussed the data analyses and its results of this study. The chapter begins with the preliminary analysis that was performed by using SPSS followed by presentation of the results using SmartPLS.

**Chapter Five** discussed the main findings of the current study. Furthermore, this chapter discussed the theoretical and practical contributions of the current study. Lastly, the limitations and scope for further studies have also been discussed in this chapter.



#### **CHAPTER TWO**

#### LITERATURE REVIEW

## **2.0 Introduction**

This chapter reviewed the literature on past studies relating to the variables studied in the present study. Initially, the literature on organizational performance (OP) and organizational commitment as mediator in the current study is discussed. Then, the underpinning theory which covers the whole model has been explained in the present study context and lastly, the literature relating to the independent variables like, strategic orientation, organizational culture, organizational internal market orientation along with the relationships between these variables have also been discussed. Lastly, based on the discussed relationships, ten hypotheses have been developed and exhibit in the hypothesized research framework.

## 2.1 Banking Sector in Pakistan

The banking sector in Pakistan has passed through many phases after independence, due to political and economic issues (Butt, 2010). At the beginning stage, this sector also faced the severe shortage of resources and uncertainty because of the socioeconomic and political situations (Zamir *et al.*, 2012). The absence of trained human resource and bank professionals resulted in poor quality of services and products offered. Afterward, the central bank of Pakistan also called State Bank of Pakistan (SBP) was established on July 1, 1948, in order to regulate and control the financial sector of Pakistan. Subsequently, the SBP Act was constituted referred as 'State Bank of Pakistan Act 1956' to extend the functions, powers, and control of SBP over the banking sector. SBP also encouraged the private sector investment to establish financial institutions and banks in the country. But unfortunately, this resulted in unlawful practices such as bribe and corruption and creates unhealthy competition during the decades of the 1960s. Afterwards, the government of Pakistan took a decision and nationalized the all existing banks functioning in 1974 (Zafar & Aziz, 2013). Apparently, the nationalization decision went wrong because of the deteriorated performance of nationalized banks and government protection to corrupt employees which resulted in the delivery of poor bank products and services to the customers. This situation of the banking sector adversely affects the image of the Pakistan banking sector and also discouraged the foreign and private investors. This poor performance of the nationalized banks caused the reforms and privatization of the banking sector in the 1990s (Zamir *et al.*, 2012).

After the privatization and globalization of banking operations in the banking sector of Pakistan, numerous new private and foreign banks entered in this sector (Abdullah, Omar & Rashid, 2013). Consequently, intense competition among the banks has been noticed because of the new entrants in this sector. This strong competition among the banks has transformed the banking culture into performance-based culture (Khan, Shahid, Nawab & Wali, 2013). Also, the competition among the banks results in the form of an increase in the employment opportunities, increase in the income level, and changes in the lifestyles of the employees hence create the overall competitive environment in the banking sector (Khan *et al.*, 2013).

Nowadays, Pakistan banking sector is playing an essential role in the development and growth of Pakistan economy (Zafar & Aziz, 2013). Moreover, in compliance of the State Bank of Pakistan Act, the banking system functioning in Pakistan is a two-tier system including the SBP, Commercial banks, Specialized banks, Development Finance Institutions, Microfinance banks, and Islamic banks (Zafar & Aziz, 2013; Zamir *et al.*, 2012). According to SBP (2017), the Pakistan banking sector comprised 5 public sector commercial banks, 16 private sector commercial banks, 7 foreign banks,

4 specialized banks, 13 Islamic banks, 10 Microfinance banks, and 8 Development Financial Institutions (SBP, 2017). The branches of these banks operating throughout the country.

Furthermore, the State Bank of Pakistan classified these commercial banks into 3 groups on the basis of market share of deposits as Large banks having market share greater than 6%, Medium banks having market share ranging between 3-6%, and Small banks having market share greater than 3% (Chhoangalia & Badshah, 2016). Overall, the large and medium-size banks cumulative share in the banking sector profitability has reached 95.1% and rest of the small size banks contribute only 5%. However, the share in advances by large banks is 56.1% and non-performing loans increased to 52.5% (Chhoangalia & Badshah, 2016). These figures somehow indicate growth in the banking sector, but on the other hand, the banks facing increased non-performing loans and decline in operating profits due to fluctuation in oil prices and political instability (Chhoangalia & Badshah, 2016). In addition to this, weak internal controls, poor quality of human resources, non-merit based recruitments, high administrative costs and undue interference of unions in decisions making process affected the performance of financial institutions adversely (Hussain, 2013).

Also, Mr. Ali Raza, the former president of the National Bank of Pakistan, interviewed by a local newspaper and said, "*Our banking sector needs maturity*". He revealed that 20 million bank accounts in a country of 180 million people are much too small a number (Hussain, 2013). Similarly, Mr. Atif Bokhari, president of the United Bank Limited Pakistan stated that "*Intense competition within Pakistan's banking industry is pushing down interest spreads and slowing growth in Pakistan's banking industry*" (Bokhari, 2014). Considering the current situation of the banking sector of Pakistan, the Federal Minister for Planning, Development and Reforms, Mr. Ahsan Iqbal said during a meeting with the chief executives of the commercial banks, "Making Pakistan one of top 25 economies of the world by 2025 requires very concerted and coordinated efforts by stakeholders who are involved in economic management of the country," adding, "We have not been able to realize our true potential in many areas including industry, export, agriculture and human resources due to lack of shared vision" (Pakistan Today, 2016).

Moreover, the banking sector is experiencing difficulties due to weak internal factors which affect the performance of the banks (Shahid *et al.*, 2015). Ultimately, the weak performance of a bank results in the form of slower economic growth and a single bank failure could affect the country's economy (Ahmed & Othman, 2017b). Therefore, the banking performance in Pakistan is deteriorating and available records show that there is a need to evaluate their organizational performance.

## 2.1.1 Human Resource Development in Banking Sector

The strong competition among the banks creates the biggest challenge for human resource department is to hire the competent employees. In recent developments, the banks develop and adopted the merit-based recruitment system to enhance their human resource pool which has been neglected to date (Zamir *et al.*, 2012). However, the private commercial banks have taken the initiated by conducting the competitive examinations, interviews, and group discussion sessions to select and hire the competent candidates. Subsequently, these methods are also followed by some public commercial banks including the SBP. Thus, the era of employment base on the recommendation and association from the politicians have just about come to an end, because private commercial banks want to hire and retain the best talent which can enhance organizational performance (Zamir *et al.*, 2012).

Apart from that, the bank job is considered as the stress full job (Abdullah & Ramay, 2012). The same case in the banking sector in Pakistan. Long working hours and ineffective use of technology are the two main causes of employees' dissatisfaction and lower commitment. Even so, there are few bank branches with over many employees still perform most of the bank work manually, even the technology available to them. Undoubtedly, the young business graduates perceived the banking sector as one of the fanciest sectors and put efforts to get a job in that. After joining the banking sector, they face problems which affect their commitment, and in turn, increases the issues such as turnover, lower performance, and absenteeism (Abdullah & Ramay, 2012). In addition, it is also observed in the banking sector of Pakistan that the excessive reforms and transforms by SBP negatively affects the commitment level of employees (Hashmi & Naqvi, 2012).

Also, employee's participation in the Pakistani banking culture is inconstant, generally, not regarded significant. All decisions are made by the higher management with no-say of the employee's in the whole decision-making process. Even though, employees are not referred for their input in the work-related issues occurred during the banking operations (Abdullah & Ramay, 2012). This sort of bank culture and management behavior with employees adversely affects the commitment level of the employees. Therefore, it is equally important to examine the organizational commitment in the banking sector of Pakistan.

#### 2.1.2 Banking Technology in Banking Sector

A few years back, banking technology was just about non-existent in the banking sector in Pakistan. The recent technological advancement has revolutionized the customer services through provision of online banking, internet banking, ATMs, branchless banking/mobile banking, and other means of services delivery has made it possible for banks to provide comfort to the customers, also control the transaction costs to the banks (Zamir *et al.*, 2012). Similarly, the use of credit cards, smart cards, and debit cards has also been extended.

Consequently, there is also a rush among the banks to upgrade their banking technology and move towards the electronic banking. In recent times, there has been a great expansion in the ATMs of banks, and currently, there are more than 1000 ATMs operating throughout Pakistan. Also, the bank's management putting effort to provide the facility of online banking in their all branches. Nonetheless, the SBP has also focus in this regard and recommended the banks to improve their banking technology in order to compete with the changing global market needs and demands.

#### **2.2 Organizational Performance**

In the literature of organizational studies, a great deal of attention has been paid to examine the determinants of the organizational performance (OP) (Simpson *et al.*, 2012). That is because of the importance of the subject in reflecting the path of development for any organization, and because of the implications of these studies on organizational effectiveness and competitiveness (Chelliah *et al.*, 2010).

In the global context, the competition has been significantly increased in quantity and quality. However, the new generation of customer has become very critical about the quality of products and services. This new environment in which the customers and their changing demands have become the center of attention, forced the organizations to adopt new strategies and maintain a high level of quality standards to ensure their presence in the global marketplace.

Essentially, it has been well known in the management literature that the organizational performance is considered as one of the most important constructs in the field of

strategic management and organizational studies (Combs *et al.*, 2005). Therefore, over the last few decades, both academics and practitioners conducted a considerable amount of research work on OP seeking to understand the antecedents, processes, and other factors that can enhance the organizational outcomes (Jing & Avery, 2016). Moreover, there is a growing body of literature that recognizes the practical importance of the OP concept that comes from top managers who they are, always concerning about the longterm success and competitiveness of their organizations (Finkelstein & Hambrick, 1996).

#### 2.2.1 Role of Bank Performance and the Overall Economic Development

As it has been widely argued that a poor performance of a banking system of any country can be one of the main reason behind its poor overall economic growth. On the other hand, sophisticated and well-performing banking system has a significant role in the country's overall economic growth (Pradhan, Arvin, Hall & Bahmani, 2014). This leads to the conclusion that the efficient banking system enables business entities to raise and manage their funds more effectively, resulting in steady economic development (Pradhan *et al.*, 2014).

Banks, among other service-oriented organizations, should always review their policies and grow innovative ideas to achieve a competitive and innovative performance. In the literature of organizational performance (OP), an extensive research has been conducted to investigate the antecedents of OP not only in manufacturing organizations but also in service organizations, including banks. Essentially, financial institutions, banks in particular, are in the heart of the economy of any country catering for the needs of other sectors. Therefore, a great deal of attention has been paid by practitioners and academics to examine the factors that might affect OP and enhance the strategic competitive positions (Al-Marri *et al.*, 2007). Consequently, banks, in order to be able to survive and create a sustainable competitive advantage, should offer high quality and innovative products and services at competitively cheap prices (Khalid & Irshad, 2010). Further, they should also pay an increasing attention to the talents, skills and capabilities of the human resources that could be a unique source of their competitive advantage (Andaleeb, Rashid & Rahman, 2016). Therefore, researchers recommended the need of proper organizational strategies to put into consideration by the policy makers for the enhancement of the bank performance (Shahid *et al.*, 2015).

#### 2.2.2 Bank's Resources and Organizational Performance

The resource-based view (RBV) of the firm asserted that the superior performance of an organization is depends on its valuable, inimitable, rare and non-substitutable (VIRN) resources (Bertram, 2016). Usually, the organizational resources or assets can be of two types, tangible resources and intangible resources. The tangible resources refer to those resources which have physical existence such as human resource, capital, building, warehouses, technology, plants, office leisure materials and other facilities, whereas, intangibles resources refer to those resources which have non-physical existence such as employee's knowledge, skills, shared values, efficient practices, procedures, and capabilities (Bertram, 2016; Bakar & Ahmad, 2010).

Furthermore, from strategic viewpoint, some of the intangible resources are more important for the organizational effectiveness and success than the tangible resources (Okpara, 2015). The significance of intangible resources derived from the VIRN philosophy, abbreviated as, valuable, inimitable, rare and non-substitutable and therefore, differentiate an organization from its rivals (Bakar & Ahmad, 2010). Particularly, the both type of resources facilitate the organizations in achieving the competitive advantage and superior performance (Okpara, 2015; Apintalisayon, 2008).

It can be seen in Figure 2.1 which shows the factors that contribute to the good performance and value creation of an organization.

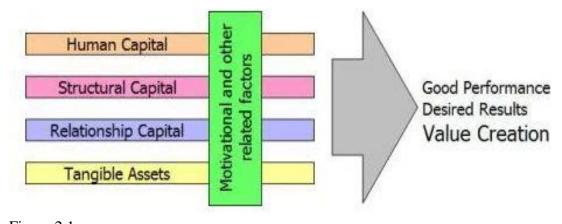


Figure 2.1 *Tangible versus Intangible Assets* Source: Apintalisayon (2008)

## 2.2.3 The Nature of Organizational Performance

The organizational effectiveness is termed as *organizational performance* and represents the results of the organizational activities or focuses on the achievement of organizational objectives (Henri, 2004). In recent years, there has been an increasing interest in organizational performance (OP) and considered as an important area of interest for researchers (Daud *et al.*, 2013). According to Sawalha (2013), organizational performance is referred as "the ability of an organization to achieve its objectives of high profit, quality products, large market share, good financial results and long-term survival, using relevant strategy and action plans" (p. 361).

Previous empirical studies define and measure the organizational performance in different ways depending on the objectives of their study such as, operating performance (Fang, Nofsinger & Quan, 2015); financial performance (Ozkan, Cakan & Kayacan, 2017); international performance (Brouthers *et al.*, 2015); export performance (Ngo *et al.*, 2016); long-term performance (Ben-Oz & Greve, 2015); new

product performance (Story, Boso & Cadogan, 2015) and innovation performance (Alegre & Chiva, 2013).

Furthermore, a considerable amount of literature on OP has been studied from two perspectives: few studied it from the point of figures which were generated by the organizations for their many stakeholders also called as *financial performance* and other studied it from the point of achievement of organizational stated goals known as *non-financial performance* (Carton, 2004). Moreover, OP has been explained by numerous theories among these, one is stakeholder's theory, which describe the OP as, return on stockholder capital (Odumeru, 2013).

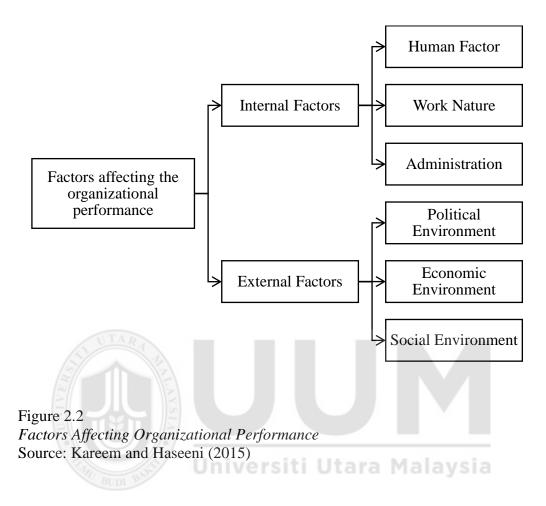
However, organizations adopt different measurement tools in the determination of their organizational performance and these measurement tools are the indicators of successful OP (Parida, Kumar, Galar & Stenström, 2015). Therefore, previous empirical studies define and measure the organizational performance in different ways depending on the objectives of their study and as a result, it is difficult to establish a common indicator to measure the organizational performance (Liu & Fu, 2011). Also, measuring the organizational performance with single indicator cannot generalize to whole industry (Liu & Fu, 2011).

## 2.2.4 Factors affecting Organizational Performance

According to Kareem and Haseeni (2015), the organizational performance (OP) has been affected by different factors and these factors are interlocked. Therefore, these factors are interrelated to each other and their impact on OP largely depends on the performance of each factor.

So, there are different factors which affect the OP and these factors are further divided into two main types as depicted in Figure 2.2.

- 1. Internal factors: those factors which are in the control of the organization.
- 2. External factors: those factors which are not in the control of the organization.



#### 2.2.5 Organizational Performance as Dependent Variable

The organizational performance (OP) refers to an organizational appropriate strategy (Parida *et al.*, 2015) and is considered as an important concept in attaining the organizational goals (Richard *et al.*, 2009). So, successful rendering of services and selling of products in the market determined the OP. Likewise, the OP is determined by how effectively and efficiently an organization creates and transform human capital and financial capital into marketable products and services (Bertram, 2016). In this perspective, performance of an organization considered two areas of outcomes: Firstly, financial performance (yearly profit, overall growth) and secondly, non-financial performance (market share, new service or product development) (Richard *et al.*, 2009).

Although, many tools have been used to measure the organizational performance, but in the literature on OP, the relative importance have been given to both objective measures and subjective measures. The objective measures (financial measures) uses an accounting data such as, annual profit, revenue growth and return on investment (Henri, 2006; Hoque & James, 2000; Kaplan & Norton, 1996). Further, in representing the financial performance, the use of accounting measures is important because they are financially oriented and focus on inputs and outputs (Yu, Ramanathan & Nath, 2014).

Likewise, subjective measures (non-financial measures) are frequently used in the studies to cover a wider organizational performance which sometimes does not cover by the financial measures (Abdallah & Alnamri, 2015). This subjective measure represents the non-financial performance of an organization in terms of market share, new service or product development, customer satisfaction and delivery of quality services (Lee & Yang, 2011).

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This development and use of non-financial performance measurement are due to the pressure of competition among organizations in the industry, changing roles of the organization, implementation of information technology, demand from customers and external markets and the most important due to the boundaries in the financial measures of OP (Neely, 1999). Abdallah and Alnamri (2015) evaluate that the non-financial measures of OP are indispensable measurement tool and positively enhances the both long term performance as well as the financial performance. Also, Kareem and Haseeni (2015) recommended that the organization can achieve superior performance in an efficient and effective way through the use of non-financial measures.

The classification of performance measures which are discussed above is based on the data sources, which may be archival or non-archival (Murphy *et al.*, 1996). So, for measuring organizational performance (OP), two sources of data are, primary source and secondary source (Murphy *et al.*, 1996). While, the primary source data are collected through respondents or informants in the study. This information is based on the observation of the respondents regarding performance of the organization and called as non-archival data because they are not collected from organizational archives (Keh *et al.*, 2007). The secondary source data also called objective measures of performance are collected from organizational records or archives like financial statements.

Even though, it is argued by several researchers that the objective measures of the performance also have some elements of subjective measures, but the organization did not disclose their true financial picture (Cano *et al.*, 2004; Murphy *et al.*, 1996). For instance, the respondent's source gives opportunities for researchers to test various dimensions of OP, but also has been criticized that the respondents may give biased information due to social association or memory deterioration (Rauch *et al.*, 2009). But, it is also difficult to obtain the archival data because of the organizations did not disclose their true financial information (Rauch *et al.*, 2009).

Therefore, organizational performance is declared as multi-dimensional construct (Murphy *et al.*, 1996) and it's may not be probable to cover all performance measures in a single study. Additionally, by joining the both financial measures and non-financial measures, the enhanced OP can be realized (Banker *et al.*, 2000; Hoque & James, 2000).

Furthermore, the review of literature showed that numerous empirical studies on OP were carried out in the developed countries like UK and USA, similarly in Asian countries like Singapore and Malaysia (Jusoh *et al.*, 2008; Stede *et al.*, 2006; Andrews

*et al.*, 2006; Lee & Yu, 2004). Also, by considering the manufacturing sector (Verbeeten & Boons, 2009; Rodríguez & Ventura, 2003; Beal, 2000), whereas others focus on insurance (Lee & Yu, 2004; Lai & Limpaphayom, 2003; Cummins & Weiss, 2000; Fiegenbaum & Thomas, 1990), but little consideration has been given to the banking industry (Kamil & Nasurdin, 2016; Elnihewi, 2015; Zayas-Ortiz *et al.*, 2015).

#### 2.2.6 Previous Studies on Organizational Performance

In the pertinent literature, past studies have identified the numerous predictors of organizational performance in different work settings, such as strategic performance measures (Pollanen *et al.*, 2017), strategic hybrid orientation (Ur-Rehman *et al.*, 2017), corporate social responsibility (CSR) practices and innovation (Reverte *et al.*, 2016), demographic and organizational factors (Wang *et al.*, 2015), entrepreneurial orientation (Brouthers *et al.*, 2015). Few past studies have identified the predictors of organizational performance in the banking setting, such as entrepreneurial, market and strategic orientation (Jassmy & Bhaya, 2016; Innocent, 2015), service quality, innovation and organizational commitment (Chai *et al.*, 2016), organizational learning and organizational culture (Aksoy *et al.*, 2014). Table 2.1 summarized some recent previous empirical studies on organizational performance, studied with different predictors in different work settings.

Previous Empiric	al sluales on O	rganization	ai Perjormance		
Author & Year	Context	Country	Predictors	Performance Measure	Respondent
Pollanen <i>et al.</i> (2017)	Public Sector Organizations	Canada	Strategic Performance Measures (SPM)	Non-Financial Performance	Managers
Ur-Rehman <i>et al.</i> (2017)	SMEs	Finland	Strategic Hybrid Orientation	Financial Performance	Top and Middle Management
Bashayreh (2017)	Insurance Sector	Jordan	Organizational Culture	Non-Financial Performance	Employees

Table 2.1Previous Empirical Studies on Organizational Performance

Author & Year	Context	Country	Predictors	Performance Measure	Respondent
Yu, Yen and Huang (2016)	Different China IMO, Financial Organizations Organizational Performance Commitment, Employee Retention		Managers		
Reverte <i>et al.</i> (2016)	Image: Second SpainCSR Practices, SpainFinancial and Non-FinancialResponsibleInnovationNon-FinancialSpanishPerformancecompaniesImage: Spain		Managers		
Jassmy and Bhaya (2016)	Real Estate Banks	Iraq	Strategic Orientation	Non-Financial Performance	Managers
Graca and Arnaldo (2016)	Dairy Company	Iberian Peninsula	Corporate Reputation	Overall Performance	Co-operative Members
Chai <i>et al</i> . (2016)	Banking Industry	Malaysia	Service Quality, Innovation, Commitment	Non-Financial Performance	Executives and Non-Executives
Wang <i>et al.</i> (2015)	306 Different Sector Organizations	China	Demographic and Organizational Factors	Finance and Customer, Internal Business, Work Satisfaction, Pay and Benefits, Innovation and Technology	Managers
Choi and Yoon 277 Firms (2015)		South Korea	HR Strategic Orientation	Operational Performance, Financial Performance	Managers & Employees
Brouthers <i>et al.</i> (2015)				Employees	
Omira (2015) Public Organizations		Saudi Arabia	Organizational Culture and Leadership Styles	Financial Performance, Customer Satisfaction, Internal Processes, Innovation and Learning	Employees
Fadol <i>et al.</i> (2015)	Public and Private Hospitals	United Arab Emirates (UAE)	Araband StrategicPerspectives,EmiratesPlanningInternal		Top and Middle Management
Divini and Schiniotakis (2015)			Efficiency and Profitability	Employees	
Innocent (2015)	Commercial Banks	Nigeria	Entrepreneurial, Market and SO	Financial Performance	Managers

Table 2.1 (Continued)

Author & Year	Context	Country	Predictors	Performance Measure	Respondent
Ouakouak <i>et al.</i> (2014)	372 European Companies	European States	Middle Managers Involvement, Autonomy	Financial Performance	Top and Middle Managers
Elnihewi <i>et al.</i> (2014)	Commercial Banks	Libya	Institutional Factors	Non-Financial Performance	Managers
Irefin and Mechanic (2014)	Coca Cola Nigeria Limited	Nigeria	Organizational Commitment	Non-Financial Performance	Staff Members
Aksoy <i>et al.</i> (2014)	Banking Sector	Turkey	Organizational Learning, Culture	Non-Financial Performance	Managers
Acar and Acar (2014)	Health Sector	Turkey	Organizational Culture	Financial and Non-Financial Performance	Employees
Pinho <i>et al.</i> (2014)	Non-Profit Organizations	Portugal	Organizational Culture, MO	Financial and Non-Financial Performance	Managers
Choudhary <i>et al.</i> (2013)	Service Sector	Pakistan	Leadership Styles	Financial Performance, Market Share	Managers
Bakiev (2013)	National Police	Kyrgyzsta n	Interpersonal Trust, OCB	Non-Financial Performance	Police Officers
Al-Swidi (2012)	Banking Sector	Yamen	TQM, EO	Non-Financial Performance	Managers
Ringim (2012)	Banking Sector	Nigeria	Business Process Re-Engineering Factors	Financial and Non-Financial Performance	Managers
Nzuve and Omolo (2012)	Commercial Banks	Kenya	Learning Organization	Non-Financial Performance	HR Managers
Han and Verma (2012)	Hospitality Industry	South Korea	Corporate Culture, SO	Financial Performance	Managers
Ringim <i>et al.</i> (2012)	Banking Sector	Nigeria	Business Process Re-Engineering Factors	Overall Performance	Managers
Hartnell <i>et al</i> . (2011)	Different Sector	USA	Organizational Culture	Operational, Financial and Employee attitude	Managerial Staff
Aktaş <i>et al</i> . (2011)	Health Sector	Turkey	Organizational Culture	Organizational Efficiency/Non- Financial)	Top Managers

Author & Year	Context	Country	Predictors	Performance Measure	Respondent
Chatzoglou <i>et al</i> . (2011)	Different Firms	Southeast ern Europe	Strategic Orientation, Organizational Structure, Information Technology	Financial Performance	Managers
Theodoridis and Panigyrakis (2011)	Supermarket Chains	Greece	IMO and MO	Financial and Non-Financial Performance	Managers
Ali et al. (2010)	Different Sector Organizations	Pakistan	Corporate Social Responsibility	Market Share, Profitability	Employees

Table 2.1 (Continued)

As indicated in Table 2.1 above, majority of the past studies were conducted in the context of SME's, public and private organizations, service sector, health sector, and insurance sector. In addition, these studies were conducted in USA, UK, European countries, Southern Europe, Canada, Spain, Iraq, Nigeria, Turkey, Saudi Arabia and UAE. However, few studies were conducted in the Pakistan especially in the banking context. Thus, the current study was conducted in the Pakistan banking sector context.

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## 2.2.7 Organizational Performance Measures

Financial and non-financial performance measures have been used in the literature to measure the organizational performance (OP). As it has been mentioned earlier, the changing business environment and the complex marketplace have forced the organizations to go beyond the traditional measurement system that has one dimension and to be able to measure all the operational aspects as well as the market factors (Kaplan & Norton, 1992).

In the literature, there are many limitations have been identified of financial measures. First, financial measures of OP are susceptible to the method of variance and might be misleading since they might be affected by the industry-related factors. Second, due to the possibility of manipulation of financial measures, they are not always representative of the actual OP. Third, financial measures, as argued by Kaplan and Norton (1996), can reflect only the effect of past activities on the OP and might be misleading when used to predict the future performance. Fourth, financial measures seem to be stable and do not reflect new goals. In other words, they cannot identify the current issues related to the OP in the modern business environment (Hansen & Mowen, 2003). Fifth, financial measures lack the strategic focus and rather emphasizes on short-term financial measures resulting in a wide and increasing gap between developed strategies and their implementation (Neely, 1999; Kaplan & Norton, 1996).

Several scholars have highlighted the limitations of relying on single measures of performance (see Guest, 1997) and the over-reliance on financial performance that, in isolation, does not capture the overall performance of the organization. Guest (1997) argues that scholars need to use a 'range of types of performance measures at both individual and organizational level studies to capture the link between organizational practices and organizational performance. Also, the numerous past studies (see Table 2.1) evaluating the OP, have been considered the both financial and non-financial performance measures (Elnihewi, 2015; Ringim, 2012; Ringim *et al.*, 2012). Therefore, the current study measured the organizational performance by using the both financial and non-financial and non-financial performance measures.

#### 2.3 The Definition of Organizational Commitment

The term 'organizational commitment' refers to the employee loyalty with an organization. There are multiple definitions of organizational commitment that have been suggested in the literature by the prominent authors over the time and these definitions are varied but originated on the relationship between organization and its employees. Mowday *et al.* (1982, p. 27) definition of organizational commitment has been extensively accepted by the academicians, define in following words as, "the

relative strength of an individual's identification with and involvement in a particular organization and can be characterized by a strong belief in and acceptance of the organization's goals and values, willingness to exert considerable effort on behalf of the organization and a strong desire to maintain membership of the organization". Further, they found commitment as an employee readiness to work effectively and to keep the relation with the respective organization without intending to switch to others (Mowday *et al.*, 1982).

In Past studies, organizational commitment has been defined in several ways. This lack of consistency in the organizational commitment definition made difficulty in understanding the research findings (Darolia, Kumari & Darolia, 2010). However, the employee feeling of promise with the organization is known as organizational commitment (Meyer & Allen, 1991). The higher the satisfaction level of the employee with the job and organization, the higher the commitment to remain with the organization (Tsai & Huang, 2008).

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Furthermore, Newstrom (2007) called organizational commitment as the loyalty of employees. Schultz and Schultz (2002) expressed that, commitment is established in the employees in such a manner that they accept the values and goals of an organization and their organizational loyalty reflected by their continued desire to remain the part of the organization. McMahon (2007) believes that what binds an individual to the organization is organizational commitment. Table 2.2 also provided the pertinent definitions of organizational commitment by the prominent scholars.

Author & Year	Definition				
Becker (1960)	"Commitment comes into being when a person, by making a side bet, links extraneous interests with a consistent line of activity" (p. 32).				
Kanter (1968)	"Commitment is the attachment of an individual's fund of affectivity and emotion to the group" (p. 507).				
Hrebiniak and Alutto (1972)	"Commitment is a structural phenomenon which occurs as a result of individual-organizational transactions and alteration in side bets or investment over time" (p. 556).				
Porter <i>et al.</i> (1974)	"Commitment is the strength of an individual's identification with and involvement in a particular organization" (p. 604).				
Marsh and Mannari (1977)	"Committed employee considers it morally right to stay in the company, regardless of how much status enhancement or satisfaction the firm gives him or her over the years" (p. 59).				
Salancik (1977)	"Commitment is a state of being in which an individual becomes bound by his actions" (p. 62).				
Meyer and Allen (1991)	"Commitment is a psychological state that (a) characterizes the employee's relationship with the organization, and (b) has implications for the decision to continue or discontinue membership in the organization" (p. 67).				
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Meyer and Herscovitch (2001)	"Commitment is a force that binds an individual to a course of action of relevance to one or more targets" (p. 301).				
Robbins (2001)	"The situation in which the individual identifies with a particular organization and its goals, and desire to stay in the organization is called organizational commitment".				
Pool and Pool (2007)	"Organizational commitment reflects the extent an individual identifies with an organization and committed to its organizational goals" (p. 353).				
Aydin <i>et al</i> . (2011)	"Organizational commitment is a definite desire to maintain organizational membership, identification with the purposes, successes of organization, the loyalty of an employee, and a willingness to exert considerable effort on behalf of the organization" (p. 628).				

Table 2.2Definitions of Organizational Commitment

In addition to that, Jaworski and Kohli (1993) refers the organizational commitment as, "an employee's emotional attachment, identification with and involvement in the organization". Hence, different researchers defined organizational commitment from different perspectives according to their fields (Meyer & Allen, 1991). Therefore, concluding all the definitions, three important elements were analyzed: employees accept enthusiastically the objectives and values of the organization, to demonstrate all their abilities in favor of the organization, and to develop a strong mind-set in relation of organizational commitment.

#### **2.3.1 Organizational Commitment**

The main purpose of studying organizational commitment is due to its relationship with the effectiveness and output of an organization by increasing employee performance, creativity, reduced absenteeism, turnover intention and pro-social behavior (Klein *et al.*, 2009; Meyer *et al.*, 2002; Meyer & Allen, 1997). Moreover, continuous investment in the work force to achieve organizational goals is necessary. Similarly, past studies revealed that, higher the commitment of employees resulted in enhanced performance than the lower commitment of employees. Also, it was determined that high committed employees had high satisfaction with the organization and results in lower absenteeism and employee turnover (Suliman, 2002).

Liou (2008) characterizes the organizational success with the participation and commitment of employees. She expressed that high organizational commitment environment increases the employee retention rate, efficiency, employee performance and lowering the operational cost. Meyer and Allen (2004) have faith in sturdy organizational commitment and base on the workforce to work harder in direction to accomplish organizational goals. Moreover, an individual with strong organizational commitment will consider himself as a true member of the organization and strictly adopts the values and beliefs of the organization and become more tolerant of minor sources of dissatisfaction (Lai, 2001). Also, past studies reveal that an employee

organizational commitment have inverse relationship with the employee turnover and have direct impact on organizational performance (Ali *et al.*, 2010; Robbins, 2001).

Likewise, Wattanasupachoke (2006) analyzed Thai firms and inferred that, it is essential to establish good internal relations which impact on OP. Maxwell and Steele (2003) recommended that organizational commitment boost the individual manager's commitment which will influence the commitment level of front line personnel and OP. Therefore, by encouraging an individual's organizational commitment, ultimately increases individual's performance as well as OP and make it more flexible organization (Daft, 2001). The literature also recommended the implementation of high employee involvement work practices such as, self-managing teams, employee empowerment, shared governance programs, better internal service quality and flexible work settings which enhances the long-term OP (Pfeffer & Viega, 1999; Hiltrop, 1996).

Eleswed and Mohammed (2015) investigate the effect of organizational commitment in private banks of Bahrain and found the organizational commitment as predictor of the job satisfaction of employees. Moreover, the top management commitment in banks can also motivate their middle management and lower management to enhance their functional behaviors and provide better service delivery which will have a positive impact on the OP and increases the competitive advantage (Kamil & Nasurdin, 2016; Goodale *et al.*, 2011; Kuratko, 2010; Wakkee *et al.*, 2008). Also, Zayas-Ortiz *et al.* (2015) found the positive relationship between organizational commitment and organizational citizenship behavior of bank employees.

Different researchers measured organizational commitment by different means. Utapao (2003) in his study measured organizational commitment as multi-dimensional by considering two dimensions, i.e. aspiration to stay with the firm and acceptance of

values and goals of the firm. Quevedo (2006) measured the organizational commitment by considering three dimensions, i.e. organizational goal identification, involvement in organizational duties and organizational loyalty. Lai (2001), Cabautan (2002) and Daylo (2008) considered and measured organizational commitment with three dimensions called: affective commitment, continuance commitment and normative commitment (Meyer & Allen, 1991). In addition, Mowday *et al.* (1979) measures the organizational commitment as unidimensional by focusing on the emotional attachment of an employee with the organization. Thus, these measures have been used at the individual level studies. Furthermore, Jaworski and Kohli (1993) measure the organizational commitment at organizational level.

In a nutshell, organizational commitment has some antecedents and consequences, which have direct impact on employees' performance, organizational performance and organizational efficiency.

## 2.3.2 Models of Organizational Commitment

There are three main models which mostly being adopted in research into organizational commitment. One is the Mowday *et al.* (1979) model, second is the Meyer and Allen (1991) model and the third is Jaworski and Kohli (1993) model.

According to Mowday *et al.* (1982), the organizational commitment refers to three characteristics: (i) "a strong belief in and acceptance of organizational goals and values", (ii) "a willingness to exert considerable effort on behalf of the organization", and (iii) "a strong desire to maintain membership in the organization" (Mowday *et al.*, 1982). Mowday *et al.* (1979, 1982) developed a scale to measure the attitudinal commitment of employees working in production or services organizations. This scale gains much importance among academicians in order to determine the affective

commitment or attitudinal commitment or emotional attachment of employees in an organization. This scale is considered as unidimensional, studied at individual level and used in numerous studies determining the organizational commitment (Hansel *et al.*, 2016; Guay *et al.*, 2016; Babalola, 2016; Perry *et al.*, 2016; Hanaysha, 2016; Ali *et al.*, 2010; Iqbal, 2010; Turker, 2009; Tayyab, 2007; Huselid & Day, 1991).

Further, Meyer and Allen (1991) developed a Three-Component Model (TCM) of organizational commitment, which measures three components of organizational commitment called as: affective commitment, continuance commitment and normative commitment. These three dimensions are based on three different mentalities, i.e. desire, cost and obligation. The affective commitment talks about the emotional attachment and involvement in the organization. The continued commitment considers the perceived costs related with leaving the organization. And the normative commitment talks about the perceived responsibility to stay in the organization (Tsai & Huang, 2008). This scale is considered as multi-dimensional, studied at individual level and many authors measured the organizational commitment in terms of these three dimensions (Kuean *et al.*, 2010; Tsai & Huang, 2008).

The third model given by Jaworski and Kohli (1993) considered the organizational commitment as, "an employee's emotional attachment, identification with and involvement in the organization". The model measures the manager's perception of the emotional/affective organizational commitment of their employees. This scale is considered as unidimensional, studied at organizational level and used in numerous studies determining the affective organizational commitment at organizational level (Pinho *et al.*, 2014; Rodrigues & Pinho, 2010; Hwang & Chi, 2005; Schneider *et al.*, 2003).

As a conclusion, the affective committed employees will remain in the organization as they want to work with that organization. The current study used the model given by Jaworski and Kohli (1993) based on the nature of the study at organizational level. In relation to measure the perception of the managers/executives (respondents) regarding organizational commitment, this scale was considered as suitable for the current study, because they are heavily involved in the organizational strategic decision making and dealing with the affairs of the organization such as organizational culture, organizational internal market orientation, organizational commitment and organizational performance (Pinho *et al.*, 2014).

#### 2.3.3 Organizational Commitment as Mediator

The current study considered the organizational commitment as the mediator between strategic orientation, organizational culture, organizational IMO and organizational performance. In the pertinent literature, some of the previous studies revealed that organizational commitment acts as a potential mediator (Kim, Song & Lee, 2016; Majid *et al.*, 2016; Omira, 2015; Choi & Yoon, 2015; Phetkaew, 2015), while few studies found that organizational commitment does not mediate (Zaman *et al.*, 2012; Awwad & Agti, 2011).

Furthermore, it was noticed that studies on organizational commitment were carried out in different work settings such as casino industry (Kim *et al.*, 2016), public organizations (Majid *et al.*, 2016; Omira, 2015), local and multinational companies (Phetkaew, 2015), manufacturing industry (Tarigan & Ariani, 2015), and hotel industry (Hamiza, 2014; Hemdi & Rahim, 2011). However, limited studies have investigated the organizational commitment in the banking setting (Abdullah & Ramay, 2012; Hashmi & Naqvi, 2012). Likewise, previous empirical studies revealed the significant mediating role of organizational commitment among organizational constructs (Pinho et al., 2014; Rodrigues & Pinho, 2010; Hwang & Chi, 2005; Schneider et al., 2003).

Table 2.3 summarized the prior studies which considered the organizational commitment as a mediator in different work settings and revealed the mix findings.

Table 2.3
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Previous Studies of Organizational Commitment as Mediator

Author & Year	Context	Independent Variable	Dependent Variable	Country	Respondent	Mediation
Kim, Song and Lee (2016)	Casino Industry	IM, CSR	Turn Over Intention	South Korea	Employees	Yes
Majid <i>et</i> <i>al.</i> (2016)	Public Organizations	OC, Leadership Style	Performance of Internal Auditors	Indonesia	Internal Auditors	Yes
Omira (2015)	Public Organizations	Organizational Culture	Organizational Performance	Saudi Arabia	Employees	Yes
Choi & Yoon, (2015)	277 Firms	HR Strategic Orientation	Organizational Performance	South Korea	Managers & Employees	Yes
Phetkaew (2015)	Local and Multinational Companies	Organizational Culture	Turnover intention	Thailand	Employees	Yes
Tarigan and Ariani (2015)	Manufacturin g Industry	Job Satisfaction	Turnover intention	Indonesia Malays	Employees	Yes
Hamiza (2014)	Hotel Industry	IMO	Employees' Retention	Malaysia	Employees	Yes
Shurbagi and Zahari (2014)	Oil and Gas Industry	Organizational Culture	Job Satisfaction	Libya	Employees	Yes
Abdullah <i>et al.</i> (2013)	Banking Sector	Personality Traits	Employee Performance	Pakistan	Employees	Yes
Bakiev (2013)	National Police	Interpersonal Trust	Organizational Performance	Kyrgyzsta n	Police Officers	Yes
Rostami <i>et al.</i> (2012)	Cement Industry	Organizational Climate	Innovation	Iran	Employees	Yes
Zaman <i>et</i> <i>al</i> . (2012)	Commercial Banks	Internal Marketing	Market Orientation	Pakistan	Managers and Employees	No
Hou <i>et al</i> . (2011)	IT Companies	Thinking Styles	Employees Creativity	China	Employees	Yes

Author & Year	Context	Independent Variable	Dependent Variable	Country	Respondent	Mediation
Awwad and Agti (2011)	Commercial Banks	Internal Marketing	Organizational Citizenship Behaviors	Jordan	Employees	No
Ali <i>et al.</i> (2010)	Different Sector Organizations	CSR	Organizational Performance	Pakistan	Employees	Yes

Table 2.3 (Continued)

Since strategic orientation, organizational culture, organizational IMO were expected to strongly influence the organizational commitment, and organizational commitment was expected to enhance the organizational performance. Hence, there was possibility that organizational commitment mediates the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance. Moreover, organizational commitment has several antecedents and consequences such as organizational performance (Lau *et al.*, 2017; Pinho *et al.*, 2014; Yiing & Ahmad, 2009; Lok *et al.*, 2007). Thus, the current study intended to fill the literature gap by measuring the mediating role of organizational commitment at organizational level between strategic orientation, organizational culture, organizational culture, organizational culture, organizational culture, organizational performance.

#### 2.4 Underpinning Theories of the Study

The performance of organizations largely depends on how effectively the firm exchanges value with its members to best utilize its resources (Barney, 1991; Blau, 1964). Hence, based on such state of affairs, the review of pertinent literature reveals two basic theories to support the research model of under laying study such as: theory of resource-based view (RBV) (Innocent, 2015) and the social exchange theory (SET) (Aldhuwaihi, 2013). Additionally, the resource theory of social exchange is also considered because of the extended version of the resources (Foa & Foa, 2012) and its implication in the current study setting.

## 2.4.1 Resource-Based View (RBV) Theory

The theory of resource based view, usually abbreviated as RBV or RBT, is a popular theory that is widely referred to and cited in micro-economics, strategic management, and other related fields, most especially in the studies of organizational performance (OP) (Newbert, 2007; Wernerfelt, 1995). A lot of people have contributed to the evolution and development of the theory. Prominent among them are Edith Penrose (1959), Wernerfelt (1984), Rumelt (1984), Dierickx and Cool (1989), Prahalad and Hamel (1990), Mahoney and Pandian (1992) and Amit and Schoemaker (1993). However, the Barney (1986, 1991) considered as the father of resource based view theory (Newbert, 2007; Wernerfelt, 1995). Despite criticisms levelled against the theory, it is empirically proven to be reliable (Bertram, 2016; Newbert, 2008). The theory addresses a central question of why some organizations are different, and what can organizations do to gain a competitive edge over others and improve their performance in the marketplace?

The resource base view (RBV) assumed that the organizational success is mainly based on the organizational internal properties. These properties are further comprised of organizational resources and organizational capabilities (Bakar & Ahmad, 2010). The organizational resources also referred as assets both tangible and intangible. Tangible assets include financial, human, physical, and technological which can be used by the organizations to facilitate their customers and intangible assets are employee's skills, their knowledge and organizational goodwill etc. (Okpara, 2015; Apintalisayon, 2008), while the organizational capabilities or competencies refers to the ability of an organization to efficiently and effectively utilize their available resources to achieve the stated organizational objectives (Nath, Nachiappan & Ramanathan, 2010). The RBV presumes that organizational resources and capabilities which an organization holds in order to achieve superior organizational performance and competitive advantage must be valued, not possessed by the other organizations, must not be easily imitated and substituted by other organizations (Chien, 2014; Martin *et al.*, 2011). Moreover, an organization can only be gained a competitive advantage, if its implemented strategies are not concurrently implemented by other organizations (Nath *et al.*, 2010).

Further, the RBV work as a main driver of the organizations to increase their organizational performance (OP) and creates competitive advantage by concentrating on the organizational resources. Also, the RBV seeks the unique resources that create competitive advantage for an organization (Hsu & Pereira, 2008). These resources of competitive advantage may be of any kind, such as, employee's commitment, organizational culture, technological and physical which helps in achieving the stated organizational goals. The current study also focusing on the OP in order to achieve through organizational resources and capabilities. In addition to that, the RBV conceptualization also has relationship with the Penrose's (1959) theory, *the theory of the growth of the firm*, which also focused on the growth of the organization through its valued resources.

Over the past few years, there have been an increase in the adoption of RBV in the field of strategic management, marketing and operations management literature (Yu *et al.*, 2014; Paiva *et al.*, 2008; Song *et al.*, 2007). And believed that the RBV described the way, how an organizational resource (e.g. tangible assets and intangible assets and organizational capabilities) affect its organizational performance (Okpara, 2015; Apintalisayon, 2008). Moreover, the RBV follow the input and output formula for organizations and recommend utilizing its unique internal resources as *inputs* to produce business performance as *outputs* (Nath *et al.*, 2010). Thus, the organizational resources are a way of gaining a competitive advantage, which in turn, leads to greater OP. Evidently, the RBV stated that there is a link between organizational resources, competitive advantage and OP (Bertram, 2016).

Specifically, the objective of the current study is to examine the relationship between, strategic orientation, organizational culture, organizational internal market orientation, organizational commitment and organizational performance. However, the review of literature confirmed that the variables being considered in this study have been underpinned theoretically by the RBV. For instance, strategic orientation has been emphasized as one of the main sources of competitive advantage (Sharma & Shukla, 2015; Theodosiou *et al.*, 2012; Mu & Di Benedetto, 2011; Marrewijk, 2010; Grawe *et al.*, 2009), also the organizational culture (Uzkurt *et al.*, 2013; Hassan *et al.*, 2012; Zheng *et al.*, 2010), also the internal market orientation (Fang *et al.*, 2014; Yu *et al.*, 2014; Theodosiou *et al.*, 2012) and the organizational commitment (Zheng *et al.*, 2010). These variables have been described as organizational resources or capabilities as well as competitive strategies which an organizational resources in a highly dynamic and competitive business environment (Ahmed & Othman, 2017b; Hassan *et al.*, 2012; Uzkurt *et al.*, 2013; Zheng *et al.*, 2010).

Therefore, the pertinent literature discussed above revealed that these variables have made references to the theory of resource-based view (RBV) and could be considered as sources of the organizational competitive advantage. This, in turn, justifies the choice of RBV as the underpinning theory to address the issue at hand.

#### **2.4.2 Social Exchange Theory**

The social exchange theory (SET) is rooted in the literature during mid of the nineteenth century (Blau, 1955, 1960, 1964; Emerson, 1962, 1976; Homans, 1958, 1961; Thibaut

& Kelley, 1959). SET asserts that for a mutual benefit, the organizational counterparts (organization and employees) enter a continued exchange relationship with each other (Blau, 1964; Gouldner, 1960; Homans, 1958). The basic assumption of SET is that commitment occurs as a result of mutually rewarding transactions or psychological contracts between the employee and the organization (Amofa & Ansah, 2017; Redmond, 2015). The psychological contract is an unwritten agreement between the employee and the organization that specifies what value they expect to give to and receive from each other (Ivancevich, 2010). Besides that, the psychological contract is a set of broad shared expectations, particularly in a high-commitment culture, that create value for the organizational counterparts (Beer *et al.*, 2009).

Furthermore, Foa and Foa (2012) explained that the exchange of resources resulted in both positive and negative happenstances which must be considered by the organizations. In addition, SET presumes that the relationship between the organization and the employee involves both social and economic exchanges that permeates both the 'voluntary social welfare actions' as well as 'formally contracted economic benefits' between the organizational counterparts (Madden *et al.*, 2017; Amofa & Ansah, 2017).

Likewise, the level of an employee's commitment to an organization could vary according to his/her perception of rewards in relation to his/her costs (Foa & Foa, 2012; Crede *et al.*, 2007). Therefore, SET formulates a causal model that specifies the reciprocal relationships between employee commitment and organizational behavior with its employees. Figure 2.3 exhibit the generic model of social exchange which shows that might be positive exchange or negative exchange occurs in the organization based on the organizations (actor) initiative towards their employees (target) (Cropanzano *et al.*, 2016).

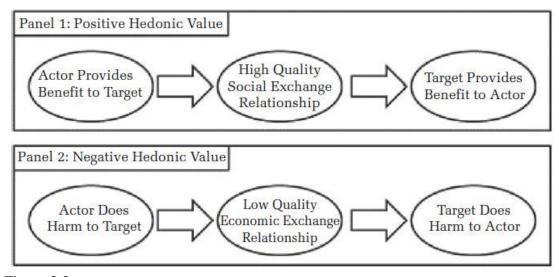


Figure 2.3 *Generic Model of Social Exchange* Source: Cropanzano *et al.* (2016)

Thus, for this study, besides RBV, the SET appears as a supporting underpinning theory by demonstrating the organizational performance as a result of strategic orientation, organizational culture, organizational internal market orientation (IMO), and organizational commitment by means of an exchange relationship between the organization and its employees. The literature reveals that the strategic orientation, organizational culture and organizational IMO influence organizational outcomes through the impact they exert on organizational commitment and performance (Pinho *et al.*, 2014; Hamiza, 2014; Aldhuwaihi, 2013; Kidombo *et al.*, 2012; Rodrigues & Carlos, 2010; Tortosa *et al.*, 2009; Lok *et al.*, 2007). Moreover, the organizational culture emerges as the organizational arrangement to expedite the exchange relationship between the employeer and employees (Pinho *et al.*, 2014).

Similarly, from an internal marketing perspective, the seminal scholars such as Gouldner (1960) and Homans (1958) supports the organizational attitude towards employees which in turn increases the employees' trust and reciprocates towards the organizational success (Bougoure *et al.*, 2016). Internal marketing focuses on achieving effective internal exchanges between organization and its employees (Shiu & Yu, 2010)

for service mindedness and customer-oriented behavior (Bougoure *et al.*, 2016) as a pre-requisite for organizational performance. Hence, IMO is an effort made by an organization to improve internal climate, by highlighting internal exchange between employees and the organization (Lings & Greenley, 2005).

Furthermore, in return, the employee's commitment helps in the successful implementation of the organizational strategies and action plans (Lau *et al.*, 2017) because employees with high level of organizational commitment will be more willing to work toward organizational goals and objectives and give their services wholeheartedly to the organization and to the customers, hence promoting organizational performance (Cropanzano *et al.*, 2016; Rodrigues & Carlos, 2010; Beer *et al.*, 2009).

Lastly, the social exchange theory has enough implications for the managers to increase the employees' trust and satisfy the mutual relationship between the organization and employees. The organization therefore should invest on their employees through both social and economic exchanges, whereby the employees will likewise invest in the organizational success.

#### 2.4.2.1 Resource Theory of Social Exchange

To analyze the social behavior, Foa and Foa (2012) present a simple framework which extended the conception of exchange to cover all the interpersonal experiences. In this resource theory of social exchange, both positive and negative happenstances are considered. This extended concept of exchange includes the aggressive behaviors which were considered in a separate theoretical framework previously (Foa & Foa, 2012).

The resource theory of social exchange defines the interpersonal resources as "anything that can be transmitted from one person to another" (Foa & Foa, 2012). This definition is comprehensive enough which covers all the things as exchanged between the persons e.g. a smile, a reproachful glance, newspaper, respect, information sharing, and a meal. Apparently, all the things are different and cannot be grouped together. Similarly, some resources look alike than other resources in terms of their definition, use, and the situation in which they exchanged. This exploration of similarities and differences among the various exchange transactions encourage the scholars to suggest the group of resources that exchange in the interpersonal happenstances, that grouped into six classes namely, love information, status, goods, money, and service (Foa & Foa, 2012).

The first class of resource love is defined as "Love is an expression of affectionate regard, warmth, or comfort". Status is indicated as "an evaluative judgment that conveys prestige, regard, or esteem". The information contains "advice, opinions, instruction, or enlightenment but excludes those behaviors that could be classed as love or status". Afterwards, "Money is any coin, currency, or token that has some standard unit of exchange value". Whereas, "Goods are tangible products, objects, or materials" that have physical existence. Lastly, "Service involves activities that affect the body or belongings of a person and that often constitute labor for another" (Foa & Foa, 2012).

Considering the current study context and the variables of study, this extended version of social exchange theory, also supports the conceptual framework of the current study. Keeping in view the concept of resource, the strategic orientation conceptualization determines the sharing and understanding of information (strategies and policies) based on the organization mission and vision which the current study focus to examine (Foa & Foa, 2012). Likewise, organizational culture as an organizational important resource delivers either the love, status, and congenial environment to the employees to continue their job or either work negatively due to the disrespect, bad environment, which result in the form of employee turnover and poor performance (Peng, Nelissen & Zeelenberg, 2017). Taken this into consideration, the examination of organizational culture is important in the current study. Afterwards, organizational behavior regarding internal market orientation is also an important resource where money and intangible resource exchanged between the organizational counterparts and resulted in the form of either superior performance or poor performance (Korff, Biemann & Voelpel, 2017).

Past studies of organizational research revealed that the organizational commitment is the positive exchange output in an organization (Rosenbaum *et al.*, 2017). In the same way, the current study proposes that the exchange of strategic orientation, organizational culture, and organizational internal market orientation resources positively reciprocate in the form of organizational commitment (Korff *et al.*, 2017; Peng *et al.*, 2017). Thereafter, organizational commitment also reciprocates in the form of superior organizational performance (Foa & Foa, 2012). Hence, this extended conception of resource theory of social exchange also supports the conceptual framework of the current study.

#### 2.5 The Viewpoint of Strategic Orientation

For better understanding of the term *strategic orientation*, this section discussed strategy, how it is developed and defined, dimensions of strategic orientation, strategic orientation and management, levels of organizational strategies, and review of literature on strategic orientation.

#### 2.5.1 What is Strategy?

Today's business environment is highly competitive and dynamic in nature. Globalization, trade liberalization, and advancements in the technological world have all widened the scope of competition. Business organizations no longer compete within their localities but compete with competitors beyond their national boundaries. Technology has made the whole world to become a global market. Thus, in order to cope with the ever-changing and highly competitive business environments and gain a sustainable competitive advantage over competitors in today's global market, business organizations must continuously develop strategies that are both organizationally and environmentally fit (Sharma & Shukla, 2015). This is because strategy is an important tool for surviving in a highly competitive business environment (Chung *et al.*, 2008).

The term strategy is a Greek word called "*strategos*" which means 'commander of an army' (Ronda-pupo & Guerras-Martin, 2012). Originally, it is a military parlance which encompasses specific and conscious action-plans and techniques employed in engaging opponents in a battlefield. The concept of strategy found its way back into the business world during the second industrial revolution, which showed growth in the number of business organizations (Innocent, 2015). Consequently, business organizations began to search for ways to survive, gain a competitive advantage, increase market share, and make more profits (Innocent, 2015). This brings about the development of business strategies.

Strategy is defined as, "the pattern of relationship between an organization and its environment, and the necessary actions taken by the organization in improving its performance through efficient and effective deployment of resources" (Ndubisi & Agarwal, 2014; Ronda-pupo & Guerras-Martin, 2012). Strategy is what an organization uses to compete with other organizations within the industry, and how it aligns its internal processes with its external environment (Andrews *et al.*, 2009; Chung *et al.*, 2008). Organizational strategies help strengthen the competitive position of an organization (Wheelen & Hunger, 2012). Therefore, strategy helps an organization to

accomplish its mission, vision, and objectives effectively and efficiently (Chung *et al.*, 2008).

# 2.5.2 What is Strategic Orientation?

In the pertinent literature of organizational behavior including the strategic management and strategic marketing literature, the strategic orientation (SO) is considered very critical in an organization because it determine the organizational success or failure (Weinzimmer *et al.*, 2012; Pleshko & Nickerson, 2008). Particularly, it has implications for the organizational management who are in strive to increase their organizational performance based on the available resources. Furthermore, past studies defined the strategic orientation in numerous ways based on the organizational resource based actions, value based actions and behavioral based actions (Hynes, 2009). Moreover, it is also regarded as strategic fit, strategic thrust, strategic choice and strategic predisposition of an organization (Morgan & Strong, 2003). Following the pattern of strategic orientation conception, Table 2.4 summarized the definitions of strategic orientation progressed over the time by the eminent scholars in the past studies.

Author & Year	Definition
Venkatraman (1989)	"Strategic orientation is a set of behaviors to operationalizes the firm's strategy".
Chandler (1990)	"The determination of the basic long-term goals and objectives of the enterprise and the adoption of a course of action and allocation of resources necessary for carrying out these goals".
Day (1994)	"Strategic orientation focuses on how firms should interact with external environmental aspects such as customers, competitors, and technology to conduct business".

Table 2.4Definitions of Strategic Orientation

Table 2.4 (Continued)

Author & Year	Definition
Golden <i>et al</i> . (1995)	"The ability of an organization to interact successfully with its environment often marks those firms which flourish from those which fail and the orientation of that organization can have an impact on its performance" (p. 01).
Manu and Sriram (1996)	"How an organization uses strategy to adapt and/or change aspects of its environment for a more favorable alignment" (p. 79).
Gatignon and Xuereb (1997)	"The strategic direction taken by a firm to create the right behavior for achieving superior business performance on a continuous basis".
Schlegelmilch and Ram (2000)	"A predominant way of thinking that sets the strategic directions for the firm's activities" (p. 113).
Zhou et al. (2005)	"A continuous and iterative process that must focus on the different effects of rational, economic, political, and subjective aspects of strategic change on competitive performance".
Escribá-Esteve <i>et al.</i> (2008)	"A corporate posture that combines the entrepreneurial and strategic behavior traits needed to deal with the current challenges of the competitive landscape" (p. 464).
Hynes (2009)	"Strategic orientation is a set of actions or behaviors" (p. 645).
Hakala (2011)	"Strategic orientations are viewed as principles that direct and influence the activities of a firm and generate the behaviors intended to ensure the viability and performance of the firm" (p. 200).
Han and Verma (2012)	"Strategic orientation is a set of behaviors that operationalize a firm's overarching strategy" (p. 08).
Weinzimmer <i>et al.</i> (2012)	"The inclination of a firm to focus on strategic direction and proper strategic fit to ensure superior firm performance" (p. 82).
Jassmy and Bhaya (2016)	"Strategic orientation is an organization's direction for reaching a suitable behavior in order to attain superior performance" (p. 201).

As presented in Table 2.4, it is concluded that strategic orientation is the strategic fit or positioning of an organization relative to their rivalry organizations in the similar industry. Also, the current study defined the strategic orientation as the strategic focus or behavior of an organization in the achievement of superior organizational

performance and competitive advantage. In gist, the organizational strategy adopted by any organization defines its strategic orientation.

# 2.5.3 Strategic Orientation Dimensions

As presented above, the strategic orientation has been regarded as the predisposition of an organization to be strategically fit for enhanced organizational performance (Jassmy & Bhaya, 2016). Past studies conceptualized the strategic orientation through several dimensions, for instance the Miles and Snow (1978) typologies (Pleshko & Nickerson, 2008), or Venkatraman (1989) cultural/strategy traits (Morgan & Strong, 2003). However, regarding the conceptualization and operationalization of strategic orientation and its impact on organizational performance, the latent construct of strategic orientation remained confounded because of its overlapping definitions and measures adopted (Weinzimmer, Michel & Franczak, 2013; Weinzimmer *et al.*, 2012; Hynes, 2009). Table 2.5 provides the review of various dimensions of strategic orientation used in past studies.

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Table 2.5	
Dimensions of Strategic Orientation	

Author & Year	Dimensions	Conceptualize Keywords
Miles and Snow (1978) Typologies	4	Prospectors, Defenders, Analyzers, Reactors
Porter's (1985) Strategy Types	3	Cost leadership, Differentiation, Focus
Venkatraman (1989)	6	Aggressiveness, Analysis, Defensiveness, Futurity, Proactiveness, Riskiness
Goll and Sambharya (1995)	3	Progressive decision making, Social responsibility, Organicity

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Table 2.5 (Continued)

Author & Year	Dimensions	Conceptualize Keywords
Gatignon and Xuereb (1997)	5	Customer orientation, Competitor orientation, Inter- functional coordination, Product orientation, Technological orientation
Voss and Voss (2000)	3	Customer orientation, Competitor orientation, Product orientation
O'Regan and Ghobadian (2005)	2	Modified Miles and Snow (1978) Typology (Prospectors vs. Defenders)
Zhou, Yim and Tse (2005)	5	Customer orientation, Competitor orientation, Inter- functional coordination, Technological orientation, Entrepreneurial orientation
Zhou, Gao, Yang and Zhou (2005)	3	Intelligence generation, Intelligence dissemination, Responsiveness to intelligence

As indicated in Table 2.5, past studies conceptualized and operationalized the strategic orientation construct as multidimensional. While, Weinzimmer *et al.* (2012) operationalized the strategic orientation as a unidimensional construct, measuring the strategic behavior or attitude of an organization to ensure the enhanced organizational performance (Weinzimmer *et al.*, 2013).

# 2.5.4 Levels of Organizational Strategies

There are three levels of organizational strategies known as, corporate-level strategy, business-level strategy, and functional-level strategy (Schmidt & Redler, 2018; Bapat & Mazumdar, 2015; Daniel, 2015). These strategies are discussed as follows.

# 1. Corporate-Level Strategy

The overall strategic posture of an organization relative to competitors is termed as corporate-level strategy. Corporate strategy defines what business the organization is in, and the selection of the market or industry in which the organization competes (Schmidt & Redler, 2018). It entails setting up the overall structure, systems, and

processes, and the deployment of resources required to compete favorably in the marketplace (Schmidt & Redler, 2018). Corporate-level strategy addresses the following questions: What business or businesses are we in? What business or businesses should we be in? And what portion of the organizational resources should we devote to the business or businesses to accomplish stated organizational goals and objectives?

# 2. Business-Level Strategy

Business-level strategy relates to how an organization competes with rivals in a particular industry (Bapat & Mazumdar, 2015). It involves identifying organization's competitive advantage and selecting important success factors or competencies that could give the organization the needed competitive edge over others. The major point that business-level strategy addresses is: how to gain a sustainable competitive advantage. It supports corporate-level strategy by implementing organizational strategic decisions. Generally, the business-level strategies are made by the middle level management who directly connected with the lower-level management and oversee the implementation of the business strategies.

# 3. Functional-Level Strategy

There are different functional areas of business such as, marketing, production, financial, and personnel (Daniel, 2015). These functional areas or departments within the organization have their specific objectives, and develop strategies to achieve these objectives. The types of strategies developed at the departmental-level are called functional-level strategies (Daniel, 2015). Functional-level strategies help in the actualization of business-level strategies and corporate-level strategies. For instance, organizations have marketing strategy, operations strategy, financial strategy, and

purchasing strategy. Functional-level strategies consist of different operational methods or tactics that help the organization to compete with competitors (Daniel, 2015).

# 2.5.5 Strategic Orientation

Strategic orientation is the strategic positioning or fit of an organization relative to its competitors (Weinzimmer et al., 2012; Slater et al., 2006). It is a competitive strategy that an organization adopts in adapting to the changes and developments in the marketplace. Strategic orientation is also defined as the pattern of organization's responses to its external environment to gain a competitive edge over rivals in the marketplace as well as achieving superior performance (Dimara et al., 2004). Strategic orientation mirrors an organization's positions or directions that are created to gain a achieve improved competitive advantage and organizational performance (Weinzimmer et al., 2012; Liu & Fu, 2011). In a nutshell, the type of strategy that an organization adopts defines its strategic orientation.

Over the past years, researchers have investigated a variety of business orientations to measure the organizational strategic orientation such as, market orientation (MO), entrepreneurial orientation (EO), learning orientation (LO), employee orientation (EO), competitor orientation (CO), technology orientation (TO), product orientation (PO), innovation orientation (IO), networking orientation (NO), and customer orientation (CO) (Sharma & Shukla, 2015; Herath & Mahmood, 2013; Yang *et al.*, 2012; Liu & Fu, 20 11; Mu & Di Benedetto, 2011; Spanjol *et al.*, 2011; Zhou *et al.*, 2005; Voss & Voss, 2000; Gatignon & Xuereb, 1997). However, it is claimed that depending on these orientations alone do not define the strategic position of an organization, as they can only create temporary competitive advantage which may be difficult to sustain (Escribá-Esteve *et al.*, 2009). Moreover, understanding the differences among business organizations in terms of their vision and the procedures, through which they develop

and sustain their competitive advantages will be difficult (Escribá-Esteve *et al.*, 2009). Hence, there is a need for business organizations to develop strategies that are imperative.

Although many researchers have identified different types of strategies but the works of Miles and Snow (1978), Porter's (1985) and Venkatraman (1989) seem to be very popular (Slater *et al.*, 2006). Miles and Snow (1978) introduced strategic typologies; prospector, defender, analyzer and reactor (Ramaswamy, Thomas & Litschert, 1994). Porter's (1985) strategy typologies consist of cost leadership, differentiation, and focus. Venkatraman (1989) conceptualized strategic orientation into six dimensions; aggressiveness, analysis, defensiveness, futurity, proactiveness and riskiness. These dimensions become the guiding principle of managers in developing appropriate strategies, most especially when they are confronted with critical decision making on opportunity and threat in their business environment (Lau & Bruton, 2011). Further, Venkatraman (1989) identifies dimensions of strategic orientation as a single construct. In 2012, Weinzimmer, Robin and Michel conceptualize the strategic orientation as the inclination of an organization to focus on strategic direction and proper strategic fit to ensure the superior organizational performance. They measure the strategic orientation as a unidimensional construct (Weinzimmer *et al.*, 2012).

Past studies on strategy have used various variables to represent organizational strategic activities that are discussed as strategic orientations (Weinzimmer *et al.*, 2012). For instance, some have used prospectors, defenders, analyzers and reactors (Laforet, 2009); diversification strategy, ideology and culture (Goll & Sambharya, 1995); aggressiveness, analysis, defensiveness, futurity, proactiveness, riskiness (Morgan & Strong, 2003; Venkatraman, 1989); TO, EO, MO, LO (Hakala, 2011); EO, TO, LO, CO (Hakala & Kohtamaki, 2011); MO, EO, TO (Zhou *et al.*, 2005); MO, TO, EO, NO

(Mu & Di Benedetto, 2011); CO, TO, CO (Gao *et al.*, 2007; Voss & Voss, 2000; Gatignon & Xuereb, 1997) and intelligence generation, intelligence dissemination, responsiveness to intelligence (Zhou *et al.*, 2005).

However, there is no precise definition of strategic orientations, as several authors have attributed different meanings to the concept. Strategic orientations are organizational culture and complex abilities that can lead to better organizational performance (Zhou *et al.*, 2005). Further, strategic orientations refer to the organizational beliefs, values and principles that guide the managerial activities, as well as the resource utilization of the firm (Noble *et al.*, 2002). Strategic orientation could also be interpreted as organization's resources, capabilities and component of organizational culture that can enhance organizational performance (Hoq & Chauhan, 2011; Barney 1991).

Despite the notable importance of strategic orientation, prior studies have investigated the combine effect of some strategic orientations (Mahmoud & Yusif, 2012; Wang *et al.*, 2012). There is limited empirical evidence investigating the single effect (as a unidimensional) of strategic orientation simultaneously (Weinzimmer *et al.*, 2013; Weinzimmer *et al.*, 2012; Mahmoud, 2011; Frank *et al.*, 2010). Therefore, the focus of the current study is to examine the strategic orientation as a unidimensional.

# 2.6 The Viewpoint of Organizational Culture

The word culture devised from a Latin word *cultura* or *colere* meaning growing, caring and cultivating (Rawas, 2014). To date, organizational culture (OC) has been found as complex and highly argued construct (Whelan, 2015). Number of scholars have defined the OC over the time. Scott *et al.* (2003) defined culture as, a wide-ranging of social signs which help to define the character of an organization relating to norms, beliefs, behavior, dress code, language, values, postulation, status symbols with authority,

traditions, internal communication and ceremonials. Schein (2004) also defined OC as, the inherited assumptions which an individual or group perceive from their working environment. George and Jones (2005) described OC as the common beliefs, norms and values through which the employees of an organization think, feel and behave with internal customers as well as with external customers.

Robbins and Judge (2007) discussed the OC as, the system of shared attributes followed by people in the organization that distinguishes them with other organization in the industry. Moreover, Linn (2008) expressed culture as the important part which integrates the members of an organization into groups and group having a common belief, practices and approaches. Likewise, Tseng (2010) described that culture is a custom which leads the attitude and behavior of an employee to the organizational environment. The agreed and in practice norms, assumptions, beliefs and approaches followed by people of an organization in resolving their issues and smooth conduct of routine activities is called OC (Sutrisno, 2010). Hatch and Zilber (2011) defined OC as the common beliefs and values that joins the members of an organization. Likewise, Aksoy *et al.* (2014) defined OC as, the development of an organizational importance is not only due to the behavior and conduct of an individual but also the collective behavior of an organization. In addition, Table 2.6 also presented the pertinent definitions of the organizational culture grown over time by the renowned scholars.

Table 2.6Definitions of Organizational Culture

Author & Year	Definition
Pettigrew (1979)	"Culture is the system of such publicly and collectively accepted meanings operating for a given group at a given time" (p. 574).
Hofstede <i>et al.</i> (1990)	"A set of beliefs and behaviors, historically determined and distinguish by a broad range of features surrounded in the organization" (p. 286).
Schein (1990)	"A framework of basic assumption made-up, discovered, or build up by a set of individual as they learn to deal with the problems of external adaptation and internal integration, that has sufficiently work well to be regarded as valid and consequently taught to new members as the right way to identify, think and feel in relation to problems" (p. 07).
Kotter and Heskett (1992)	"A reasonably stable set of beliefs, value as well as behavior collectively held by humanity, drawing from social anthropology as a framework for understanding primitive societies".
Deshpandé <i>et al.</i> (1993)	"The pattern of shared values and beliefs that help members of an organization understand why things happen and thus, teach them the behavioral norms in the organization" (p. 24).
Schein (1996)	"The set of shared, taken-for granted implicit assumptions that a group holds and that determines how it perceives, thinks about and reacts to its various environments" (p. 236).
Ribiere and Sitar (2003)	"The personality of an organization, culture guides their day-to-day working relationships and determines how people communicate within the organization, what kind of behavior is acceptable or not, and how power and status are allocated" (p. 40).
Van den Berg and Wilderom (2004)	"Shared perceptions of organizational work practices within organizational units that may differ from other organizational units" (p. 571).
Hartog and Verburg (2004)	"A set of core values, behavioural norms, artefacts and behavioural patterns which govern the way people in an organization interact with each other and invest energy in their jobs and the organization at large" (p. 58).
Daft (2005)	"The set of key values, assumptions, understandings, and norms that is shared by members of an organization and taught to new members as correct" (p. 422).
Armstrong (2006)	"Organizational or corporate culture is the pattern of values, norms, beliefs, attitudes and assumptions that may not have been articulated but shape the ways in which people behave and things get done" (p. 303).

Author & Year	Definition
Aktaș <i>et al.</i> (2011)	"Culture is a model of norms, values, beliefs and attitudes which affects organizational behavior" (p. 1561).
Negis-Isik and Gursel (2013)	"Culture is a means of not only transforming people's behaviors and attitudes but also forms learning models" (p. 221).
Neelam <i>et al.</i> (2015)	"An organization's culture governs the attitude and behavior of people in the workplace, including their commitment toward the organization" (p. 63).

While concluding it, the OC can be considered as the collection of numerous activities which results in better interaction among employees and superior organizational performance (OP). In relation to the definitions discuss above, the culture is an essential element of the internal environment of an organization and differentiates it with the other organizations in the marketplace.

# **2.6.1 Importance of Organizational Culture**

Table 26 (Continued)

Organizational culture (OC) is one of the most critical organizational variables that have received an increasing attention in organizational behavior literature (Schein, 1990; Denison, 1990). This attention is because of the high impact of OC on organizational performance (Nazir & Lone, 2008). Additionally, OC is considered by the theorists to shape organizational procedures (Jarnagin & Slocum, 2007; Deal & Kennedy, 1982), provide solutions for many problems that face the organization (Schein, 1984), coordinate and direct various organizational capabilities and activities into a cohesive whole (Day, 1994). On the other hand, OC hinders or facilitates the achievement of the overall organizational goals and objectives (Denison, 1990). Since the organizational cultural driven capabilities are usually inimitable due to their social complexity, it is considered a valuable source of sustainable competitive advantage (Barney, 1991). For the last few decades or so, OC has been gaining an increasing attention by researchers as one of the factors affecting organizational performance through enhancing the productivity, commitment, self-confidence, team work spirit, and ethical behaviors (Deal & Kennedy, 1982). This in turn will be reflected significantly in the organizational financial performance (Holmes & Marsden, 1996). Therefore, many researchers emphasized that for enhanced organizational performance there should be a good organizational culture (Peters & Waterman, 1982).

# 2.6.2 Organizational Culture Identification

For identifying the organizational culture (OC) system, Allaire and Firsirotu (1984) argued that there are two interrelated sets of systems can be of great influence. In line with Schein's (1990) typology of culture, the first is the sociocultural system. This system encompasses organizational structures, strategies, policies, and the management practices. However, this sub-system of OC is in line with the classic theory of management that focuses on achieving organizational goals through task-oriented management (Mackenzie, 1986). To highlight the role of leaders in developing the OC, Bolman and Deal (1984) emphasized the role of leaders in teaching organizational values and promoting missions. Essentially, leaders have the dominant role in forming work structures within organization. In other words, leaders usually manage the core technology within an organization through crystalizing goals, designing the procedures on how these goals can be achieved, and develop strategies that translate goals into outcomes (Mackenzie, 1986).

Furthermore, according to Allaire and Firsirotu (1984), the second system that influences the OC is the belief system of the organization that includes values and ideologies. However, it has been scholarly suggested that the development of the cultural aspects is a powerful function of the top management. It is the responsibility of leaders to set the organizational goals and purposes and communicate them clearly and effectively to all the stakeholders (Heck, Larsen, & Marcoulides 1990).

#### 2.6.3 Organizational Culture and Members

As it has been emphasized by Allaire and Firsirotu (1984), organizational members are the pillars of the organizational culture (OC). If the members of an organization get well with the overall belief system, attitudes, and the set of values, a strong OC can be formulated. Moreover, the attitudes and values of employees as a collective are an important determinant of organizational performance. Due to the significant role of OC as a determinant of organizational performance, a great deal of attention has been paid by researchers to examine its effects and potential limitations (Schein, 1990).

# 2.6.4 Organizational Culture and Individual Level Variables

In the literature of organizational studies, it has been found that organizational culture (OC) has a great influence on many individual behaviors in an organization (Barney, 1986). In other words, it plays an important role in understanding organizational variables like job satisfaction, organizational commitment; individual's sense-making and self-efficacy, and collective efficacy (Walumbwa *et al.*, 2005; Lund, 2003; Maignan & Ferrell, 2001). The empirical studies confirmed the role of organizational culture in enhancing the employee's commitment and job satisfaction (Lund, 2003). In general, as an organization flattened it structure, encouraged teams, reduced formalization, and empowered employees, a strong OC ensures that all the members of an organization are directed to the same direction.

#### 2.6.5 Organizational Culture and Organizational Level Variables

Numerous studies have related some organizational factors such as Strategic orientation (Weinzimmer *et al.*, 2012), leadership (Jung & Avolio, 1999), organizational

commitment (Jaworski & Kohli, 1993), and organizational internal market orientation (Ferdous & Polonsky, 2011) to the organizational culture (OC). Moreover, it has been widely emphasized in the literature of organizational studies that OC significantly affects organizational performance (Pinho *et al.*, 2014; Weinzimmer *et al.*, 2012). This is because, the strong OC is the key success factor for any organization. Without emphasizing on OC, any quality initiative eventually fails.

#### 2.6.6 Strong versus Weak Organizational Culture

In the current literature of organizational studies, it has been argued that there is a clear differentiation between strong and weak organizational culture (OC) and their consequences related to organizational performance and employee's behaviors (Rosenthal & Masarech, 2003; Sørensen, 2002). Moreover, it has been widely argued by academics and practitioners that the strong culture, the degree of the belief and acceptance of shared culture, is the dominant determinant of organizational performance (Deal & Kennedy, 1982; Peters & Waterman, 1982). According to that, many scholars attempted to explain the performance superiority of some giant organizations such as IBM, Hewlett-Packard, Proctor and Gamble, and Mc-Donald based on their organizational culture (OC) (Deal & Kennedy, 1982; Peters & Waterman, 1982). However, they concluded that the superior performance of these companies can be mainly attributed to their core values established and maintained by their leaders. These core values related to the human resource management practices, customers and suppliers' relationships.

The literature argued that the strong organizational culture increases the OP (Deal & Kennedy, 1982). In addition to that, strong culture is followed by all members of the organization and line up with the values and goals of the organization (Whelan, 2015). Moreover, Shim (2010) expressed that, strong organizational culture has low employee

turnover intentions. Also, organizational culture is essential for the achievement of organizational success. In addition, Ghorbani and Rahimai (2012) found that culture effects the employees of an organization and when employees better understand the organizational culture, organizations will achieve their goals. Also, Kumar *et al.* (2012) described the culture as, the approach or manner through which things are performed in an organization and affects the employee behavior and organizational performance.

#### 2.6.7 Organizational Culture

Organizational culture (OC) is highly argued variable. The arguments occur among those researchers who considered OC as variable and as metaphor to better understand the organizational life (Martin, 2002). OC is considered as a recommended topic of study in organizational behavior and also important in augmenting organizational abilities (Silverthorne, 2004).

The culture of an organization affects the way they operate, enhances their staff abilities and organizational performance (OP) (Wu *et al.*, 2011). Also, Schein (1984) recommended that the key to organizational distinction is based on its culture. The norms, values, beliefs and approaches that have been discussed in defining organizational culture, adopted by the employees of an organization in carrying their duties and responsibilities with regard to achievement of OP through continuous learning.

Schein (2010) characterized the OC regarding their experience in organization, into three forms, the integrated culture, differentiated subcultures and the both integrated and differentiated subcultures. For example, the large organization is functionally more differentiated and sometimes geographically distributed so that they are characterized by more subcultures instead of an organizational integrated culture. Moreover, Schein's (2010) culture definition provided flexibility in terms of the group, as any social part of an organization with common history could be the base of organizational culture. The strong point of any certain group culture is based on several elements, i.e. member's stability in a particular group, duration of group history and the shared different experiences. The group culture, values, attitudes, beliefs, their history and underlying assumptions influence the way people thought and work in relation to the organizational functions (Schein, 2010). The above definition of organizational culture enables the professionals to easily analyze the sensitivity of cultural change.

Johns and Saks (2008), discussed some important features of organizational culture as, (i) OC defines a way of life for employees of the organization; (ii) OC focus on the values, beliefs and assumptions of an organization that gone to stabilize with the passage of time and once its established, then it helps in business continuity and low staff turnover; (iii) OC affects the both internal and external culture of the organization. Internal culture supports the confidentiality of information, risk taking and innovation. While, external culture supports the establishment of good relationship with the all stakeholders; and (iv) OC have a strong impact on employee satisfaction and OP (John & Saks, 2008).

There are many components of organizational culture that have been described and recommended by the professionals and these components reflects the measurement and implementation of the OC. McKenna and Beech (2000) described some components of OC as, organizational policies, important values, organizational norms, behavior of the employees, knowledge sharing and ceremonials. Robbins (1996), conceptualized the OC as the extent of the organization to motivate the employees to be risk seekers, creative and lead towards organizational change and growth.

In the pertinent past literature, the use of organizational cultural variable was supported by Hofstede *et al.* (1990); House *et al.* (2004); Pfeffer (1997) and Wilderom and Berg (1998). Moreover, different dimensions have been used by the researchers to measure the organizational culture, some of them like, Gordon and DiTomaso (1992); Kotter and Heskett (1992); Denison and Mishra (1995) had used almost the same organizational cultural dimensions. Other scholars such as Boon *et al.* (2006); Cameron and Freeman (1991); Calori and Sarnin (1991); Koene (1996); Marcoulides and Heck (1993) and Petty *et al.* (1995), all developed different dimensions of organizational culture in their studies.

Ahmadi *et al.* (2012) found the positive correlation between the organizational culture and strategy implementation to solve the failure of strategy implementation in the organizational processes. Hakim (2015) found that low contribution to organizational culture can affect the employee's ability of innovation, risk handling and OP. Also, organizational culture becomes serious agenda of organizations which affects the employee satisfaction level and OP (Ahmed & Othman, 2017; Ismail *et al.*, 2015).

Harrison and Baird (2015) found that cultural change in public sector firms remained challenging and problematic. Also, Denison's (1990) reveals that the prevailing organizational cultures have an unwillingness to try to change. This lack in the adaptation of strong culture puts an adverse impact on both employees and performance of an organization (Harrison & Baird, 2015).

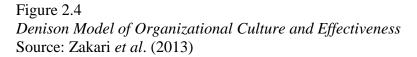
The existing organizational culture can be recognized and examined by using suitable techniques and linked to the organizational performance and other organizational outcomes (Whelan, 2015). Based on the review of pertinent literature, it is determined that the organizational culture is directly associated with the improvement of staff

performance and OP. Whereas the other scholars quantified that, organizational culture significantly and absolutely enhances the performance of an organization (Tobing, 2006).

# 2.6.8 Organizational Culture Theory

Most of the studies on organizational culture and organizational performance (OP) have focused on trait approach, to examine the traits that influence OP and organizational effectiveness (Ahmed & Othman, 2017; Zakari, Poku & Owusu-Ansah, 2013; Al-swidi, 2012; Davidson, Coetzee & Visser, 2007). During the last two decades or so, there has been a growing research concerning the impact of organizational culture on OP (e.g. Lee & Yu, 2004; Denison *et al.*, 2000; Denison, 1990, 2000; Denison & Neale, 1996; Denison & Mishra, 1995). Based on the work of Denison (1990; 2000), four cultural traits were identified that can have an impact on performance positively, namely, adaptability, involvement, mission and consistency and described briefly in the organizational studies literature especially focusing on the banking sector (Zakari *et al.*, 2013; Al-swidi, 2012; Davidson *et al.*, 2007). The figure 2.4 depicts the four traits of Denison model of organizational culture and discussed in detailed below.

Point of Reference	External	Adaptability	Mission
Point of ]	Internal	Involvement	Consistency
		Change and Flexibility	Stability and Direction



#### 2.6.8.1 The Adaptability Trait

The adaptability trait enforce that an organization must be ready to accept, interpret, and translate the influence of the environment into internal norms that help to achieve overall organizational goals. Practically, many organizations acknowledged the importance of quality certifications such as ISO 9001:2008 as these types of quality assurance are required by the customers or other stakeholders. Therefore, organizations must learn to adapt to these changes and instill such consciousness into organization's practice or behavior (Zakari *et al.*, 2013; Al-swidi, 2012).

Ironically, organizations that are well integrated are often the least responsive. Internal integration and external adaptation can often be at odds. Adaptable organizations are driven by their customers, take risks and learn from their mistakes, and have the capability and experience in creating change (Fey & Denison, 2003; Nadler, 1998).

#### 2.6.8.2 The Involvement Trait

The involvement trait described that the high involvement and participation of staff increases the responsibility and feeling of ownership (Denison, 1989). Effective organizations, empower people, organize around teams, and develop human capability (Fey & Denison, 2003; Lawler, 1996). Executives, managers, and employees are committed and feel a strong sense of ownership. People at all levels feel that they have input into decisions that will affect their work and see a direct connection to the goals of the organization (Fey & Denison, 2003; Spreitzer, 1995).

#### 2.6.8.3 The Mission Trait

The mission trait defines the social role. Also, the members of an organization understand the business purpose and use it to guide behavior, considerations and decisions. Also, in this process, behavior is given intrinsic or spiritual meaning that goes beyond functionally, and as a result, contributes to both short term and long-term commitment and leads to effective performance (Denison, 1989). A second major influence of mission trait on organizational performance is the direction and clarity. Effective organizations have a clear sense of purpose and direction defining goals and strategic objectives and expressing a vision of the future (Fey & Denison, 2003; Hamel & Prahalad, 1994). When an organization's underlying mission change, changes also occur in other aspects of the organization's culture (Fey & Denison, 2003).

# 2.6.8.4 The Consistency Trait

The consistency trait, explains progressive culture as, a shared belief, symbols and values among the organizational members which allow them to coordinate their actions on a continuous basis (Al-swidi, 2012). Effective organizations tend to have "strong" cultures that are highly consistent, well-coordinated, and well-integrated. Behavioral norms are rooted in core values and leaders and followers are able to reach agreement even with diverse points of view. Consistency is a source of stability and internal integration resulting from a common mindset (Fey & Denison, 2003).

#### 2.7 The Viewpoint of Internal Market Orientation

The importance of human resource has been acknowledged, especially in the service industry, which led to the development of internal marketing and/or internal market orientation in the organization (Lings & Greenley, 2005). Internal market orientation (IMO) indicates that satisfied, motivated, and committed employees are resource, if customers are receiving superior service (Berry & Parasuraman, 1991; Berry, 1984). IMO is the source of excellent services and successful external marketing (Greene, Walls & Schrest, 1994); later, it became an important practice in today's competitive market based on the expansion and adaptation of market orientation conceptualized by Kohli and Jaworski (1990). IMO is an effort made by an organization to improve

internal environment, through internal exchanges between employees and the organization (Lings & Greenley, 2005). According to Yang (2010), IMO is aimed at satisfying employees' demands through the creation of harmonious exchanges between employees and organization.

Most of the studies on IMO have been conducted as a mean to measure organizational performance. Meanwhile, the review of pertinent literature disclosed that IMO as a practice can impact various constructs such as, customers' satisfaction, service quality, employees job satisfaction, employee's commitment, organizational competencies, organizational effectiveness, employee's performance, financial performance, operational performance and organizational performance (Hamiza, 2014; Ooncharoen & Ussahawanitchakit, 2009; Opoku *et al.*, 2009; Gounaris, 2008; Hwang & Chi, 2005).

Furthermore, empirical studies revealed that IMO mostly has been performed by service organizations such as, banking sector, retail firms, financial institutions, airline industry, education industry, hotel industry, retail stores chains and other services organizations (Gooshki *et al.*, 2016; Hamiza, 2014; Newman & Sheikh, 2012; Nawab & Bhatti, 2011; Farzad *et al.*, 2008; Kaur *et al.*, 2008; Lings & Greenley, 2005; Hwang & Chi, 2005; Caruana & Calleya, 1998). Hence, its shows that the development of IMO is particularly to develop a clear understanding among employees of what they have given to their organization and what they will get from their organization (Lings & Greenley, 2005).

# 2.7.1 Definition of Internal Market Orientation

The existing literature on internal market orientation (IMO) is extensive and focuses particularly on the employees needs and wants satisfaction. The meaning of this term 'IMO' has been broadened in recent years and multiple definitions have been proposed. Cooper and Cronin (2000) defined IMO as the efforts made by an organization for the purpose of motivating and training its internal customers (employees) to provide better services to external customers.

Similarly, Lings (2004) theorized IMO as, "satisfying the needs and wants of the organization's employees as a precondition to satisfying the external customers' needs". Likewise, Gounaris (2008) defined IMO as, "the continuous activity done by the organization to fulfil the employees' needs and wants as the prerequisite to satisfied external customer needs and wants". In addition, Table 2.7 summarized the pertinent definitions of the IMO concept evolved over time by the renowned scholars.

Table 2.7Definitions of Internal Market Orientation

Author & Year	Definition
George (1977)	"To have satisfied customers, the firm must also have satisfied employees" (p. 91).
Berry (1984)	"Viewing employees as internal customers, viewing jobs as internal products that satisfy the needs and wants of these internal customers while addressing the objectives of the organization" (p. 272).
Winter (1985)	"Aligning, educating and motivating staff towards institutional objectives the process by which personnel understand and recognize not only the value of the program but their place in it" (p. 69)
George (1990)	"As a holistic management process to integrate the multiple functions" (p. 64).
Berry and Parasuraman (1991)	"Internal marketing is attracting, developing, motivating and retaining qualified employees through job-products that satisfy their needs" (p. 151).
Rafiq and Ahmed (1993)	"Planned effort to overcome organizational resistance to change and to align, motivate and integrate employees towards the effective implementation of corporate and functional strategies" (p. 222).

Author & Year	Definition
Rafiq and Ahmed (2000)	"A planned effort using a marketing-like approach to overcome organizational resistance to change and to align, motivate and inter functionally co-ordinate and integrate employees towards the effective implementation of corporate and functional strategies in order to deliver customer satisfaction through a process of creating motivated and customer orientated employees" (p. 461).
Lings and Greenley (2005)	"The concept of exchange between employees and the organization" (p. 291).

Table 2.7 (Continued)

The definitions discussed above showed that IMO involved certain actions undertaken by the employing organization to motivate the employees to achieve the stated organizational goals. IMO actions also ensure the external customer satisfaction (Lings, 2004). Numerous studies have discussed the importance of IMO and proposed as the main source of accomplishment of organizational goals and superior performance. Thus, the current study focused on the organizational attitude of internal market orientation towards its employees (organizational IMO), which described the employer and employee relationship for organizational success.

#### **2.7.2 Internal Market Orientation Components**

In the pertinent literature, internal market orientation (IMO) is conceptualized into three main components namely, internal market intelligence generation (IG), internal market intelligence dissemination (ID), and responsiveness (Res) to internal intelligence (Ling & Greenley, 2005; Lings, 2004). Lings (2004) anticipated that these three components of internal market (IG, ID, Res) is similar with the external market orientation (MO) of information generation, dissemination and responsiveness concept.

Ling and Greenley (2005) conceptualized that the first component of internal market intelligence generation is further consists of (i) the informal generation of information; (ii) the formal written generation of internal information; and (iii) the formal face-toface generation of internal information. Whereas, the internal market intelligence dissemination refers as sharing or the dissemination of internal information generated, and finally responsiveness to intelligence refers to the execution the response by the managers to the internal information generated and disseminated. The figure 2.5 depicts the three components of Internal market orientation behavior in organization and discussed in detailed below.

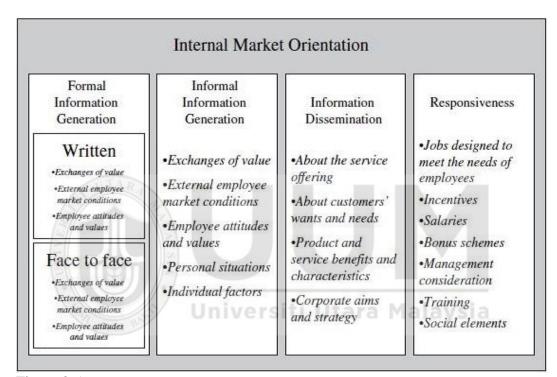


Figure 2.5 Internal Market Orientation Components Source: Ling and Greenley (2005)

In essence, internal market intelligence generation (IG) relates with activities of collecting information regarding the employees' market including recognition of exchanges of value for the employees, understand the external labor market condition, identification of internal employee's market and evaluation of strategies for internal employee's market (Lings & Greenley, 2005; Lings, 2004). For instance, the internal market information includes the main job attributes, employee satisfaction conditions

both internal and external, external employee market information, employment conditions, and competitor's activities (Lings, 2004).

Whereas, internal market intelligence dissemination (ID) relates with the information sharing or communication between manager and employees, between different departmental managers or communication at different hierarchical levels within the organization (Lings, 2004). This pattern of internal communications is essential to the alignment of employees' attitude with organizational goals (Gronroos, 1990). Therefore, it's become important for the organizations to communicate in a transparent way by allowing management to share organizational intelligence such as, organizational objectives, strategies, operating procedures, as well as performance condition (Panigyrakis & Theodoridis, 2009).

Lastly, responsiveness (Res) to the intelligence deals with the activities relating to the job designing that satisfy needs and wants of employees, revision of remuneration policies, offering trainings and skills development activities necessary for the job and other management considerations to satisfy the employees needs like bonuses, medical facility etc. (Lings, 2004).

Thus, the above discussed three components of internal market orientation (IMO) has been widely accepted by the researchers and empirically determined its significance. A study by Tortosa-Edo *et al.* (2010) confirmed the significance of these three components of IMO behavior in the financial industry and found its influence on employee's satisfaction. Similarly, Kaur *et al.* (2008) measure these three components of IMO behavior in the Indian banking sector from the perspective of internal customer's satisfaction and found the significant impact on employee's satisfaction and performance. Furthermore, Jou, Chou and Fu (2008) anticipated six tools of internal marketing considering the needs and wants of employees includes, benchmarking, upward communication, job quality, promotional activities and information sharing. While, Gounaris (2006) stated that internal market segmentation and targeting shows the organizational degree of intelligence generation to responsiveness to intelligence, by focusing mainly on job description, trainings, management commitment, remuneration system, identifying exchanges of values, external employee market information, communication between managers and employees, and communication among employees.

#### 2.7.3 Organizational Internal Market Orientation

Internal Marketing (IM) is a major area of interest within the field of marketing and has been considered as a management approach to satisfy the external customers through the satisfaction of internal customers (employees) needs (Lings, 2004; Gronroos, 1985; Berry, 1981). Whereas, failure in the undertaking of IM approach might be resulted into poor employee's service delivery to customers, customer dissatisfaction, finally lower organizational performance (Dabholkar & Abston, 2008). Therefore, management should identify the needs and wants of employees to implement the effective IM strategies (Lings, 2004).

Since, it has been discussed that the management develops the effective internal market orientation (IMO) strategies, but the successful implementation of IMO strategies is depending on how employees respond to these tactical activities of IMO (Gounaris *et al.*, 2010; Gounaris, 2008). Accordingly, it is become important for the organizations to understand the underlying strategic and tactical IMO implementation way to achieve the employee satisfaction and superior performance (Ferdous & Polonsky, 2011). Hence, much of the IMO research has focused on conceptualizing and evaluating the

relationships with its antecedents and consequences (Tortosa *et al.*, 2009; Panigyrakis & Theodoridis, 2009; Gounaris, 2008; Gounaris, 2006; Lings & Greenley, 2005), and little attention has been paid at strategic focused organizational IMO (Ferdous & Polonsky, 2011).

Thus, the development of an internal market orientation (IMO) framework clarifies the underlying steps of successful implementation of strategic focused organizational IMO which not only adds to the existing literature on IMO, also strengthens the internal marketing practices (Ferdous & Polonsky, 2011). Consequently, the effective strategic focused organizational IMO design and its successful implementation is supposed to be resulted in efficient employee's outcomes such as identification with the organization, job satisfaction customer-oriented performance, customer satisfaction and organizational performance (Ferdous & Polonsky, 2011; Wieseke *et al.*, 2009; Gounaris, 2008; Ahmed, Rafiq, & Saad, 2003).

In that way, the internal market orientation (IMO) implementation framework guides the management to adopt the IMO at organizational level as a strategic initiative to implement the IMO strategies, while the IMO implementation stage represents as tactical initiatives contain the internal marketing (IM) programs and employee perceived IMO. Further, the IMO framework described that how the successful implementation of IMO programs should have resulted in both positive employee outcomes and positive organizational outcomes (Ferdous & Polonsky, 2011). So, each stage of IMO framework is linked with each other. Figure 2.6 depicts the implantation framework of organizational IMO and its connection with other stages.

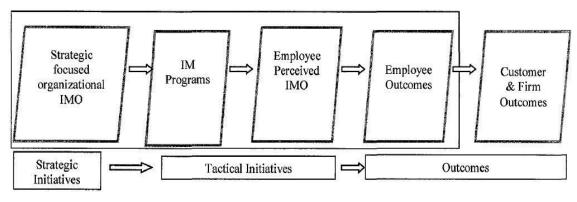


Figure 2.6 Implementation Framework of Organizational IMO Source: Ferdous and Polonsky (2011)

Evidently, Gounaris (2008) revealed that the adoption of organizational IMO as strategic initiative influences the IM programs such as, empowering employees, decentralization, employee's involvement in decision making and dissemination of information between employer and employees. Likewise, the past empirical evidences contribute to the exchange theory by adoption of strategic IMO which drives toward IM practices and reciprocates the connected outcomes (Ferdous & Polonsky, 2011; Gounaris 2008; Ahmed *et al.*, 2003).

Therefore, it is concluded that external market orientation focuses on the identification and satisfaction of external customers' needs and expectations, whereas, the IMO initiatives focuses on the development of IM programs which satisfy the needs and wants of internal customers (employees) (Ahmed *et al.*, 2003; Gounaris, 2008; Rafiq & Ahmed, 1993). The review of pertinent literature shows the importance of organizational IMO as a strategic initiative which in turn influences the employee's initiative and receives both employee's outcomes and organizational outcomes. This study therefore set out to assess the effect of IMO at organizational level.

#### 2.8 Relationship between Variables / Hypothesis Development:

After defining and understanding each construct of the study, this section reviews the literature pertaining to the relationship exists between the variables. Afterwards, the hypothesis has been established to empirically examine their relationship in the current study settings.

#### 2.8.1 Strategic Orientation and Organizational Performance

There is a growing body of literature that recognizes the variables such as market orientation, entrepreneurial orientation, learning orientation, competitor orientation, customer orientation and technology orientation as dimensions of strategic orientation and predictors of the organizational performance (Song & Jing, 2017; Aminu, 2015; Samson, 2015; Ariyarathne, 2014; Lee, Choi, & Kwak, 2014; Aziz & Yassin, 2010; Hakala, 2010; Wang, 2008; Li, Zhao, Tan, & Liu, 2008; Frishammar & Hörte, 2007; Kurtinaitiene, 2005; Hult, Hurley & Knight, 2004).

In the field of strategic management, empirical studies on the relationship between strategic orientation (as a unidimensional construct) and organizational performance are limited (Ahmed & Othman, 2017a; Weinzimmer *et al.*, 2012). Most previous studies on strategic orientation were focused on the relationship between different typologies of organizational strategies like prospector, defender, analyzer, reactor and organizational performance (Miles & Snow, 1978). Nonetheless, findings from the past studies are mixed and unclear (Obeidat, 2016; Al-Ansaari *et al.*, 2015; Pleshko & Nickerson, 2008; Veliyath & Shortell, 1993). However, there is no agreement on the best organization's strategic orientation (Storey & Hughes, 2013). Also, some strategic management scholars have argued that the effectiveness of strategy typologies depend on industry type, organizational size, organizational culture (Storey & Hughes, 2013), organizational resources and capabilities (Basu & Gupta, 2013; Storey & Hughes,

2013; Slater *et al.*, 2006), and external environment (Chung *et al.*, 2008). On the other hand, positive impact of individual strategic orientation on organizational performance has also been well-established in the pertinent literature (Mahmoud, 2011; Frank *et al.*, 2010; Acquaah, 2007; Morgan & Strong, 2003; Voss & Voss, 2000).

In addition, past empirical studies revealed significant positive correlation (Baker & Sinklua, 1999), weak correlation (Lee *et al.*, 2001) and no correlation (Slater & Narver, 2000; Sapienza & Grimm, 1997) between the strategic orientation and organizational performance. Past studies also found that strategic orientation did not affect organizational performance, which supports the findings of researchers such as (Obeidat, 2016; Al-Ansaari, Bederr, & Chen, 2015; Altuntaş, Semerciöz, & Eregez, 2013; Deshpandé *et al.*, 2013; Noble *et al.*, 2002; Manu & Sriram, 1996). Even though it is claimed that strategic orientation has a positive effect on organizational performance (Eris & Ozmen, 2012; Altindag *et al.*, 2011; Franczak *et al.*, 2009; Olson *et al.*, 2005). The reason behind this contradiction may be related to the fact that most of the previous studies mentioned relied upon different measures of strategic orientation and organizational performance (Liu & Fu, 2011). However, there are still some deficiencies in existing studies (Song & Jing, 2017).

Furthermore, extensive previous studies have been carried out in some specific context (Lumpkin & Dess, 1996) such as, in the context of large and highly diversified western organizations (Herath & Mahmood, 2013; Wales, Gupta, & Mousa, 2013; Deshpandé *et al.*, 2013; Slater *et al.*, 2006; Hult & Ketchen, 2001; Narver & Slater, 1990), the context of SMEs (Chahal *et al.*, 2016; Aminu, 2015; Samson, 2015), international background (Zahra & Garvis, 2000), family business background (Martin & Lumpkin, 2003). Few have studied it in the context of banking sector (Innocent, 2015; Acar *et al.*, 2015; Acar *et al.*, 2003).

2013; Theodosiou *et al.*, 2012). However, the empirical findings of their relationships are not entirely consistent.

Therefore, considering a paucity of empirical studies on the relationship between strategic orientation (as a unidimensional construct) and organizational performance (Weinzimmer *et al.*, 2012), and the fact that there are inconsistencies concerning the relationship between different types of strategic orientations and organizational performance, as highlighted in the above review of pertinent literature, the relationship between strategic orientation and organizational performance needs to be further studied. Moreover, Cadogan (2012) recommended that future studies should consider strategic orientations in the context of developing countries. He also stated that many questions remain unanswered and in need of attention.

Comparisons between studies with different scales, although difficult, are worthwhile because both conceptual and empirical support exists to show strategic orientation directly or indirectly affects business performance (Hynes, 2009). From the above discussion, it can be inferred that the relationship between strategic orientation and organizational performance is unclear and needs to be further investigated. Thus, the following hypothesis is developed:

# H1: There is a relationship between Strategic Orientation and Organizational Performance.

# 2.8.2 Organizational Culture and Organizational Performance

The relationship between organizational culture and organizational performance (OP) has been established and an increasing body of evidence supports a linkage between an organization's culture and its performance. Kotter and Heskett (1992) found that corporate culture has a significant positive impact on an organization's long-term economic performance. They found that organizations with cultural traits that

emphasized on all the key leadership and managerial levels, outperformed than organizations that did not have those cultural traits. They recommended that corporate culture was becoming more important in determining the success or failure of organizations in the next decade.

Denison's study focuses on 34 large American organizations and found that organizations with a participative culture gain a Return on Investment (ROI) that averages nearly twice as high compared to those organizations with less efficient cultures (Denison, 1990). Denison's study provides empirical evidence that the cultural and behavioral aspects of organizations are closely linked to both short-term and longterm organizational endurance. Also, he found the link between organizational culture and organizational performance.

Research on the link between organizational culture and performance had increased significantly during the past two decades (Lim, 1995). In the beginning of 1980s, the concentration of researchers started to find strong shared values in the organizations which resulted in higher organizational performance. Peters and Waterman (1982) found that high performance organizations could be distinguished from lower performance organizations because they possessed certain cultural traits and considered as strong culture. Similarly, Deal and Kennedy (1982) suggested that the OP can be enhanced by strong shared values. However, Lee (2006) found inconsistent results on the relationship between culture strengths and OP.

Moreover, both strong culture and innovation determined the appropriateness of an organization's activities that can contribute to organizational performance (OP). Not only organizational culture is an important factor of an organization also it works as the central driver of superior business performance (Gallagher *et al.*, 2008). In the study,

Gallagher *et al.* (2008) stated that between 1990 and 2007, more than 60 research studies covering 7,619 companies and small business units in 26 countries have found that culture and business performance are strongly related. This positive correlation is identified by more than 35 performance measures, including return on investment, revenue growth, customer retention, market share, new product sales, and employee performance. In connection with Gallagher *et al.* (2008), Kotter and Heskett (1992) reported that firms with performance enhancing cultures grew their net income 75% between 1977 and 1988, as compared to firms without performance enhancing culture over the same period of time.

As an internal important factor, organizational culture influences organizational performance and effectiveness (Nazir & Lone, 2008). It has the potency of influencing every aspect of organizational life (Rauch *et al.*, 2009). Further, there have been lesser empirical studies which supports the impact of organizational culture on profit oriented organizations (Hartnell *et al.*, 2011; Jaskyte, 2004; Van & Wilderom, 2004; Fey & Denison, 2003). Although extensive research has been carried out on organizational performance in terms of culture, however, the results have been varying (Sylvie, 2016; Uzkurt *et al.*, 2013; Han & Verma, 2012).

Therefore, good and shared culture of an organization encourage strategies that benefited to both internal customers (employees) as well as external customers (Rose *et al.*, 2008; Davidson, 2003). Consequently, given that organizational culture influences behaviors, activities, and organizational performance, there is a need to examine the effect of organizational culture on the other organizational variables and organizational performance. Thus, the above arguments led to the development of following hypothesis:

# H2: There is a relationship between Organizational Culture and Organizational Performance.

# 2.8.3 Organizational IMO and Organizational Performance

The term 'human resource' has been used to refer the valued asset of the organization (Gul *et al.*, 2012). This human factor also considered very important and can affect directly on the organizational performance (OP) (Kareem & Haseeni, 2015). Internal market orientation (IMO) is one of the important internal factors and refers to the concept of exchange between employees and the organization (Lings & Greenley, 2005). The service marketing literature theorize the organizational IMO as the exchanges of values between the organization and its employees (George, 1990; Berry, 1981). Internal marketing (IM) approach emphases on effective internal exchanges between organization and its employees to achieve employee's customer-oriented behavior which is also considered as a pre-requisite of OP (Shiu & Yu, 2010). Hence, organizational IMO work as a strategic initiative and resulting in positive employee's outcomes and organizational outcomes (Ferdous & Polonsky, 2011).

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The term 'organizational IMO' encompasses (i) identification of exchange values, (ii) knowledge of labor market conditions, (iii) internal market segmentation, (iv) internal targets segmentation, (v) communication between managers and employees, (vi) communication between managers, (vii) job description, (viii) pay system, (ix) management commitment and (x) employees training (Carlos & Rodrigues, 2012). Furthermore, numerous studies confirmed that IM programs achieves internal customer's satisfaction and work as a main driver of organizational performance both financial or non-financial (Panigyrakis & Theodoridis, 2009; Ching-sheng & Hsin-Hsin, 2007). Mehra *et al.* (2011) emphasized on the importance of employees training in order to enhance the organizational profitability because knowledgeable and trained

employees will be able to implement the quality standards and eventually satisfy the customers.

Gounaris (2008), examined the conception of internal market orientation (IMO) in the hotel industry and found positive impact of internal marketing (IM) practices on employee satisfaction that could contribute to customer satisfaction and potentially to the overall organizational performance (OP). Similarly, Tortosa *et al.* (2009) examined the IMO concept by using the three-dimensional approach of Lings and Greenley (2005) and found that all three stages of IMO positively influence the employee satisfaction and customer satisfaction, the indicators of non-financial performance. Likewise, Theodoridis and Panigyrakis (2011) found the positive relationship between IM practices and OP in the Greece retail market context. Carlos and Rodrigues (2012) examined the IMO effect in Portugal higher education and found direct impact on employee satisfaction and organizational commitment, whereas an indirect impact on individual performance.

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Although extensive research has been carried out on IMO, but differences in the conceptualization in the pertinent literature have created the limitations to the examination of the impact of organizational IMO on OP. Since, several attempts have been made on the IMO and its relationship, through different approaches (Martin & To, 2013; Carlos & Rodrigues, 2012; Ferdous & Polonsky, 2011; Shiu & Yu, 2010; Lings & Greenley, 2010; Panigyrakis & Theododrids 2009), so far fairly few in numbers, limiting the generalization of the respective findings and not effectively practiced in organizations (Theodoridis & Panigyrakis, 2011; Naudé *et al.*, 2003). Moreover, there is a lack of empirical evidence to support the view that IMO directly influences the organizational performance (Theodoridis & Panigyrakis, 2011). Ahmed *et al.* (2003) also call for investigation of the concept specifically in the services sector.

Further, the assessment of organizational IMO is also important to measure the extent to which the practices of IM is achieved successfully in an organization (Carlos & Rodrigues, 2012). Therefore, in the marketing literature, studies on the direct impact of organizational IMO on OP are requiring. Based on the above arguments, the following hypothesis is established.

# H3: There is a relationship between Organizational IMO and Organizational Performance.

#### 2.8.4 Strategic Orientation and Organizational Commitment

Development of effective strategic orientation by the internal management can create a lot of opportunities for the organization (Cheng, Ioannou, & Serafeim, 2014). The strategic orientation is also considered as an important internal tool in producing the results needed for organizational success and longevity (Weinzimmer *et al.*, 2012). Furthermore, variety of variables such as, entrepreneurial orientation, market orientation, customer orientation, competitor orientation, learning orientation etc. have been used in the field of strategic management and entrepreneurship as the components of strategic orientation (Weinzimmer *et al.*, 2012). Hence, the type of strategy that an organization adopts defines its strategic orientation.

In the field of strategic human resource management (HRM), the human resource (HR) strategic orientation is refer as the alignment of the HR functions with the strategies of the organization. Precisely, it is concerned with the extent to which the HR functions is considered in the strategy formulation and implementation stages (Buyens & De Vos, 2001). Several studies have begun to examine the use of HR strategic orientation and found significant results affecting the organizational outcomes such as organizational commitment and performance (e.g. Chow *et al.*, 2013; Darwish *et al.*, 2013; Kim & Kang, 2011; Chow & Liu, 2009; Singh, 2003; Richard & Johnson, 2001). While,

organizational commitment, which is the willingness of members to give their effort and loyalty to an organization, has numerous antecedents and consequences (Lau *et al.*, 2017; Yiing & Ahmad, 2009). Some important antecedents of organizational commitment include: career opportunities; employee retention activities; training and development; reward strategies; performance appraisal; employee relations and overall organizational HR strategy (Kidombo, 2007). Thus, results from investigation of antecedents of organizational commitment have not been entirely consistent (Kidombo, 2007).

Choi and Yoon, (2015) stated that the highly strategically oriented HR functions influence the organizational outcomes through employee commitment. Similarly, other studies found the significant relationship between HR strategic orientation and organizational commitment and organizational performance (Collings *et al.*, 2010; Bhatnagar, 2007; Kidombo, 2007; Singh, 2003; Agarwala, 2003).

Kidombo *et al.* (2012) investigate the association between the soft and hard strategic orientations of human resource management (HRM) and organizational commitment (affective, normative and continuance) in developing country context. The findings of study revealed the significant positive relationship between strategic orientations both soft and hard HR and affective and continuance components of commitment, whereas, normative commitment was negatively related with hard HR. While soft HR refers to the caring attitude of the organization with its employees and hard HR indicates rigid or limited behavior. The study recommended that the organizations should devise strategic HR policies and practices that retain employees increased organizational commitment as well as organizational performance.

Ifie (2014) examined the effect of alignment between employee and organizational customer orientation on the organizational commitment and found that organizational commitment is stronger when employee and organizational customer orientation are matched and aligned than when they are not. Similarly, Rod and Ashill (2010) found the significant relationship between customer orientation and organizational commitment, and job satisfaction. Further, Mengüc (1995) studied the impact of three cultural orientations (bureaucratic orientations, innovative orientation and supportive orientation) on organizational commitment. The study revealed that innovative orientation and supportive orientation affect positively on organizational commitment. Organizational commitment and employees, hinder the employees to maintain high level of organizational commitment (Janssen, 2004).

Ismail (2016) examined the impact of training on affective commitment and considered two dimensions of strategic orientation namely, learning goal orientation and performance goal orientation as a moderator. The study found that the learning goal orientation moderates strongly between training and affective commitment, whereas, performance goal orientation failed to moderate the relationship between them. Likewise, Potgieter *et al.* (2016) found the positive relationship between two strategic orientations (goal orientation and learning orientation) and career commitment. Similarly, Lin and Chang, (2005) investigate the relationship between goal orientation (learning goal orientation and performance goal orientation) and organizational commitment. The findings indicate that the learning goal orientation is positively related with the organizational commitment while the performance goal orientation is unrelated. Besides, Lee *et al.* (2010) investigated the relationship between goal orientation (mastery orientation and performance orientation) and organizational commitment and found that mastery orientation is positively related with organizational commitment while the performance orientation has weak relationship with organizational commitment.

In a nutshell, evidence suggests that strategic orientation is among the most important factors for the development of organizational commitment (Collings *et al.*, 2010; Bhatnagar, 2007; Kidombo, 2007; Singh, 2003; Agarwala, 2003). Besides, organizational commitment has been an object of research since the 1960s (Becker's, 1960). Numerous studies have examined the effects of different types of organizational orientations on the organizational commitment (Ismail, 2016; Potgieter *et al.*, 2016; Ifie, 2014; Kidombo *et al.*, 2012; Rod & Ashill, 2010; Mengüc, 1995), very limited studies have focused exclusively on the relationship between strategic orientation and organizational commitment. Based on the above arguments and evidences, the following hypothesis is developed.

# H4: There is a relationship between Strategic Orientation and Organizational Commitment.

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# **2.8.5** Organizational Culture and Organizational Commitment

The organizational culture has a strong influence on employees' behavior and attitudes (Wagner, 1995). Organizational culture involves standards and norms that prescribe how employees should behave in an organization (Manetje & Martins, 2009). Both managers and employees are governed, directed and tempered by the organization's culture. Organizational culture influences the feelings, perceptions, behaviors, decisions and actions of the employees (Lok & Crawford, 2004). This employees' behavior includes their commitment to their respective organizations. Organizational culture plays an important role in the development of employee's job satisfaction and organizational commitment (Silverthorne, 2004). Similarly, Lok and Crawford (2004)

and Allen and Meyer (2000) identified the organizational culture as an antecedent of organizational commitment.

Whereas, organizational commitment is a variable receiving great attention from researchers (Chughtai & Zafar, 2006; Mowday *et al.*, 1982). The main reasons behind its prominence in the pertinent literature is that, it determines the employees work behavior in an organization, develop the association between employees and organization and significantly support the organizational success (Meyer *et al.*, 2002; Meyer & Herscovitch, 2001; Meyer & Allen, 1997; Mowday *et al.*, 1982). Thus, organizational commitment is the willingness of employees to give their effort and loyalty to an organization. Past studies have proposed the numerous antecedents and consequences of organizational commitment (Lau *et al.*, 2017; Yiing & Ahmad, 2009).

Abdullah and Ramay (2012) acknowledged that the organizational commitment antecedents are diverse in their nature and origins. Earlier studies emphasized on the importance of job related characteristics and work experiences (Maxwell & Steele, 2003). Furthermore, organizational commitment has been found to be related to positive organizational outcomes such as employee satisfaction (Chugtai & Zafar, 2006), job performance (Chen *et al.*, 2006), and employee turnover (Powell & Meyer, 2004).

Although, some research has been carried out on the possible antecedents of organizational commitment, there have been few empirical investigations into the relationship between organizational culture and commitment (Pinho *et al.*, 2014; Lok *et al.*, 2009). However, past studies investigating organizational culture found the positive and significant impact on employee's job satisfaction, organizational commitment, employee's morale and turnover intentions (Pinho *et al.*, 2014; Shurbagi,

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2014; Richard *et al.*, 2009). McKinnon *et al.* (2003) found that employee's reactions like organizational commitment, are based on organizational culture types related to team orientation, respect for members, and innovation.

Extensive research has been carried out on organizational culture and summarizes that it generates employee's commitment and enhances performance (Lok & Crawford, 2001; Deal & Kennedy, 1982; Peters & Waterman, 1982). Most research on organizational culture types has been carried out in different industry settings and countries, found that supportive and innovative culture type had strong encouraging effects on organizational commitment and job satisfaction, while bureaucratic culture type had a negative impression (Silverthorne, 2004; Lok & Crawford, 2001). Past studies also found the association between organizational culture and organizational culture type (Ying & Ahmad, 2009; Su *et al.*, 2009; Lok & Crawford, 2004).

Thus, the findings of the investigations of organizational commitment antecedents have not been completely consistent (Lok & Crawford, 2001). It is anticipated that these relationships are dependent on the type of organizational culture exhibited by the companies. Over the time, the increasing speed and change in organizations, managers are constantly seeking ways to generate employees' commitment, which translates to competitive advantage and improved work attitudes such as job satisfaction, performance, absenteeism, and lower turnover intentions (Lok & Crawford, 2001).

Therefore, organizational culture is of interest because it develops the key values and favorable working environment in the organization where committed employees contribute positively to the organizational success (Goodman *et al.*, 2001). Previous research has established that organizational culture is the important antecedent of organizational commitment because it develops the human behavior in an organization.

Despite the importance of organizational culture, there remains a paucity of evidence on the relationship between organizational culture and organizational commitment. The above discussion led to the development of the following hypothesis.

# H5: There is a relationship between Organizational Culture and Organizational Commitment.

#### 2.8.6 Organizational IMO and Organizational Commitment

Previous studies mostly defined internal marketing orientation (IMO) as the management activities that facilitates the employer-employee exchange process (Lings & Greenley, 2010; Tortosa-Edo *et al.*, 2009; Gounaris, 2006; Lings, 2004). Whereas, organizational commitment refers as the employees' involvement in, identification with, and attachment with employing organization (Joung *et al.*, 2015). Previous research has established that internal marketing (IM) significantly affect the organizational commitment (Lings & Greenley, 2005). Lings (2004) recommended the organizational commitment as the consequence of the IMO. Likewise, Hogg (1996) recommended the IM as the important strategy to gain the organizational commitment.

The organizational commitment has been extensively studied in the marketing field and related with the IM conception (Jaworski & Kohli, 1993). The main theme behind IM practices is to develop the perception that organizational management cares about its employees and in thrust to satisfy their needs. The successful implementation of the IM approach is converted into positive employee outcomes such as organizational commitment, work motivation, job involvement, and employee satisfaction (Ferdous & Polonsky, 2011). Contrasting to this, lack of employee's commitment can be resulting in poorer performance and higher operating costs.

In the pertinent literature, it is recommended that the adoption and execution of IMO in the organization can enhance the employee organizational commitment (Lings, 2004). Awwad and Agti (2011) conducted a study in the Jordanian banking sector and found the direct impact of IMO on organizational commitment, organizational citizenship behavior and market orientation. Similarly, Farzad *et al.* (2008) stated that IMO and organizational commitment are positively related to each other. The study conducted in the banking sector of Tehran and showed that training, employees motivation, managers and employee understanding have significant on organizational commitment. Kyriazopoulos *et al.* (2007) found the positive effect of IM practices on organizational commitment in the bank branches. Zaman *et al.* (2012) also discovered that IMO practices enhances the organizational commitment, market orientation and organizational performance of commercial banks of Pakistan. Khan (2012) conducted study on Pakistan service organizations and indicate that IMO predicts organizational commitment and organizational citizenship behavior.

Meanwhile, Mohammadi *et al.* (2012) stated that IMO significantly affect the organizational commitment, job satisfaction and customer orientation behavior. Abzari *et al.* (2011) also found that IMO directly influence the organizational commitment. Joung *et al.* (2015) stated that two IM practices, like employee's development and rewards, were significant predictors of organizational commitment as well as job satisfaction. Gooshki *et al.* (2016) revealed that IM affects the market orientation, organizational commitment and organizational citizenship behavior. However, Ferdous and Polonsky, (2011) claimed that strategic focused organizational IMO depicts the prior commitment of an organization and considered as an effort to sell the jobs to the internal customers regardless of their needs. Chang and Chang (2009) highlighted that organizational IM strategies can be used effectively in order to satisfy their internal customers, also develops the organizational commitment.

Several lines of evidence suggest that implementation of IM programs is one of the best approaches to attain the organizational commitment (Farzad *et al.*, 2008; Souchon & Lings, 2001). It is also claimed that focusing on the strategic IMO at organizational level could resulted in enhanced organizational commitment (Vazifehdoost *et al.*, 2012; Ferdous & Polonsky, 2011). In line with the RBV literature, IMO is also considered as an organizational unique resource (Fang *et al.*, 2014; Barney, 1991). Most studies in the field of IMO have only focused at employee level. So far, very little attention has been paid to the role of organizational IMO and its relationship with the organizational commitment. Thus, based on the above discussion, the following hypothesis is formulated.

# H6: There is a relationship between Organizational IMO and Organizational Commitment.

### 2.8.7 Organizational Commitment and Organizational Performance

Organizational commitment has been the subject of considerable research over the past two decades (Klein *et al.*, 2009) and it has been associated with several organizational outcomes impacting performance (Cooper-Hakim & Viswesvaran, 2005; Meyer *et al.*, 2002; Mathieu & Zajac, 1990). It truly motivates employees to contribute meaningfully to their organizations and has been found to be positively associated with work effort and performance (Luchak & Gellatly, 2007; Vandenberghe *et al.*, 2004), organizational citizenship behavior (Meyer *et al.*, 2002), and negatively linked to absenteeism, intention to leave, workplace stress, and turnover (Nasr, 2010; Alexandrov *et al.*, 2007; Paré & Tremblay, 2007; Ugboro, 2006; Vandenberghe *et al.*, 2004).

Most organizations have realized that the performance of their workers plays a vital role in determining the success of the organization (Zheng *et al.*, 2010; Ajila & Awonusi, 2004). Also, it is important for employers and managers alike to know how

to get the best of their workers. One of the antecedent of workers' performance is believed to be employee commitment (Ali *et al.*, 2010; Ajila & Awonusi, 2004). Schneider *et al.* (2003) had found through the micro-level orientation that job attitude and performance relationship is somewhat puzzling, in the 1960s when organizational scientists such as Argyris (1964), Likert (1961), and McGregor (1960) purposed that the organizational performance (OP) is a result of the employee experience and commitment. Hence, integrity has been explained as the best of the human state, the better the humans commit to their tasks will lead to their better performance and better results (Comte-Sponville, 2001).

Also, Arthur (1994) concluded that OP will be enhanced by higher levels of employee commitment. Arthur also found productivity of the organization ultimately increased with the help of organizational commitment. Green *et al.* (2000) had found that employee commitment decreases the probability of the employees' tendency of leaving the job. Owens (2006) also found in his studies that committed employees lead to higher OP and very low level of employee shift from the organization. Effective organizational commitment is always a result of the core behavior of the majority employees, along with their behavioral factors like turnover intention (Addae *et al.*, 2006).

Organizational commitment was found to have a positive relationship with several favorable work outcomes. According to Suliman and Iles (2000), organizational commitment was the "driving force behind an organization's performance". Organizational commitment is positively related to performance (Chughtai & Zafar, 2006), job satisfaction (Pool & Pool, 2007; Chughtai & Zafar, 2006; Meyer *et al.*, 2002), motivation (Mathieu & Zajac, 1990), and organizational citizenship behavior (Riketta, 2002). The studies also found that organizational commitment is negatively

related to absenteeism (Farrel & Stamm, 1988), and turnover rate (Chughtai & Zafar, 2006).

Moreover, Steyrer, Schiffinger and Lang (2008) investigated the impact of organizational commitment on organizational performance. The data set contained 78 firms from Germanic cultural area. The results of the study showed that organizational commitment had significant influence on organizational performance. Hence, there is a growing body of literature that recognizes the significant relationship between organizational commitment and OP. So far, very little attention has been paid to the role of organizational commitment at the organizational level and its relationship with the OP. Therefore, based on the above arguments, the following hypothesis is developed.

H7: There is a relationship between Organizational Commitment and Organizational Performance.

# 2.8.8 Strategic Orientation, Organizational Culture, Organizational IMO,

# **Organizational Commitment and Organizational Performance**

In any similar industry, the difference between two organizations is due to the difference in their strategic orientation (SO) which ultimately describe the difference in their respective organizational performance (OP) (Fonseka *et al.*, 2013). Thus, the failure of an organization in adopting effective strategies hinders the achievement of superior performance (Aminu & Shariff, 2015). There is a growing body of literature in the field of strategic management that recognizes the importance of SO (Weinzimmer *et al.*, 2012; Okpara & Kabongo, 2011). Despite the importance of SO, there remains a paucity of evidence on the relationship between SO (as a unidimensional construct) and OP (Weinzimmer *et al.*, 2012). Previous studies evaluating SO and OP observed inconsistent results on whether relied upon a different measure of SO and OP (Song &

Jing, 2017; Liu & Fu, 2011). Liu and Fu (2011) stated that the relationship between SO and OP is influenced by many mediators and leads to the different performance levels.

Organizational culture (OC) is considered as an important internal factor in the examination of the SO of an organization because it impacts directly on the OP (Weinzimmer *et al.*, 2012). OC is also related to the organizational strategies and effective in the implementation of the strategy in an organization (Avci et al., 2011). OC also plays an important role in aligning the employee's attitudes with the new strategies implementation (Shiu & Yu, 2010). Despite the importance of OC, a systematic understanding of how OC contributes to OP is still lacking (Weinzimmer *et al.*, 2012; Sackman, 2010). Some past studies also revealed the inconclusive findings on the relationship between OC and OP in the pertinent literature (Uzkurt *et al.*, 2013; Han & Verma, 2012; Koene, 1996; Petty *et al.*, 1995; Calori & Sarnin, 1991). Although extensive research has been carried out on OC, fewer empirical studies supports the significant impact of OC on profit oriented organizations (Hartnell *et al.*, 2011; Jaskyte, 2004; Van & Wilderom, 2004; Fey & Denison, 2003). Thus, OC influences organizational activities, behaviors and performance, this indicates the need to examine the impact of OC on other organizational variables and OP (Ahmed & Ismail, 2017b).

Organizational internal market orientation (IMO) refers to the impression of exchange between employer and employees and considered as one of the important organizational internal factors (Lings & Greenley, 2005). Ferdous and Polonsky (2011) stated that organizational IMO is a strategic initiative of the organization and employees positively perceived IMO resulting in positive employee's outcome and organizational outcomes. Furthermore, IMO behavior of the organization adds value to the organizational culture (OC) and through the both IMO and OC synergistic effects, the enhanced OP can be realized (Boukis & Gounaris, 2014). IMO can play an important role in addressing the internal issues of an organization such as, employee's satisfaction, organizational commitment and employee's retention, however, there has been little discussion about the relationship between IMO and OP at organizational level (Ferdous & Polonsky, 2011; Kaur *et al.*, 2008). Thus, this indicates a need to understand empirically the IMO behavior of the organization and its impact on other organizational outcomes (Ferdous & Polonsky, 2011; Kaur *et al.*, 2008; Lings & Greenley, 2005).

Besides, the introduction of a mediator becomes necessary considering the mixed results regarding the relationship between SO, OC, organizational IMO and OP. Mediator also help to clarify and further explain the cause-and-effect relationship between the independent variable and a dependent variable (Hair *et al.*, 2014; Wu & Zumbo, 2007; Baron & Kenny, 1986).

Previous research has established that organizational commitment is positively related to OP (Steyrer *et al.*, 2008; Conchas, 2000). Moreover, to determine the stronger effect, Liu and Fu (2011) recommended the need of intervening variable between SO and OP. It has previously been observed that OC is positively related to organizational commitment (Zavyalova & Kucherov, 2010; Lim, 2010). Lok and Crawford (2004) confirmed that OC is an important organizational antecedent of job satisfaction and organizational commitment. Martinez *et al.* (2011) also found the significant relationship between IMO and organizational commitment. However, the evidence from the examination of the organizational commitment antecedents is inconclusive (Lok & Crawford, 2001). Further, past empirical investigations found organizational commitment as effective intervening variable (Pinho *et al.*, 2014; Steyrer *et al.*, 2008). In line with the resource based view (RBV) literature which emphasized on unique resources and capabilities as the source of achieving competitive advantage (Zhou & Li, 2010). Therefore, based on the review of the pertinent literature and the evidences provided regarding the relationship between SO and OP, OC and OP and Organizational IMO and OP, and considering the role of organizational commitment as mediating variable between these variables, the current study formulated the following three mediation hypothesis:

H8: Organizational Commitment significantly mediates the relationship between Strategic Orientation and Organizational Performance.

H9: Organizational Commitment significantly mediates the relationship between Organizational Culture and Organizational Performance.

H10: Organizational Commitment significantly mediates the relationship between Organizational IMO and Organizational Performance.



### 2.9 Research Framework

Based on the findings and discussion of the past studies regarding the relationships between the constructs, the hypotheses were developed. After that, the following hypothesized research framework is developed as shown in Figure 2.7. The hypothesized research framework also shows the existing relationships among the variables examined in the current study.

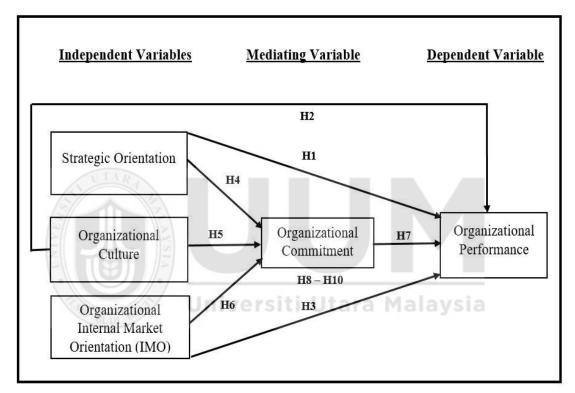


Figure 2.7 Hypothesized Research Framework of the Study

#### 2.10 Chapter Summary

Chapter 2 reviewed the past and recent literature in the areas of organizational performance, strategic orientation, organizational culture, organizational internal market orientation and organizational commitment. The detailed literature has been reviewed in the current chapter covering their viewpoints, definitions, dimension, models and measurements. Also, the relationship between these variables and their proposed hypotheses were discussed. Literature on organizational commitment as a

mediating variable and its mediating effect on the relationship between strategic orientation, organizational culture, organizational internal market orientation and organizational performance have also been reviewed. The two underpinning theories, resource based view (RBV) and social exchange theory (SET) have also been discussed and supported.

Finally, based on the reviewed literature, the hypotheses were established and the hypothesized research framework of the study was also drawn.



#### **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

#### **3.0 Introduction**

Chapter three discusses how the current study was carried out to attain the objectives of the study. The chapter begins with the operationalization and measurement of variables based on the relevant review of literature discussed in previous chapter. The pattern of methodology includes the discussion on research design, the population, sampling technique, data collection procedures and the pilot study. The chapter ends with the discussion on analysis techniques.

#### 3.1 Operationalization and Measurement of Variables

As stated above, in this study the independent variables are strategic orientation, organizational culture and organizational internal market orientation and the dependent variable is organizational performance and the mediating variable is organizational commitment. The following subdivision addresses the operational definitions of these variables and measurement scale used.

#### **3.1.1 Organizational Performance**

Organizational performance is defined as an ability of organization to encounter organizational goals and demands from their surroundings (Selden & Sowa, 2004). Also, Organizational performance refers to the organizational efficacy to accomplish the goals of an organization (Henri, 2004). Thus, in current study perspective, organizational performance is the level of bank performance (increase/decrease) in terms of both financial and non-financial performance indicators.

Organizational performance is considered in two areas of outcome: Firstly, financial performance (e.g. yearly profit, overall growth, fees based income, operating expenses

and sales growth) (Richard *et al.*, 2009; Khong & Richardson, 2003; Bontis *et al.*, 2000; Sun, 2000; Bontis, 1998) and secondly, non-financial performance (e.g. market share, new service/product development, customer satisfaction, cost and cycle time reduction, quality services and process speed, and customer relationship) (Richard *et al.*, 2009; Khong & Richardson, 2003; Bontis *et al.*, 2000; Bontis, 1998; Hammer & Champy, 1993).

In current study, organizational performance consists of two dimensions namely, financial performance (objective) measures and non-financial performance (subjective) measures which was measured through 20-items scale. The organizational performance scale was adapted from Ringim (2012), Ringim *et al.* (2012) and used in previous studies determining banks performance (Elnihewi, 2015). A three-year average period performance measure was used to reduce the impact of decision variation on the bank's yearly financial statement (Mahmood & Wahid, 2012).

The Likert scale is commonly used to measure the attitudes, perceptions, knowledge, values and behavioral changes (Vogt, 1999). In present study, bank managers (respondents) were asked to rate their bank performance over the last three years, indicating the extent of perceived organizational performance, across 20-items. Table 3.1 shows the measurement scale of organizational performance.

Table 3.1

Variable	Measures	Items	Sources
Organizational	Non-	The level of our customer satisfaction	Ringim
Performance	Financial	with our bank services.	(2012)
	Performance		
No of Items: 20		The reactivation of inactive (dormant)	
		bank accounts.	
Cronbach's		The customer service delivery in our	
Alpha: 0.890		bank (branch).	
		The customer relationship management	
		in our bank (branch).	
		The branch reputation of our bank in the	
		business environment.	
		The rate of speed of services in our bank	
		(branch).	
		The operating cost of providing services	
		to customers in our bank (branch).	
		The error of operational processes in our	
		bank (branch).	
		The new services/products introduced in	
		our bank (branch).	
		The market share in public and private	
		banking sector business.	
	Financial	The number of our bank (branch)	
	Performance	performing loans.	
		The yearly profit performance of our	
		bank (branch).	
		The number of non-performing loans of	
		our bank (branch).	
	Ur VS	The bank deposit liability growth.	a
		The number of recovered bad loans of our	
		bank (branch).	
		The fee-based income on transaction	
		services of our bank (branch).	
		The volume of current and saving	
		accounts of our bank (branch).	
		The volume of a fixed deposits of our heads (bronch)	
		bank (branch).	
		The financial performance targets	
		achievement by our bank (branch).	
		The operating expenses of our bank	
		(branch).	

Measurement of Organizational Performance (Dependent Variable)

**Note:** These items are measured using a five-point Likert scale ranging from 1= **Decrease** greatly to 5= Increase greatly.

### **3.1.2 Strategic Orientation**

Strategic orientation is operationalizing as the strategic positioning or fit of an organization. Strategic orientation shows the strategic direction and alignment of organizational strategies to ensure the superior organizational performance

(Weinzimmer *et al.*, 2012). The current study measures the strategic orientation as a unidimensional construct and scale were adapted from Weinzimmer *et al.*, (2012). Also, this scale is used in previous studies determining strategic orientation of commercial banks (Innocent, 2015). Table 3.2 shows the measurement scale of strategic orientation.

Variable	Items	Sources		
Strategic	There is a shared vision of what the bank will be in the	Weinzimmer		
Orientation	future.	<i>et al.</i> (2012)		
No of Items:	Our strategic direction is clear.			
06				
Cronbach's	bach's The bank goals and objectives are linked to our mission,			
Alpha: 0.90	vision, and strategy.			
•	Short-term thinking does not compromise our long-range			
	vision.			
	We have effective strategic plans.			
	The bank has regular and effective planning processes at all			
	levels.			

Table 3.2Measurement of Strategic Orientation (Independent Variable)

**Note:** Responses are obtained on a five-point Likert-type scale ranging from 1= **Strongly Disagree** to 5= **Strongly Agree**.

#### 3.1.3 Organizational Culture

Schein (2004) defined organizational culture as the inherited assumptions which an individual or group perceives from their working environment. Also, George and Jones (2005) described organizational culture as the common beliefs, norms and values through which the employees of an organization think, feel and behave with internal customers as well as with external customers. Based on the work of Denison (1990; 2000), four cultural traits were identified that can have impact on positive performance namely adaptability, involvement, mission and consistency.

The current study adapted the 18-items of Denison (2000) work to determine the organizational culture effect on the organizational performance in the Pakistan banking sector. Considering these organizational culture items into practice, Al-Swidi (2012) have also used the similar Denison theory effectively to measure the organizational

culture in the Yemen banking sector. Therefore, the researchers are encouraged to follow the similar 18-items of the scale to measure the organizational culture in the banking sector. Table 3.3 shows the selected items for the organizational culture measurement.

Table 3.3

|--|

Variable	Items	Sources
Organizational	In our bank (branch) most employees remain highly engaged	Denison
Culture	in their work.	(2000),
No of Items: 18	Information in our bank (branch) is widely shared so that	Al-swidi
	everyone can get the information he or she needs.	(2012)
Cronbach's Alpha: 0.947	Teams are the primary building blocks in our bank (branch).	
	Work is organized so that every employee can see the	
	relationship between his/her job and the overall bank goals.	
	Our bank (branch) continuously invests in the skills of employees.	
	Our bank (branch) views the capabilities of people as an important source of competitive advantage.	
	Our bank (branch) has a clear and consistent set of values that govern the way we do business.	
	Our bank (branch) sets a clear agreement about the right way	
	and the wrong way to do things.	
	In our bank (branch), there is a good alignment of goals across	
	levels.	
	In our bank (branch), we respond well to competitors and the	
	day to day changes in the business environment.	
	Different departments of our bank (branch) often cooperate to create change.	
	In our bank (branch), customers' input directly influences our decisions.	
	In our bank (branch), we encourage direct contact with customers by our employees.	
	In our bank (branch), we view complaints as an opportunity	
	for learning and improvement.	
	In our bank (branch), innovation is encouraged and rewarded.	
	In our bank (branch), there is a clear mission that gives	
	meaning and direction to our work.	
	In our bank (branch), employees understand what needs to be	
	done for us to succeed in the long run.	
	Bank vision creates excitement and motivation for our employees.	
Notes Desmanas	are obtained on a five point Likert type cools ranging from 1	- Stean -l-

**Note:** Responses are obtained on a five-point Likert-type scale ranging from 1= **Strongly Disagree** to 5= **Strongly Agree**.

#### **3.1.4 Organizational Internal Market Orientation**

Internal market orientation (IMO) refers to those continuous activities carried out by the organizations to satisfy the needs and wants of internal customers (employees) (Gounaris, 2008). Lings and Greenley (2005) considered the IMO as one of the important internal factors which represents the exchange between employer and employees. To measure the internal market orientation behavior of the organization, the current study adapted the scale from Lings and Greenley (2005). Table 3.4 shows the measurement of the organizational IMO including the number of items used and Cronbach alpha.

Table 3.4

Measurement of Organize	ational IMO (Independent Variable)	
Variable	Items	

Variable	Items	Sources
Organizational	The bank for which I work is genuinely concerned with the	Lings and
IMO	welfare of all its employees.	Greenley
		(2005)
No of items: 04	The bank for which I work tries to accommodate different	
	personal needs of all its employees.	
Cronbach's	The bank for which I work does not recognize the importance	
Alpha: 0.86	of its employees ( <b>R</b> ).	
(E)	My bank values its employees.	

**Note:** Responses are obtained on a five-point Likert-type scale ranging from 1= **Strongly Disagree** to 5= **Strongly Agree**.

#### **3.1.5 Organizational Commitment**

Organizational commitment is the employee's feeling of connection with the organization. The more an individual is pleased with the job and the organization, the more committed he/she would remain to the organization (Tsai & Huang, 2008). Besides, Jaworski and Kohli (1993) refers organizational commitment as an individual emotional attachment, involvement in and identification with the organization.

In this study, organizational commitment refers to employee's emotional attachment and how committed are the bank employees to their banks. Even though literature make available some useful scales to measure organizational commitment at individual level (Mowday *et al.*, 1979, 1982; Meyer & Allen, 1991), but in the present study, it is important to measure organizational commitment at the organizational level (manager's perception regarding the organizational commitment). Therefore, Jaworski and Kohli (1993) scale of organizational commitment were adapted and consistent with the previous studies measuring manager's perception of organizational commitment (Pinho *et al.*, 2014; Rodrigues & Pinho, 2010; Kim *et al.*, 2005).

Table 3.5 shows the measurement of the organizational commitment including the number of items, Cronbach alpha value.

Table 3.5

Measurement of Organizational Commitment (Mediating Variable)
---

Variable	Items	Sources		
Organizational	Employees feel as though their future is intimately linked to	Jaworski		
Commitment	that of this bank.	and Kohli		
		(1993)		
No of Items: 07	Employees are happy to make personal sacrifices if it is			
	important for the well-being of the bank (branch).			
Cronbach's	The bonds between this bank (branch) and its employees are			
Alpha: 0.89	weak ( <b>R</b> ).			
	In general, employees are proud to work for this bank			
	(branch).			
	Employees often go above and beyond the call of duty to			
	ensure the well-being of the bank (branch).			
	Our employees have little or no commitment to this bank			
	(branch) ( <b>R</b> ).			
	It is clear that our employees are fond of this bank (branch).			

**Note:** Responses are obtained on a five-point Likert-type scale ranging from 1= **Strongly Disagree** to 5= **Strongly Agree**.

Precisely, there are various ways which help the researchers in collecting data and among that, one way is to use the scale. The best common scale type is a Likert scale. A Likert-type scale is commonly used to measure attitudes, knowledge, perceptions, values, and behavioral changes. A Likert-type scale involves a series of statements that respondents may choose to rate their responses to evaluative questions (Vogt, 1999). The choice of five-point Likert Scale is based on the previous studies using the similar scales (Pinho *et al.*, 2014; Ringim *et al.*, 2012; Zaman *et al.*, 2012; Weinzimmer *et al.*,

2012; Al-Swidi, 2012; Jaworski & Kohli, 1993). Also, it becomes quite easy for the respondents to report their respective perceptions through five-point Likert scale (Dawes, 2008). Likewise, Frary, (1996) stated that seven-point or more points in a scale required time and effort, thus it could confuse the respondents with splitting differences between response levels. Thus, the current study used the five-point Likert scale.

The strategic orientation, organizational culture, organizational internal market orientation and organizational commitment were measured through five-point Likert scale. Each point on the scale represents the extent to which the respondent agrees or disagrees with each statement. On the scale, 1 coded as "Strongly disagree", 2 coded as "Disagree", 3 coded as "Neutral", 4 coded as "Agree" and 5 coded as "Strongly agree".

#### **3.2 Research Design**

Research design refers to the master plan which is prepared by the researcher in the undertaking of their research project through the data collection stage to data analyses stage (Zikmund, 2003). Research methodology describes the different research designs which can be deployed by the researchers in conducting research. Zikmund (2003) recommended that there are four types of research methods for descriptive and causal research and these methods are surveyed study (primary data), experiment, secondary data study, and observation. Meanwhile, there is no hard and fast rule in choosing the best research design, it is fully dependent on the research purpose and the research context (Zikmund, 2003).

The current study adopted quantitative research design in order to determine the structural relationships among the proposed constructs. Quantitative research design refers to the systematic empirical investigation of quantitative properties, patterns, and their relationships. By using the Partial Least Square (PLS) path modeling through the

SmartPLS 3.0, ten hypotheses were tested underpinned by the Resource-Based View of the Firm theory (RBV) and Social Exchange theory (SET). The current study also adopted the cross-sectional research design under which the data for the whole study was collected at one point in time. The population of the current study was branches of six-large banks of Pakistan (big banks) and the bank (branch) managers were respondents. Thus, the unit of analysis of the current study was individual.

#### 3.3 Population, Sample and Sampling Design of the Study

After the selection and understanding of the research design of the current study. This section contains three sub-sections. The first sub-section describes the population of this study. Thereafter, the calculation of sample size for this study is discussed in the second sub-section. Finally, the selection of sampling design for the current study is discussed in the third sub-section.

#### 3.3.1 Population of the Study

The whole group of elements that researcher target to study is called population. The individual member of the population is called element (Sekaran & Bougie, 2013). In general, the population of the current study comprised of branches of six-large banks located in the five capital cities of Pakistan (PBA, 2016). Because, it is commonly considered that each bank branch has one branch manager, who is responsible for the performance and success of the branch. The State Bank of Pakistan classified the commercial banks into 3 groups based on market share of deposits as Large banks (market share > than 6%), Medium banks (market share ranging between 3-6%) and Small banks (market share < than 3%) (Chhoangalia & Badshah, 2016). There are six-large banks also called big banks of Pakistan which includes Habib Bank Limited having market share of (14.1%), National Bank of Pakistan having market share of (13.1%), United Bank Limited having market share of (8.6%), Allied Bank Limited

having market share of (7.6%), MCB Bank Limited having market share of (7.3%) and Bank Alfalah Limited having market share of (6.6%). Also, the banking sector of Pakistan is leading by these six-large banks with 60% of total assets, deposits, and branches network. Whereas, the contribution in the profitability of the banking sector by these six-large banks is greater than 70%. Thus, these are the dominating banks of Pakistan (Chhoangalia & Badshah, 2016).

Further, the branches of these six-large banks are diversified across Pakistan (see Table 3.6), but there is an abundance of these six-large bank branches in the capital city of each province including the capital city of Pakistan, namely, Karachi, Lahore, Peshawar, Quetta, and Islamabad (see Table 3.7) (PBA, 2016). Hence, the number of branches working in these five capital cities were considered as the population of the current study. For selecting the bank branches as the population of the current study because the bank branches are considered as strategic business units (SBUs) and they are profit centered. Also, the bank (branch) managers who are the leaders of their branches can provide their efforts and energy to implement organizational strategies and enhances the branch performance which ultimately contributes towards the organizational performance. It is generally understood that bank (branch) managers are most knowledgeable persons in the banks after the top management. Therefore, the unit of analysis for the current study were bank managers (individuals).

From the web-source, the list of six-large banks was obtained (PBA, 2016). Table 3.6 shows the total number of branches of six-large banks in Pakistan. Further, Table 3.7 shows the breakup of bank branches in each of the five capital cities which considered as a population of the current study.

Table 3.6Branches of Six-Large Banks in Pakistan

Sr. No	Large Six Banks Name	Total Branches in Pakistan	
1	Habib Bank Limited (HBL)	1,600	
2	National Bank of Pakistan (NBP)	1,100	
3	United Bank Limited (UBL)	1,300	
4	MCB Bank Limited (MCB)	1,200	
5	Allied Bank Limited (ABL)	900	
6	Bank Al-Falah Limited (BAL)	648	
	Total	6748	

Source: http://www.pakistanbanks.org/members/profile.html

**Total No** Sr. Lahore of Bank Bank Name Karachi Peshawar **Ouetta** Islamabad No Branches 105 17 39 1 Habib Bank 156 26 343 Limited (HBL) 70 54 39 2 National Bank of 87 26 276 Pakistan (NBP) 3 United Bank 119 86 80 49 63 397 Limited (UBL) 4 MCB Bank Limited 129 100 27 32 29 317 (MCB) 114 89 5 Allied Bank 40 36 320 41 Limited (ABL) <sup>8</sup> ara <sup>9</sup> alav <sup>14</sup> Bank Al-Falah 133 6 nive<sup>44</sup>siti 58 Limited (BAL) **Total Population** 1786

Table 3.7Breakup of Bank Branches (Population)

Source: http://www.pakistanbanks.org/members/networks.html

#### 3.3.2 Sample Size of the Study

The subset of the population is called sample (Kumar *et al.*, 2013; Sekaran & Bougie, 2013). Simply, it is the representative of the population. The need for sample in the study is necessary due to the following reasons. First, practically, it is not always possible to collect data from the entire population of the study. Second, samples are taken because of the need to generalize research findings. The population of the present study consists of 1,786 banks branches functioning in the five capital cities of Pakistan. All the 1,786 banks branches could not be studied because of the need for generalization

of the findings of the present study, bearing in mind the research philosophy (positivism) which were guided this study. Therefore, the sample size for the current study was determined.

The current study determined the sample size for surveys distribution based on the two corresponding approaches, namely, i) a priori G\*Power analysis, and ii) Krejcie and Morgan's (1970) sampling table. The G\*Power analysis can discard the null hypothesis when it should be rejected (McCrum-Gardner, 2010). Principally, G\*Power analysis is needed for sample size determination when using PLS-SEM (Hair *et al.*, 2014). Whereas, Krejcie and Morgan's (1970) sampling table is commonly used approach for sample size determination in social sciences and behavioral studies (Sekaran, 2003). The sampling table offers the sample size estimation based on the study population.

So, first, to determine the minimum sample size for the current study, G\*Power 3.1.9.2 software was used to perform a *priori* power analysis (Faul, Erdfelder, Buchner, & Lang, 2009; Faul, Erdfelder, Lang, & Buchner, 2007). For that reason, the current study followed the subsequent parameters, "Power (1-  $\beta$  err prob; 0.95), an alpha significant level ( $\alpha$  err prob; 0.05, medium effect size f<sup>2</sup> (0.15) and four main predictor variables (i.e. SO, OC, OIMO, OCT)". Using the given criterion, it was found that minimum sample size for the current study was 119 to test the regression-based models (see Figure 3.1) (Faul *et al.*, 2009; Faul *et al.*, 2007; Cohen, 1992).

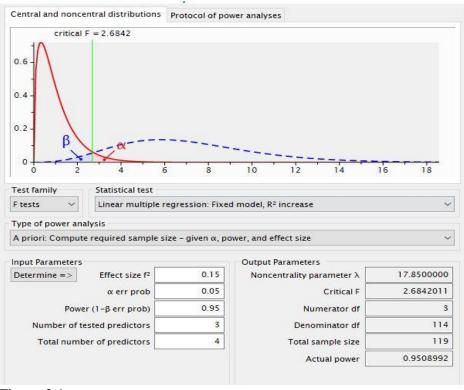


Figure 3.1 *The output of a priori power analysis* 

As shown in the output of a *priori* power analysis, a minimum sample of 119 would be required for this study. However, it is noticeable that there are huge variations in the response rate especially in the Pakistan banking sector (Khan *et al.*, 2013; Naqvi & Nadeem, 2011). Thus, determination of suitable sample size via other approach becomes critical for the study. Because of this, the current study selects the Krejcie and Morgan's (1970) criterion instead of a *priori* power analysis, for determining suitable sample size.

According to Krejcie and Morgan's (1970) population (N) and sample size (S) table, the sample size of 1700 population is 313 respondents and for 1800 population, the sample size is 317 respondents. So, the current study population is 1786, based on the population, the sample size considered was 317. Salkind (2010) emphasized that an appropriate sample size is necessary for any research because too small sample size is not a good representative of the population. Further, small samples have bigger sampling error, and less consistency. Likewise, Salkind (1997) recommended oversampling and stated that "If you are mailing out surveys or questionnaires, count on increasing your sample size by 40%-50% to account for lost mail and uncooperative subjects" (p. 107).

Further, due to the lack of research focus on the banking sector of Pakistan, some studies adopted case studies approach on specific cities like Lahore, Karachi, and Islamabad and others have used the secondary data sources such as Karachi Stock Exchange, Annual Reports of Banks and State Bank database etc. (Shahid *et al.*, 2015; Zeb & Rashid, 2015; Ahmad & Nadeem 2015). This condition of researches on the banking sector of Pakistan have created the difficulty in determining the exact response rate. However, studies suggest a minimum of 40% to a maximum of 63.3% response rate in the banking sector of Pakistan (Umrani & Mahmood, 2015; Zaman *et al.*, 2012).

Therefore, in order to reduce the sample size error and to take care of non-response problems, the sample size should be doubled (Gorondutse & Hilman, 2014). Thus, the sample size was doubled and rounded to 635.

#### **3.3.3 Sampling Design**

This section initially discusses the different types of sampling design. Afterward, the next sub-section described the sampling design chosen for the current study.

#### **3.3.3.1** The Types of Sampling Design

Sampling is defined as the process of choosing an adequate number of elements from the population so that an understanding of sample and its characteristics make it possible to generalize all the characteristics to the entire population (Sekaran & Bougie, 2013). Mainly, there are two types of sampling design, namely probability sampling also called random sampling and non-probability sampling also called non-random sampling. In a probability sampling, every element in the population has an equal chance of being selected while in a non-probability sampling, every element in the population does not have a chance of being selected. However, the type of sampling design to adopt depends on factors such as the extent of generalizability desired, the time frame of study and the purpose of the study (Sekaran & Bougie, 2013).

Probability sampling can further be classified as simple random sampling, stratified sampling, systematic sampling, and area or cluster sampling. In a simple random sampling, all elements of the population have an equal chance of being selected. It is good when the population is small and homogenous. The elements to be selected depending on the random numbers that are generated. It is easy to calculate when the sampling frame is small, but impracticable when the sampling frame is large. In stratified sampling, the population is categorized into distinct groups called strata, and every element in a stratum has a chance of being selected. Each stratum is sampled as a subset of the entire population, and from each stratum individual elements can be selected randomly. It allows for an adequate representation of various groups of interest, but it could be cumbersome stratifying the population into different strata.

In a systematic sampling, the target population is serially listed, and elements of the population are selected at intervals. It allows for the selection of every nth element, which means the value of the nth element must be determined. It is determined by dividing the population by the sample size. The samples from systematic sampling are evenly spread over the target population, but all the elements do not have the same selection probabilities. In a cluster sampling, the population is divided into clusters, and samples are then selected from such clusters. It is different from stratified sampling. In a stratified sampling, a subset of a population within the stratum is taken as the sample

whereas, in a cluster sampling, a subset of clusters is taken as the primary sampling units (Kumar *et al.*, 2013; Sekaran & Bougie, 2013).

Non-probability sampling also called non-random sampling can also be divided into convenience sampling, quota sampling, snowball sampling, and judgemental sampling. In convenience sampling, information is collected from the available population while in a quota sampling, all groups are represented in the study by assigning a quota based on identified features. Snowball sampling, on the other hand, is a situation where one respondent is used to generate names of other respondents. In judgemental sampling, also called purposive sampling, elements or subjects are selected based on their ability to provide the information required (Kumar *et al.*, 2013; Sekaran & Bougie, 2013).

#### 3.3.3.2 Sampling Design of the Study

The present study adopted the probability sampling design. Probability sampling design was adopted because of the need to generalize the findings of the present study. Probability sampling gives each respondent an equal chance of being selected as the sample object (Sekaran & Bougie, 2013). The advantage of this sampling method is that there is no bias of the researcher against the choice of another (Salkind & Rainwater, 2003). Furthermore, the aim of this study was to have samples drawn from the branches of six-large banks.

As mentioned earlier, the population of this study consists of 1,786 bank branches of six-large banks of Pakistan and the sample size was 635. The bank branches are grouped according to their bank names. Proportionate stratified random sampling was selected for the current study because it is representative as well as comprehensive than disproportionate stratified random sampling technique. It refers to selecting subjects

from each stratum in proportion to the corresponding stratum population. Therefore, the sample obtained is known as a proportionate stratified sample (Singh, 2006).

So, stratified random sampling was considered appropriate for the present study, since it contains a process of categorization, followed by the selection of subjects from each stratum using a simple random sampling procedure. In this case, a population of each bank was considered as segments and the samples were drawn based on the proportion it represents.

Accordingly, the proportionate stratified random sampling is implemented and the sample size of each category is determined by dividing the sample size (S) on total population (N), (sample 635/population 1786 = 0.355) and multiply with the population elements of each stratum. Table 3.8 shows the population and sample size per bank based on proportionate stratified random sampling.

BUDY C	No of Branchos	Sample Size ea
Population and Sample Size per Bank	iti Utara Ma	laysia
Table 3.8		

Sr. No	Name of the Bank	No of Branches Per Bank ( <i>Population</i> )	Sample Size each Stratum (Proportionate Stratified Sampling)
1	Habib Bank Limited (HBL)	343	122
2	National Bank of Pakistan (NBP)	276	98
3	United Bank Limited (UBL)	397	141
4	MCB Bank Limited (MCB)	317	112
5	Allied Bank Limited (ABL)	320	114
6	Bank Al-Falah Limited (BAL)	133	48
	Total	1786	635

Source: http://www.pakistanbanks.org/members/networks.html

#### **3.4 Units of Analysis**

The unit of analysis for the present study was individual (bank manager). Also, the bank managers were key respondents because banks cannot speak for themselves. Moreover, it assumed that every branch has one branch manager. These branch managers are the representatives of their bank who implement the overall plans, policies, and strategies of their banks. Also, they are well-informed and most knowledgeable about their bank operations and performance.

In studying the strategic characteristics of an organization (strategic orientation, organizational culture, organizational internal market orientation, organizational commitment) and organizational performance of banks, bank branches have been gaining an increasing importance as the building blocks that contribute to strategy successful implementation. The following paragraph provides some reasons to uncover the rationality behind choosing the unit of analysis to be a bank manager represented by its bank branch.

First, the bank branches are the key positions in the organization of any bank where the direct contact with the customers is established and the competitive advantage is created through the value creation processes (Portela & Thanassoulis, 2007).

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Second, since the bank branches are the connecting points between the bank and its customers, the overall performance of the bank is based on the operations of the network of bank branches (Das *et al.*, 2009). It is also argued by the same authors that; bank branches play a significant role in the successful organizational performance of a bank. Therefore, the bank branches mobilize the deposits and consequently generate funds for bank investments. Practically, the success or failure of banks branches may cause the development or collapse of the whole bank. Given this importance, bank branches performance and efficiency have been gaining an increasing attention by practitioners and academicians as well (Das *et al.*, 2009).

Third, bank branches are considered as the business units within the bank where the products and services are provided to customers through direct contact. The main role

of the bank branches is to attract the savers to deposit their surplus money to be used by investors in various investment opportunities. Moreover, bank branches are the service providers through which the corporate bank shows its commitment to understand customer needs and requirements and to align all its operations accordingly. In other words, banks branches provide their customers with financial products and services that are based on in-depth research and investigations to satisfy their needs and meet their expectations (Portela & Thanassoulis, 2007).

Fourth, due to the competitive banking environment, corporate banks are currently required to increase the efficiency of their branches performance which ultimately enhance the organizational performance. However, the branches performance is not limited to the cost reduction, rather, it is covering different aspects of operational and marketing factors. More importantly, the loyal customers are the main source of effective performance, especially in the banking industry where almost all banks offer the same products, hence the role of bank branches become more critical in attracting and retaining profitable and loyal customers. Portela and Thanassoulis (2007), moreover, emphasized that the efficiency of the bank branches in its broader sense covers the issues related to customer's attraction, cost management, cash intermediation, and finally the provision of quality services, which can contribute significantly to the overall performance of the bank.

Therefore, bank branches are considered as the strategic business units where the competitive advantage is originated through the effective strategy implementation. Moreover, some researchers like (Theodosiou *et al.*, 2012; Al-Swidi & Mahmood, 2011) suggested that bank branches can be deemed as the level of strategies execution of the banks and the best place to describe the level and consequences of strategies implementation.

#### **3.5 Questionnaire Pre-Testing**

A pre-testing is a preliminary assessment of the measurement instrument to look at some possible difficulties that may be encountered by the potential respondents when filling it out. In other words, pretesting entails validating the contents of the measurement instrument (Tojib & Sugianto, 2006). To pre-test the questionnaire of the current study, the valuable suggestions were taken from the three faculty members of College of Business from Universiti Utara Malaysia, having professional experience as well as research expertise. The faculty members were requested to assess the survey instrument quality in terms of its face validity relating to questionnaire wording (Yaghmale, 2009).

Further, the valuable suggestions were also taken from the three bank managers (potential respondents) who have Pakistan banking experience. Based on their feedback regarding simplicity, formatting, and clarity of ambiguous statements, the improvements were made in the items. These improvements were necessary to ensure the high response rate. Also, it is important to mention that these faculty members and bank managers were not the part of sample or pilot study. Table 3.9 presents the original version and adapted version of the items after the pre-testing of the questionnaire.

Sr.	Measuremen	t Instrument
No	Original Version	Adapted Version
	Organizational Performance	
	Source: Ringim (2012)	
1	The level of our customer satisfaction with our services.	The level of our customer satisfaction with our bank services.
2	The reactivation of inactive bank accounts.	The reactivation of inactive (dormant) bank accounts.
3	The customer service delivery in our bank (branch).	The customer service delivery in our bank (branch).
1	The customer relationship management in our bank (branch).	The customer relationship management in our bank (branch).
5	The branch reputation of our bank in the business environment.	The branch reputation of our bank in the business environment.
5	The rate of speed of services in our bank (branch).	The rate of speed of services in our bank (branch).
7	The operating cost of providing services to customers in our bank (branch).	The operating cost of providing services to customers in our bank (branch)
3	The error of operational processes in our bank (branch).	The error of operational processes in our bank (branch).
)	The new services development in our bank (branch).	The new services / products introduced in our bank (branch).
10	The market share in public and private sector business.	The market share in public and private banking sector business.
1	The number of our bank (branch) performing loans.	The number of our bank (branch) performing loans.
12	The yearly profit performance of our bank (branch).	The yearly profit performance of our bank (branch).
13	The number of non-performing loans of our bank (branch).	The number of non-performing loans of our bank (branch).
14	The bank deposit liability growth.	The bank deposit liability growth.
15	The number of recovered bad loans of our bank (branch).	The number of recovered bad loans of our bank (branch).
16	The fee-based income on transaction services of our bank (branch).	The fee-based income on transaction services of our bank (branch).
17	The volume of current and saving accounts of our bank (branch).	The volume of current and saving accounts of our bank (branch).
18	The volumes of a fixed deposits of our bank (branch).	The volume of a fixed deposits of our bank (branch).
19	The financial performance targets achievement by our bank (branch).	The financial performance targets achievement by our bank (branch).
20	The level of operating expenses of our bank (branch).	The operating expenses of our bank (branch).
	Strategic Orientation	
	Source: Weinzimmer et al. (2012)	
1	There is a shared vision of what the company will be in the future.	There is a shared vision of what the bank will be in the future.
2	Our strategic direction is clear.	Our strategic direction is clear.

# Table 3.9

3	The organization goals and objectives can be linked to our mission, vision,	The bank goals and objectives are linked to our mission, vision, and
	and strategy.	strategy.
4	Short-term thinking does not compromise our long-range vision.	Short-term thinking does not compromise our long-range vision.
5	We have an effective strategic plan.	We have effective strategic plans.
6	The organization has regular and effective planning processes at all levels.	The bank has regular and effective planning processes at all levels.
	Organizational Internal Market Orientation (IMO)	
	Source: Lings and Greenley (2005)	
1	The organization for which I work is genuinely concerned with the welfare	The bank for which I work is genuinely concerned with the welfare of all
	of all its employees.	its employees.
2	The firm for which I work tries to accommodate the different personal needs	The bank for which I work tries to accommodate different personal needs
	of all its employees.	of all its employees.
3	The firm for which I work does not recognize the importance of its	The bank for which I work does not recognize the importance of its
	employees (R).	employees (R).
4	My firm treats all employees in a way that demonstrates that they are valued.	My bank values its employees.
	Organizational Culture	
	Source: (Al-Swidi, 2012)	
1	In our bank (branch) most employees are highly involved in their work.	In our bank (branch) most employees remain highly engaged in their work.
2	Information in our bank (branch) is widely shared so that everyone can get	Information in our bank (branch) is widely shared so that everyone can get
_	the information he or she needs when it is needed.	the information he or she needs.
3	Teams are the primary building blocks in our bank (branch).	Teams are the primary building blocks in our bank (branch).
4	Work is organized so that each person can see the relationship between	Work is organized so that every employee can see the relationship between
_	his/her job and the goal of our overall bank.	his/her job and the overall bank goals.
5	In our bank (branch) there is continuous investment in the skills of	Our bank (branch) continuously invests in the skills of employees.
-	employees.	
6	In our bank (branch) the capabilities of people are viewed as an important	Our bank (branch) views the capabilities of people as an important source
_	source of competitive advantage.	of competitive advantage.
7	In our bank (branch) there is a clear and consistent set of values that governs	Our bank (branch) has a clear and consistent set of values that govern the
0	the way we do business.	way we do business.
8	In our bank (branch) there is a clear agreement about the right way and the	Our bank (branch) sets a clear agreement about the right way and the wrong
0	wrong way to do things.	way to do things.
9	In our bank (branch), there is a good alignment of goals across levels.	In our bank (branch), there is a good alignment of goals across levels.

10		<b>T 1 1 /1 1 ) 1 11 / . 1 /1 1 / 1</b>
10	In our bank (branch), we respond well to competitors and other changes in	In our bank (branch), we respond well to competitors and the day to day
	the business environment.	changes in the business environment.
11	Different parts of our bank (branch) often cooperate to create change.	Different departments of our bank (branch) often cooperate to create
		change.
12	In our bank (branch), customers' input directly influences our decisions.	In our bank (branch), customers' input directly influences our decisions.
13	In our bank (branch), we encourage direct contact with customers by our	In our bank (branch), we encourage direct contact with customers by our
	employees.	employees.
14	In our bank (branch), we view failure as an opportunity for learning and	In our bank (branch), we view complaints as an opportunity for learning
	improvement.	and improvement.
15	In our bank (branch), innovation and risk taking are encouraged and	In our bank (branch), innovation is encouraged and rewarded.
	rewarded.	
16	In our bank (branch), there is a clear mission that gives meaning and	In our bank (branch), there is a clear mission that gives meaning and
	direction to our work.	direction to our work.
17	In our bank (branch), employees understand what needs to be done for us	In our bank (branch), employees understand what needs to be done for us
	to succeed in the long run.	to succeed in the long run.
18	Our vision creates excitement and motivation for our employees.	Our vision creates excitement and motivation for our employees.
	Organizational Commitment	
	Source: Jaworski and Kohli (1993)	
1	Employees feel as though their future is intimately linked to that of this	Employees feel as though their future is intimately linked to that of this
-	organization.	bank.
2	Employees would be happy to make personal sacrifices if it were important	Employees are happy to make personal sacrifices if it is important for the
-	for the business unit's well-being.	well-being of the bank (branch).
3	The bonds between this organization and its employees are weak (R).	The bonds between this bank (branch) and its employees are weak (R).
4	In general, employees are proud to work for this business unit.	In general, employees are proud to work for this bank (branch).
5	Employees often go above and beyond the call of duty to ensure this	Employees often go above and beyond the call of duty to ensure the well-
5	organization's well-being.	
6		being of the bank (branch).
6	Our people have little or no commitment to this organization (R).	Our employees have little or no commitment to this bank (branch) (R).
/	It is clear that employees are fond of this organization.	It is clear that our employees are fond of this bank (branch).

#### **3.6 Pilot Study**

Managing the research questionnaires from few prospective respondents before the actual data collection is referred as a pilot study (Kumar *et al.*, 2013; Sekaran & Bougie, 2013). The purpose of the pilot study was to determine that whether the questions in the questionnaire were worded properly and easily understood by the prospective respondents (Kumar *et al.*, 2013; Sekaran & Bougie, 2013). Also, it helps to determine the internal consistency reliability of the instruments by calculating the Cronbach's Alpha values of research variables before the actual data collection.

To ensure the success of designed instruments of variables examined in the current study, it must pass the internal consistency reliability test (Cronbach's Alpha values). As recommended by George and Mallery (2003), the Cronbach's Alpha ( $\alpha$ ) value range from, " $\alpha$ > 0.9- Excellent,  $\alpha$ > 0.8- Good,  $\alpha$ > 0.7- Acceptable" (p. 231). According to Cooper and Schindler (2008), the suitable sample size for the pilot study ranged from 25 to 100 respondents. Therefore, the current study distributed the 100 questionnaires among the bank managers working in the branches of six-large banks of Pakistan in the month of February 2017, out of which 87 questionnaires were received. Also, these 87 questionnaires were not considered in the main data of the study. Afterward, internal consistency reliability scores or Cronbach's Alpha values of the variables used in the current study was determined using SPSS (v. 20). Table 3.10 provides the Cronbach's Alpha values of each latent variable found from the pilot study of the current study.

Table 3.10	
Cronbach's Alpha Values for Pilot Study (r	1=87)

Latent Variables	No of Items	Cronbach Alpha (α) Value
Strategic Orientation	06	0.830
Organizational Culture	18	0.963
Organizational Internal Market Orientation	04	0.823
Organizational Commitment	07	0.886
Organizational Performance	20	0.868

As indicated in the Table 3.10, the Cronbach's Alpha value of each latent variable except organizational culture was greater than the 0.8 which were regarded as good, while the organizational culture Cronbach's Alpha value was found greater than 0.9 resulting in excellent (George & Mallery, 2003). Thus, it was concluded that the research instrument was found reliable for proceeding the actual data collection.

#### **3.7 Questionnaire Design**

A questionnaire is an important tool for data collection which is a set of pre-developed written questions and respondents should record their answers on it (Sekaran & Bougie, 2013). In the present study, a questionnaire was design based on operationalization of the variables to collect data from respondents.

In the beginning, a questionnaire has a cover letter which introduces the researcher and describes the aim of the study. The questionnaire was divided into 6 sections, A, B, C, D, E, and F. Section A determines the demographic data of the respondents and the remaining sections measured the variables examined in the present study. Section **B** consists of 18-items that measured the organizational culture, section **C** measured the organizational culture, section **C** measured the organizational commitment with 7-items, section **D** measured the strategic orientation with 6-items, section **E** measured the organizational internal market orientation with 4-items and section **F** measured the organizational performance with 20-items. These items of the variables were measured on a five-point Likert scale to ensure consistency. Overall, there were 55-items (questions) in the questionnaire (See Appendix A).

# **3.8 Data Collection Method and Procedure**

Keeping in view the minimum 40% response rate, a total of 635 questionnaires were distributed among the bank managers working in the branches of six-large banks of Pakistan located in Karachi, Lahore, Quetta, Peshawar and Islamabad, as these cities have largest number of branches of six-large banks as compare to any other city of the country. Table 3.6, Table 3.7, and Table 3.8 provide numerical explanations for this.

The questionnaires were self-administered to the targeted respondents (bank managers) in order to get the maximum response rate. Furthermore, the researcher also did the phone calls to the respondents as suggested by Traina, MacLean, Park and Kahn (2005) and sent SMS (Sekaran & Bougie, 2016) as reminders to those respondents who delayed filling the questionnaires and promised to fill later when they get time, the researcher then collected from them after a one or two weeks' time. However, the researcher also faces some constraints in the data collection such as, the non-cooperative behavior of some respondents, reasoned being they were highly busy in official working and non-availability in office.

# **3.9 Data Analysis Techniques**

This section discusses the important procedures and techniques which were followed in analyzing the collected data. The current study requires the multiple regression analysis to answer the formulated research question. In this way, multivariate analysis requires certain conditions which have to be met before important analysis. As a result, the following multivariate assumptions tests were performed: assessment of Missing Values, assessment of Outliers, Normality test, and Multicollinearity test.

#### 3.9.1 Assessment of Missing Values

At the time of data analysis, the missing values can arise due to information loss and non-responses of the study respondents (Kwak & Kim, 2017). Whereas, there is no any acceptable percentage of missing values in the dataset to make a valid statistical inference. While, researchers in general agreed that 5% or less missing rate is non-significant (Tabachnick & Fidell, 2007). Furthermore, it is also recommended that if

the percentage of missing values is 5% or < 5%, then the mean replacement method should be used (Hair *et al.*, 2010; Tabachnick & Fidell, 2007). Thus, the current study adopted the mean replacement method for dealing with the missing values (Tabachnick & Fidell, 2007).

#### 3.9.2 Assessment of Outliers

The common problem which normally researchers encounter at the time of preliminary analysis, is identification of outliers. It considered as the extreme values in the dataset that abnormally stand outside of the overall data distribution pattern (Kwak & Kim, 2017). Likewise, the outliers referred as "observations or subsets of observations which appear to be inconsistent with the remainder of the data" (Barnett & Lewis, 1994, p. 7). Furthermore, multivariate outliers were determined by using the Mahalanobis distance  $(D^2)$ . Tabachnick and Fidell (2007) defined the Mahalanobis distance  $(D^2)$  as, "the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the means of all the variables" (p. 74). The current study used the Mahalanobis distance  $(D^2)$  approach in order to deal with the outliers in the final data set.

# 3.9.3 Normality Test

Multivariate analysis must require normal distributed data. Normality test was conducted to determine whether the results of each variable was normally distributed or not (Hair *et al.*, 2010). To test for normality in the present study, graphical method was used. Histogram shows the graphical distribution of the collected data. Additionally, it was important to check the normal distribution of the collected data through graphical method instead of looking at the values of skewness and kurtosis particularly when the study have large sample size of 200 or more (Field, 2009).

#### **3.9.4 Multicollinearity Test**

Multicollinearity refers to the degree of correlation among the independent variables. A high degree of correlation among independent variables reduces their predictive power (Hair *et al.*, 2010). To test for multicollinearity in the current study, a Pearson Product-Moment test was performed. Also, during collinearity statistics: tolerance values and variance inflation factor (VIF) for the independent variables was also calculated to determine whether there's a multicollinearity problem with the data or not.

#### **3.9.5 PLS-SEM Technique**

Partial least squares technique (PLS) is referred as a  $2^{nd}$  generation structural equation modelling (Wold, 1982). The comparatively newly used technique works well with structural equation models that contain latent variables and a series of cause and effect connection (Gustafsson & Johnson, 2004). The PLS-SEM analysis technique is considered as a good and flexible tool for statistical model building and prediction (Ringle *et al.*, 2005). The present study used the PLS-SEM due to some important reasons;

First, structural equation models have been shown to be superior in estimating, compared to regressions, mainly in the mediation examination (Iacobucci *et al.*, 2007; Mattanah *et al.*, 2004; Preacher & Hayes, 2004; Brown, 1997). Its strength comes from providing measurement error and providing accurate mediating effects estimates (Chin, 1998).

Second, PLS path modeling suits real world applications and is beneficial for complex models (Fornell & Bookstein, 1982; Hulland, 1999). Also, it provides flexibility in developing and validating complex models which is considered as strength in

estimating complex model (Akter *et al.*, 2011). In the current study, the relationship among constructs within the structural model was examined using the PLS-SEM.

Third, data in majority of social science studies often have issues of normality (Osborne, 2010) and PLS path modeling does not need normal data (Chin, 1998); in other words, PLS views non-normal data just as effectively as normal data. On the whole, the present study chooses to use PLS path modeling to direct clear of normality issues that may occur during the data analysis.

Fourth, PLS-SEM is capable of providing meaningful and valid outcomes, while other analysis methods like SPSS frequently provides ambiguous conclusions that would call for other analyses (Bollen, 1989). Moreover, according to Tabachnick and Fidel (2007), SEM is one of the top effective statistical tools used in the field of social and behavioral sciences that is capable of the simultaneous examination of multiple relationships.

Therefore, the present study used PLS path modeling to confirm measurement and structural models. A measurement model explained the reliability and validity of the constructs, while a structural model was used to carry out bivariate correlation analysis as well as regressions analysis simultaneously to clarify relations and their effects among the constructs under this study. More importantly, PLS algorithm and bootstrapping was used to determine the mediating effects of organizational commitment on the relationship between strategic orientation, organizational culture, organizational internal market orientation and organizational performance relationships.

#### **3.10 Chapter Summary**

Chapter Three has discussed the research methodology which was followed in conducting the present study. The chapter mainly describes the theoretical framework,

development of hypotheses, operationalization of variables used in the present study with their measurement scale and instrumentation and research design. Further, the chapter describes about the population of the study, sample size determination, sampling technique used, questionnaire pre-testing, reporting of pilot study results, data collection procedures and data analysis techniques.



#### **CHAPTER FOUR**

# DATA ANALYSIS AND FINDINGS

#### **4.0 Introduction**

This chapter presents the data analysis and findings of the current study based on the research objectives as specified in chapter one and research hypotheses which were developed in the chapter three. Furthermore, the current study used two statistical software's for data analysis; first, the SPSS (v. 20) for primary data screening and preliminary analysis and after that SmartPLS (v. 3.2.6) for the evaluation of measurement model and structural model including the mediation analysis. The sections discussed in this chapter are beginning with the response rate followed by the data screening and preliminary analysis along with the non-response bias test and common method variance test. After that, the next section described the demographic profile of the respondents and then the descriptive analysis of the latent constructs has been discussed. Afterwards, the main analysis results of the current study using PLS path modeling technique have been reported. Under that, first section elaborates the measurement model assessment covering the individual item reliability, internal consistency reliability, convergent validity and discriminant validity. The next section explains the structural model assessment covering the evaluation of the variance explained in the endogenous latent construct, the evaluation of the effect size and the predictive relevance of the structural model. Lastly, the full model PLS-SEM analysis have been reported which examine the mediating effect between the independent variables and dependent variable. At end, the summary of the overall tested hypotheses has been presented.

#### 4.1 Response rate

The current study distributed a total of 635 questionnaires among the bank managers of those working in the six-large bank branches located in the provincial and country capital cities of Pakistan, namely Lahore, Karachi, Peshawar, Quetta, and Islamabad. As this study followed the self-administration approach to collect the data in order to get the maximum response rate.

By the end of the survey period, the 330 questionnaires were received and the response rate was 52%. Out of these 330 returned questionnaires, 70 questionnaires were excluded because of the major portion of these questionnaires was incomplete. The remaining 260 questionnaires with the valid response rate of 40.95% were considered usable for the data analysis in the current study. As per the criteria are given by Sekaran and Bougie (2016), a minimum of 30% response rate is adequate for the survey method. Also, Baruch and Holtom (2008) suggested that 35% response rate is sufficient for the organizational research studies.

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Hence, the current study valid response rate of 40.95% was considered suitable for data analysis. In addition, the data collection process started from the month of March 2017, and it took sixteen weeks to complete this data collection process. Table 4.1 shows the detailed summary of the questionnaires response relating to the current study.

Response	Frequency/Rate
No. of distributed questionnaires	635
Returned questionnaires	330
Returned and usable questionnaires	260
Returned and excluded questionnaires	70
Questionnaires not returned	305
Overall Response Rate	52%
Valid Response Rate	40.95%

Table 4.1Response Rate of the Questionnaires

#### 4.2 Data Screening and Preliminary Analysis

While moving towards the multivariate data analysis, data screening and preliminary analysis is considered very important because it helps the researcher in identifying the any possible violation of key assumptions concerning the usage of multivariate data analysis techniques (Hair, Hult, Ringle & Sarstedt, 2017). Moreover, data screening and preliminary analysis helps the researcher in developing the better understanding of the collected data before the application of multivariate data analysis (Hair, Money, Samouel & Page, 2007).

Prior to data screening and preliminary analysis, all 260 returned and usable questionnaires were coded and entered in the SPSS (v. 20). Furthermore, by using the SPSS, all the negatively worded items were reverse coded. The negatively worded items include OCT3, OCT6 and IMO3. Thereafter, the data screening and preliminary analysis were performed including the missing values examination, assessment of outliers, normality assessment and the examination of the multicollinearity (Hair *et al.*, 2017; Hair, Black, Babin & Anderson, 2010; Tabachnick & Fidell, 2007).

#### 4.2.1 Analysis of Missing Values

At the time of data analysis, the missing values can arise due to information loss and nonresponses of the study respondents (Kwak & Kim, 2017). In this study, the main SPSS dataset contained 15,455 data points, overall 36 were randomly missing values which accounted for .23% of the data points. In specific, the strategic orientation had 9 missing values, organizational culture pointed 5 missing values, organizational internal market orientation highlighted 4 missing values, organizational commitment pointed 7 missing values, and organizational performance resulted into 11 missing values.

While, there is no any acceptable percentage of missing values in the dataset to make a valid statistical inference. Although, researchers in general agreed that 5% or less missing rate is non-significant (Tabanchnic & Fidell, 2007). Furthermore, it is also recommended that if the percentage of missing values is 5% or less than 5%, then the mean replacement method should be used (Hair *et al.*, 2010; Tabanchnic & Fidell, 2007). Thus, the current study adopted the mean replacement method for dealing with the missing values (Tabanchnic & Fidell, 2007). Table 4.2 reported the description of the total and percentage of randomly missing values.

Latent Variables	Number of Missing Values	
Strategic Orientation	09	
Organizational Culture	05	
Organizational Internal Market Orientation	04	
Organizational Commitment	07	
Organizational Performance	11	
Total	36 out of 15,455 data points	
Percentage	.23%	

**Note:** Percentage of missing values is obtained by dividing the total number of randomly missing values of the entire dataset by total number of data points and multiplied by 100.

#### 4.2.2 Assessment of Outliers

Table 4.2

The other important problem which normally researchers encounter at the time of data screening and preliminary analysis stage is, identification of outliers. It refers to the extreme values in the dataset that abnormally stand outside of the overall data distribution pattern (Kwak & Kim, 2017). Similarly, Barnett and Lewis (1994) stated the outliers as "observations or subsets of observations which appear to be inconsistent with the remainder of the data" (p. 7). Besides, Verardi and Croux (2008) reported that the presence of outliers in the dataset can extremely affect the regression coefficient estimate and leads to unreliable findings. Furthermore, data entry errors and response errors are also considered as the factors contributing to the outliers (Kwak & Kim,

2017). Hence, dealing with the outliers is important task prior to the multivariate analysis (Hair *et al.*, 2017; Hair *et al.*, 2010).

Initially, the frequency tables were tabulated in the SPSS considering the minimum and maximum statistics of all the variables of this study in order to spot values that appears to be outside the given value labels as a result of data entry errors. From the frequency statistics, it was found that none of the value appears outside the given values range. Moreover, the univariate outliers were also examined in the dataset using the standardized values with a cut-off value of  $\pm 3.29$  (p <0.001) based on the recommendation of Tabachnick and Fidell (2007). Considering this criterion, none of the case was found as univariate outlier using the standardized values.

In addition, multivariate outliers were also determined by using the Mahalanobis distance  $(D^2)$ . Tabachnick and Fidell (2007) defined the Mahalanobis distance  $(D^2)$  as, "the distance of a case from the centroid of the remaining cases where the centroid is the point created at the intersection of the means of all the variables" (p. 74). Based on the 55 degree of freedom (df) of the current study, the suggested chi-square threshold is 93.17 at (p = 0.001) (Tabachnick & Fidell, 2007). The Mahalanobis values which exceeds the given threshold value were deleted. Considering this criterion, twenty-one multivariate outliers were identified and then deleted from the main dataset because these twenty-one (31, 32, 33, 35, 36, 38, 65, 69, 167, 174, 183, 202, 203, 204, 237, 239, 241, 242, 262, 266, 267) multivariate outliers could affect the accuracy of the multivariate data analysis (see Appendix B). Consequently, after deleting these twenty-one multivariate outliers, the final dataset contained 260 cases.

#### 4.2.3 Normality Test

In the past studies of PLS-SEM (e.g. Reinartz, Haenlein & Henseler, 2009; Wetzels, Odekerken-Schroder & Van Oppen, 2009), it is assumed that PLS-SEM can provide the accurate model assessment in the situation of both normal as well as non-normal data. However, the recent studies on PLS-SEM (e.g. Hair *et al.*, 2017, p. 27; Hair, Sarstedt, Ringle & Mena, 2012; Hair *et al.*, 2010) recommended that researchers should examined the data including the normality test prior to the multivariate data analysis. It is because, highly skewed and/ kurtotic data can inflate the bootstrapped standard error estimations (Chernick, 2008), and undervalue the statistical significance of the path coefficients (Ringle, Sarstedt & Straub, 2012).

Keeping the viewpoint discussed above, graphical method was used in this study to check normality of the collected data (Tabachnick & Fidell, 2007). Additionally, it was important to check the normal distribution of the collected data through graphical method instead of looking at the values of skewness and/ kurtosis particularly when study have large sample size of 200 or more (Field, 2009). Moreover, Field (2009) stated that large sample size undervalues the standard error estimations, which in turn inflate the skewness and/ kurtosis values. Thus, this explains the use of graphical method for normality check instead of looking at the statistical method.

Considering the Field (2009) recommendation, a histogram and normal probability plots were examined in this study to ensure the normal distribution of the collected data. Figure 4.1 shows that all bars on the histogram were closed to a normal curve and follows normal data pattern. Thus, this study does not violate the normality assumption.

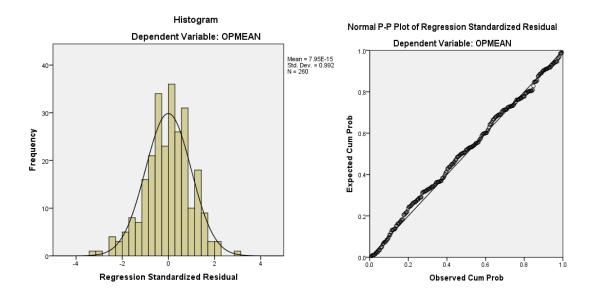


Figure 4.1 *Histogram and Normal Probability Plot* 

# 4.2.4 Multicollinearity Test

The correlation between the exogenous (independent) variables used in the research model refers as multicollinearity (Hair *et al.*, 2010). When the independent variables are highly correlated, it represents the presence of multicollinearity issue which creates problem in the interpretation of the exogenous variables power in the multivariate analysis. Moreover, multiple regression assumes not any perfect linear relationship among the independent variables (Stevens, 2012).

Furthermore, the existence of multicollinearity among the exogenous variables can substantially alter the regression coefficients estimates and their statistical significance tests (Hair, Black, Babin, Anderson, & Tatham, 2006; Chatterjee & Yilmaz, 1992). In addition, Tabachnick and Fidell (2007) specified that multicollinearity increases the standard errors of the coefficients and this in turn makes the coefficients statistically nonsignificant. This study used two methods to detect the multicollinearity issue (Peng & Lai, 2012; Chatterjee & Yilmaz, 1992). In first method, the correlation matrix of the exogenous latent constructs was analyzed. Consequently, the correlation coefficient of

0.90 or above indicates the presence of multicollinearity among the exogenous latent constructs (Hair *et al.*, 2010). Table 4.3 shows the correlation matrix of all the exogenous latent contracts of the present study.

Table 4.3Correlation Matrix of the Exogenous Latent Constructs

No.	Latent Constructs	1	2	3	4
1	Organizational Culture	1			
2	Organizational Commitment	.766**	1		
3	Strategic Orientation	.601**	.733**	1	
4	Organizational Internal Market Orientation	$.485^{**}$	.573**	.669**	1

**Note:** \*\* Correlation is significant at the 0.01 level (1-tailed).

As shown in Table 4.3, the correlations among the four exogenous latent constructs were lower than the given threshold of 0.90, hence indicating that there was not any multicollinearity issue among the four exogenous latent constructs. In second method, the variance inflated factor (VIF) and tolerance values were also analyzed to determine the presence of multicollinearity issue. Based on the recommendation of Hair, Ringle and Sarstedt (2011), when the VIF value is greater than 5 and tolerance value is less than .20, then there is an issue of multicollinearity. Table 4.4 shows the collinearity statistics of the current study.

Collineari	ty Statistics
Tolerance	VIF
.627	1.596
.452	2.210
.542	1.846
	<b>Tolerance</b> .627 .452

a. Dependent Variable: Organizational Commitment

As showed in Table 4.4, all the values of tolerance were greater than .20 and VIF values were below than 5, hence meets the recommended cut-offs (Hair *et al.*, 2011). Thus, there was not any multicollinearity issue in the current study.

#### 4.3 Non-Response Bias Test

In survey sampling, respondents selected for the sample are sometimes unable or unwilling to take part in the survey. The non-response bias occurs when respondents of the study differ in meaningful ways from the non-respondents (http://stattrek.com). Furthermore, Lambert and Harrington (1990) states the non-response bias as, "the differences in the answers between non-respondents and respondents" (p. 5). To estimate the likelihood of non-response bias, the time-trend extrapolation approach is recommended, because it compares the responses based on early response and late response (i.e. non-respondents) (Lineback & Thompson, 2010). In addition to that, the scholars stated that late respondents have the similar characteristics of non-respondents (Lineback & Thompson, 2010; Lindner, Murphy & Briers, 2001).

Likewise, in Pakistan banking sector, there are mainly three types of respondents, the employees, bank managers, and the top management. The selection of respondent of the study is primarily based on the nature and focus of the study. But inappropriately, the respondent's response scenario in the Pakistan banking sector is not much satisfactory (Umrani & Mahmood, 2015; Zaman *et al.*, 2012). There is a number of reasons for this limited response, but the selection of respondent is also one of the main reasons. For instance, it is very difficult to get the response from the top management of the banks, because they did not willing to share any information and not participate in the self-rated survey. Also, the employees and bank managers are not much willing to share true information even through the self-rated survey, although high assurance of confidentiality has been given to them. This is because of limited research on the banking sector of Pakistan and mostly studies followed the case studies approach or used secondary data which can be easily accessed through different sources like Banks Annual Reports and from the database of State Bank of Pakistan (Shahid *et al.*, 2015; Zeb & Rashid, 2015; Ahmad & Nadeem 2015). Hence, this shows the non-response

trends in the Pakistan banking sector. In addition to that, the average response rate lies between 40% to 60% in the Pakistan banking sector (Umrani & Mahmood, 2015; Zaman *et al.*, 2012).

As this study mainly focused on the strategic attributes and its effect on the organizational performance as perceived by the bank managers. The bank manager plays a mediator role in between the top management and bank employees. The reason for selection of bank managers as a respondent of this study, because they provide leadership to their employees, deliver high-quality services and targeted to increase their bank branch performance (Hero, 2018). In gist, the bank (branch) managers perform a variety of task and duties to increase their bank branch performance.

In the current study, the survey questionnaires were distributed through a selfadministered approach to the bank managers (respondent). Moreover, among the surveys collected back in this study, some were collected on the same day of survey administration or some on second day, third and fourth day, while some were collected after several follow up contacts. Hence, based on the Lineback and Thompson (2010) viewpoint, all the collected responses were divided into two main groups namely, early responses (who responded within first 8 weeks) and late responses (who responded after the first 8 weeks) (Vink & Boomsma, 2008). A total of 142 (54.6%) responses were collected back within the first 8 weeks, while 118 (45.4%) were collected back after the first 8 weeks. Table 4.5 illustrates the detailed information regarding the early and late response.

Specifically, the independent samples t-test was used to detect the any possible nonresponse bias in the current study variables. Also, the results of the independent samples t-test for the non-response bias are shown in Table 4.5.

Variables	Groups	N	Mean	Std. Deviation	Levene's Test for Equality of Variances	
					F	Sig.
Organizational Culture	Early Response	142	3.5947	.67339	.004	.948
	Late Response	118	3.4948	.62711		
Organizational Commitment	Early Response	142	3.5563	.69564	.085	.771
	Late Response	118	3.5436	.65884		
Strategic Orientation	Early Response	142	3.3556	.60573	.002	.964
	Late Response	118	3.2994	.58493		
Organizational IMO	Early Response	142	3.2342	.68947	2.417	.121
	Late Response	118	3.1716	.57522		
Organizational Performance	Early Response	142	3.6961	.44535	.372	.542
	Late Response	118	3.6780	.42755		

Table 4.5Results of Independent Samples T-test for Non-Response Bias

As per the recommendation of the Pallant (2010) and Field (2009), the significance values computed through the Levene's test for equality of variances should be more than 0.05. The results of the independent samples t-test as shown in Table 4.5, confirms that the equal variances significance values of the current study variables were more than 0.05. Moreover, the independent samples t-test does not show any significant differences between the early and late response groups (Table 4.5). Therefore, it was concluded that the non-response bias was not an issue for the current study.

#### 4.4 Common Method Variance Test

Common method bias or common method variance (CMV) is regarded as a potential issue in the behavioral research and main source of measurement error. According to Podsakoff, MacKenzie, Lee and Podsakoff (2003), common method variance is referring as, "variance that is attributable to the measurement method rather than to the constructs the measures represent" (p. 879). Moreover, researchers always concern for reducing the common method bias due to the understanding that common method bias causes the measurement error in organizational researches that use self-rated surveys (Spector, 2006; Podsakoff *et al.*, 2003). Likewise, it is also generally implicit that

common method variance inflates the association between variables measured by selfrated surveys (Conway & Lance, 2010).

While, the current study collected data through the self-rated surveys from the branch managers of six-large banks of Pakistan which generates the possibility of common method variance. Dealing with this issue, the current study adopted numerous procedural measures in order to reduce the effects of common method variance, as recommended by (Podsakoff, MacKenzie & Podsakoff, 2012; Viswanathan & Kayande, 2012; Podsakoff et al., 2003). Firstly, the assurance was given to all the respondents (bank branch managers) that their responses will be treated with high confidentiality and used only for educational purpose. Also, as a strategy, the current study increased the scale items in order to reduce the method biasness. Secondly, the researcher removes the items ambiguity (used simple language) and used Harman's single-factor test to investigate the common method variance in the current study. Due to reasoned that, Harman's single factor test considered as most important technique which deals with the issue of common method variance (Podsakoff et al., 2012; Podsakoff et al., 2003). In addition, Herman's single-factor test that, "if a substantial amount of common method variance is present, either a single factor may emerge, or one general factor would account for most of the covariance in the predictor and criterion variables" (Podsakoff & Organ, 1986, p. 536).

Based on Podsakoff *et al.* (2003), all the indicators of the current study were subjected to principal components factor analysis, because the output of unrotated factor were analyzed to determine the number of factors required to account for the variance in the indicators. The findings of the analysis generated one factor, explaining a cumulative of 35.409% of the variance, with the first (largest) factor explaining 19.475 of the total variance, which was less than 50% (Kumar, 2012) (see Appendix B). Also, the findings

revealed that no single factor was accounted for the majority of covariance in the predictor (independent) and criterion (dependent) variables (Podsakoff *et al.*, 2012). Thus, it was concluded that common method variance or bias was not an important concern and not likely to inflate associations among the variables measured in the current study (Conway & Lance, 2010).

#### **4.5 Demographic Profile of the Respondents**

As discussed earlier, the current study collected data from the bank branch managers (respondents), therefore this section describes the demographic profile of the respondents. The demographic features that were analyzed in the current study include gender, age, educational level, job position, experience in the managerial position, an age of branch and the number of permanent branch employees. Table 4.6 shows the detailed view of these demographics.

Characteristics	Universiti	Frequency	Percentage
Gender			
Male		197	75.8
Female		63	24.2
Age			
21-30 Years		77	29.6
31-40 Years		81	31.2
41-50 Years		78	30.0
51-60 Years		24	9.2
Qualification			
Bachelor		60	23.1
Masters		26	10.0
Banking Diploma		169	65.0
Non-banking Qualification	n	5	1.9
Job Position			
General Manager		53	20.4
Branch Manager		97	37.3
<b>Operations Manager</b>		110	42.3

 Table 4.6

 Demographic Characteristics of the Respondents

Table 4.6 (Continued)

Characteristics	Frequency	Percentage
Managerial Experience		
1-3 Years	74	28.5
4-5 Years	103	39.6
More than 5 Years	83	31.9
Branch Age		
1-5 Years	64	24.6
6-10 Years	101	38.8
Above 10 Years	95	36.5
No of Permanent Employees		
10-20 permanent employees	148	56.9
21-30 permanent employees	82	31.5
More than 30 permanent employees	30	11.5

As specified in Table 4.6, in gender, both male and female respondents were participated in the study surveys, where males were 197 (75.8%) and females were only 63 (24.2%).

Regarding the respondents age group, majority (81) of these respondents were belonged to the age group of 31-40 years with 31.2% share, after that the second highest (78) respondents were from the age group of 41-50 years with 30% share. Thereafter, 77 respondents were from the age group of 21-30 years with 29.6% share. Lastly, only 24 respondents were from age group of 51-60 years with 9.2% share.

Furthermore, Table 4.6 revealed that majority of the respondents (169) working on managerial position have banking qualification (banking diploma), representing the 65% of the sample. After that, 60 respondents have bachelor degree in banking with share of 23.1% and then 26 respondents have master's degree in banking with share of 10%. However, only 5 respondents have non-banking qualification (others) with 1.9% share.

Besides, the current study collected data from the bank managers working in the branches of six-large banks of Pakistan. Generally, in Pakistani banks, the bank managers working in the bank branches have three different designations like branch manager, operations manager, and general manager. However, the roles of a branch manager, operations manager, and general manager are similar, but their job responsibilities are diverse (Malkov, 2010). A branch manager or general manager is responsible for all the aspects of the bank branch including the performance, whereas an operations manager is only responsible for the operations of the branch. As the designation advocate, the branch manager or general manager has the broader scope of power in the branch, while the operations manager works as an alternative to the branch manager. In gist, they all responsible and focused to increase the effectiveness and efficiency of the branch which in turn enhances the branch performance as well as organizational performance (Malkov, 2010). Based on the this, all three types of bank managers working at managerial positions were participated in this study surveys, subject to their presence in the branch. The majority (110) of the respondents were operations managers with 42.3% share and then 97 were branch managers with 37.3% share. Lastly, 53 were general managers with a share of 20.4%.

In addition, these respondents were also asked about their experience of working in a managerial position. Table 4.6 quantified that, 103 (39.6%) respondents working in managerial position have 4-5 years' experience, while 83 (31.9%) respondents have more than 5 years' experience. Remaining 74 (28.5%) respondents working in managerial position comes under the category of 1-3 years' experience.

Likewise, these respondents were also asked about the age of bank branch in which they were working. The largest 101 (38.8%) number of branches comes under the branch age category of 6-10 years, whereas 95 (36.5%) branches have the age of above 10 years. Rest of the 64 branches comes under the age category of 1-5 years, representing the share of 24.6%.

Lastly, these respondents were also asked to share the number of permanent employees working in their branch. Table 4.6 revealed that the majority 148 (56.9%) of bank branches comes under the category of 10-20 permanent employees, while the second highest 82 (31.5%) bank branches come under the category of 21-30 permanent employees. Finally, the remaining 30 bank branches have more than 30 permanent employees with 11.5% share.

# 4.6 Descriptive Analysis of the Latent Constructs

After the data screening and preliminary analysis, the descriptive statistics of the all latent constructs (independent variables, dependent variable and mediating variable) were analyzed in the current study.

This section provides the descriptive statistics of the latent constructs. The objective of descriptive analysis was to explain the general situation of the strategic orientation, organizational culture, organizational internal market orientation, organizational commitment, and organizational performance in the six-large banks of Pakistan. Furthermore, in descriptive analysis, the mean and standard deviation values of the all latent constructs were computed. These descriptive statistics reflected the importance and level of implementation of strategic orientation, organizational culture, organizational internal market orientation, organizational culture, organizational internal market orientation, organizational culture, organizational internal market orientation, organizational culture, organizational performance in the six-large banks of Pakistan. In addition, the five-point Likert scale was used to measure the all latent constructs, anchored by 1 = strongly disagree to 5 = strongly agree.

Moreover, for easier understanding, the mean scores of less than 3.00 was considered as low, between 3.00 to 5.00 was categorized as moderate and means scores of higher than 5.00 was categorized as high in the current study (Sassenberg, Matschke & Scholl, 2011). The descriptive statistics of the all latent constructs computed in the current study are shown in Table 4.7.

Table 4.7Descriptive Statistics for Latent Variables

Latent Constructs	Mean	Standard Deviation
Strategic Orientation	3.3301	.59590
Organizational Culture	3.5494	.65345
Organizational Internal Market Orientation	3.2058	.63971
Organizational Commitment	3.5505	.67792
Organizational Performance	3.6879	.43662

Table 4.7 provides the results obtained from the descriptive analysis of the latent constructs and revealed that the mean scores of the latent constructs ranged from 3.20 to 3.68. Furthermore, the standard deviation scores of these latent constructs ranged from 0.436 to 0.677. In specific, the mean and standard deviation for the strategic orientation were 3.3301 and .59590 respectively. These scores suggest that branch managers of the six-large banks of Pakistan moderately perceived the importance of strategic orientation for achieving the better organizational performance. Table 4.7 also shows that the mean score of organizational culture was 3.5494, with a standard deviation of .65345, suggest that branch managers of the six-large banks of Pakistan moderately perceived the importance of perceived the importance of organizational culture for achieving the better organizational performance as moderate.

Furthermore, the results show a moderate score for the organizational internal market orientation with a mean score of 3.2058 and standard deviation of .63971 respectively. The descriptive statistics also shows the moderate scores for organizational

commitment (Mean = 3.5505; Standard deviation = .67792) and for organizational performance (Mean = 3.6879; Standard deviation = .43662). These scores indicate that branch managers of the six-large banks of Pakistan moderately perceived the importance of organizational commitment and organizational performance for achieving the better organizational performance of banks.

The examination of the prior assumptions such as assessment of missing values, outliers, normality, multicollinearity, non-response bias, and common method bias have not shown any significant violation of assumptions. Therefore, the current study data was fit to test for multivariate analysis.

#### 4.7 Assessment of PLS-SEM Path Model Results

For assessing and reporting PLS-SEM path model results, the current study used a two steps process as recommended by (Henseler, Ringle & Sinkovics, 2009). Moreover, in recent researches, it is significantly mentioned that the goodness-of-fit (GoF) index is not appropriate for the model validation (Hair, Hult, Ringle & Sarstedt, 2014; Henseler & Sarstedt, 2013). While, using the PLS path modeling with simulated data, the GoF index is not find appropriate for model validation because it could not differentiate the valid models form the invalid ones (Hair, Ringle, & Sarstedt, 2013). Consequently, based on the recommendation of Henseler *et al.* (2009), the current study used the two steps process for the assessment and interpretation of the PLS-SEM path models. These two steps process comprises of (1) assessment of measurement model, also known as outer model and (2) assessment of structural model, also called as inner model (Hair *et al.*, 2014; Hair *et al.*, 2010; Henseler *et al.*, 2009). Figure 4.2 shown the two steps process of PLS path modeling.

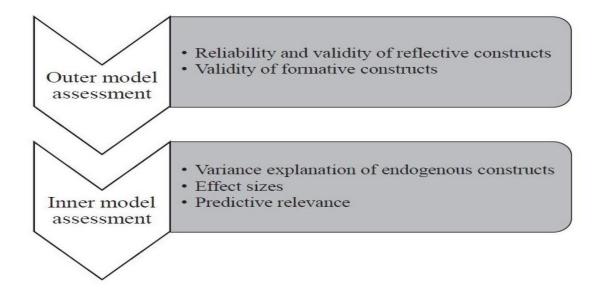


Figure 4.2 *PLS Path Modeling Assessment (Two Steps Process)* Source: Henseler *et al.* (2009)

# 4.8 Assessment of Measurement (Outer) Model

A measurement model assessment also called as outer model assessment involves examining individual item reliability, determining internal consistency reliability, ascertaining convergent validity and ascertaining discriminant validity (Hair *et al.*, 2014; Hair *et al.*, 2010; Henseler *et al.*, 2009). These instructions of measurement model assessment were preformed and interpreted below.

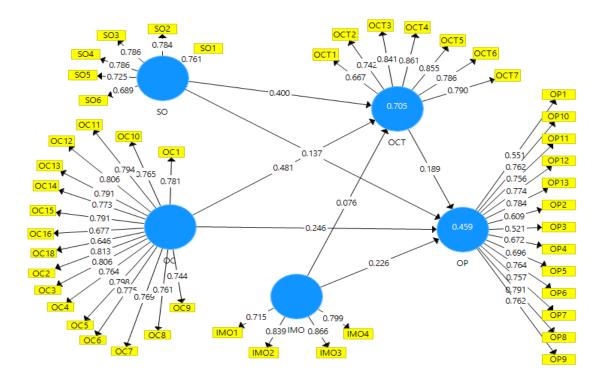


Figure 4.3 Assessment of Measurement Model

# 4.8.1 Individual Item Reliability

Initially, individual item reliability was determined by analyzing the outer loadings of each construct indicators (items) (Hair *et al.*, 2014; Hair *et al.*, 2012; Duarte & Raposo, 2010; Hulland, 1999). Based on the rule of thumb for retaining the items with minimum outer loadings between .40 and .70 (Hair *et al.*, 2014), it was found that out of 55 items of the current study, only 8 items were deleted due to their loadings below the threshold of .40. The deleted items include OC17, OP14, OP15, OP16, OP17, OP18, OP19, and OP20. Accordingly, remaining 47 items were retained in the whole model because these items have the outer loadings ranged between 0.521 and 0.866. The detailed summary of these items with their standardized loadings were presented in Table 4.8.

# 4.8.2 Internal Consistency Reliability

Internal consistency reliability refers as, "the extent to which all parts (items) of the measurement technique (scale) are measuring the same concept is called internal consistency reliability" (Sun *et al.*, 2007; Bijttebier *et al.*, 2000). In organizational research settings, the commonly used estimators of internal consistency reliability of a measurement scale are composite reliability and Cronbach's alpha (Hair *et al.*, 2017; Peterson & Kim, 2013; McCrae, Kurtz, Yamagata, & Terracciano, 2011).

The current study used the composite reliability measure for determining the internal consistency reliability of the adapted measurement scales. The reason for being selecting the composite reliability over the Cronbach's alpha are: firstly, the composite reliability coefficients are less biased than the Cronbach's alpha coefficients. Because Cronbach's alpha assumes equal contribution of all items towards the construct (i.e., all items have equal standardized loadings on the construct) (Hair *et al.*, 2017; Gotz, Liehr-Gobbers, & Krafft, 2010). Secondly, Cronbach's alpha relies on the number of items in the scale and commonly tends to under-estimate the internal consistency reliability. Also, it is considered as conservative measure of internal consistency reliability (Hair *et al.*, 2017).

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Furthermore, composite reliability commonly interpreted in the same way as Cronbach's alpha. The recommended rule of thumb for composite reliability is that the values of 0.60 to 0.70 are regarded as acceptable, whereas the values between 0.70 and 0.90 are regarded as satisfactory (Hair *et al.*, 2017; Hair *et al.*, 2011). In addition, the composite reliability values lower than then the 0.60 indicates the lack of internal consistency reliability (Hair *et al.*, 2017; Hair *et al.*, 2011). Table 4.8 shows that the composite reliability values of each latent construct of the current study ranged between 0.881 and 0.961, which suggest the satisfactory level of internal consistency reliability of the measurement scales (Hair *et al.*, 2017; Hair *et al.*, 2011).

Latent Constructs and Indicators	Standardized Loadings	Average Variance Extracted (AVE)	Composite Reliability (CR)
Strategic Orientation		0.571	0.889
SO1	0.761		
SO2	0.784		
SO3	0.786		
SO4	0.786		
SO5	0.725		
SO6	0.689		
Organizational Culture		0.591	0.961
OCI	0.781		
OC10	0.765		
OC11	0.794		
OC12	0.806		
OC13	0.791		
OC14	0.773		
OC15	0.791		
OC16	0.677		
OC18	0.646		
0C2	0.813		
0C3	0.806		
OC4	0.764		
0C5	0.798		
0C6	0.775		
0C7	0.769		
0C8	0.761		
	ers0.744	ra Malays	sia
Organizational Internal Market		0.651	0.881
Orientation			
IMO1	0.715		
IMO2	0.839		
IMO3	0.866		
IMO4	0.799		
Organizational Commitment		0.631	0.922
OCT1	0.667		
OCT2	0.742		
OCT3	0.841		
OCT4	0.861		
OCT5	0.855		
OCT6	0.786		
OCT7	0.790		
Organizational Performance		0.509	0.930
OP1	0.551		
OP10	0.762		
OP11	0.756		
OP12	0.774		
OP13	0.784		

Table 4.8Loadings, Composite Reliability and Average Variance Extracted

Latent Constructs and Indicators	Standardized Loadings	Average Variance Extracted (AVE)	Composite Reliability (CR)
OP2	0.609		
OP3	0.521		
OP4	0.672		
OP5	0.696		
OP6	0.764		
OP7	0.757		
OP8	0.791		
OP9	0.762		

#### Table 4.8 (Continued)

#### **4.8.3** Convergent Validity

Convergent validity is referred as, "the extent to which a measure correlates positively with alternative measures of the same construct" (Hair *et al.*, 2017). In convergent validity, the items represent the intended latent construct and correlate with the other measures of the same latent construct (Hair *et al.*, 2006). To ascertain the convergent validity, the researcher used the average variance extracted (AVE) of each of the latent construct as per the recommendation of Fornell and Larcker (1981). Whereas, Chin (1998) specified that the AVE value of 0.50 or greater indicates the convergent validity of a latent construct.

Table 4.8 indicated that the AVE values of all latent constructs of the current study have exceed the minimum criteria of 0.50, thus the current study exhibit the adequate convergent validity of the latent constructs (Chin, 1998).

#### **4.8.4 Discriminant Validity**

Discriminant validity is defined as, "the extent to which a construct is truly distinct from other constructs by empirical standards" (Hair *et al.*, 2017). It implies that a latent construct in the model is unique and underlying phenomena is not represented by other constructs in the same model.

Usually, the researchers used two measures to ascertain the discriminant validity in the model. The Fornell-Larcker (1981) criterion is the first approach to assess the discriminant validity by using the AVE values. It compares the square root of AVE values of each construct with the correlations among the latent constructs (Fornell & Larcker, 1981). Furthermore, the Chin (1998) criterion is considered as the second approach to assess the discriminant validity using the cross-loadings (Grégoire & Fisher, 2006). Based on this criterion, the indicator's loadings of each construct should be higher than of its cross-loadings of other constructs. However, recent researches critically examined the performance of Fornell-Larcker criterion and cross-loadings criterion for the assessment of discriminant validity has found that both approaches could not reliably detect the discriminant validity issues (Henseler, Ringle & Sarstedt, 2015). In addition, the Henseler et al. (2015) propose the heterotrait-monotrait ratio of correlations (HTMT) as the third approach (new criterion) to ascertain the discriminant validity. According to Henseler, Hubona and Ray (2016), "the HTMT is an estimate for the factor correlation, thus to clearly discriminate between two factors, the HTMT should be significantly smaller than one" (Henseler et al., 2016, p. 11).

The current study used these three approaches to ascertain the discriminant validity issues. First, the Fornell-Larcker criterion was used to determine the discriminant validity using the AVE values. As per the recommended criteria, the square root of the AVE values should be greater than the correlations among the latent constructs. Table 4.9 exhibit that the square roots of the AVE values of each construct was greater than the correlations among the latent construct's discriminant validity (Fornell & Larcker, 1981).

Latent Constructs	1	2	3	4	5
Organizational Internal Market Orientation	0.807				
Organizational Culture	0.479	0.769			
Organizational Commitment	0.573	0.759	0.794		
Organizational Performance	0.543	0.58	0.607	0.713	
Strategic Orientation	0.666	0.603	0.741	0.576	0.756

Table 4.9 Latent Variable Correlations and Sauare roots of Average Variance Extracted

Note: Entries in the boldface represent the square root of the average variance extracted

Second, the Chin (1998) criterion was used to determine the discriminant validity by comparing the indicator's loadings of each construct with the cross-loadings of other construct of the current study. Based on the recommendation of Chin (1998), the indicator's loadings should be greater than cross-loadings in order to achieve the adequate discriminant validity (Grégoire & Fisher, 2006). Table 4.10 presents the comparison of the indicator's loadings with other construct loadings. Each construct indicator's loadings were found greater than the cross-loadings, thus representing the suitable construct's discriminant validity.

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# Table 4.10 Cross Loadings

Cross Loadings					
	IMO	OC	OCT	OP	SO
IMO1	0.715	0.423	0.434	0.416	0.592
IMO2	0.839	0.388	0.470	0.438	0.474
IMO3	0.866	0.363	0.484	0.452	0.531
IMO4	0.799	0.374	0.458	0.445	0.557
<b>OC1</b>	0.397	0.781	0.596	0.450	0.462
OC10	0.446	0.765	0.592	0.441	0.518
OC11	0.402	0.794	0.587	0.408	0.444
OC12	0.375	0.806	0.596	0.465	0.460
OC13	0.365	0.791	0.614	0.495	0.437
OC14	0.334	0.773	0.598	0.517	0.451
OC15	0.429	0.791	0.621	0.494	0.500
OC16	0.271	0.677	0.562	0.363	0.428
OC18	0.280	0.646	0.585	0.345	0.390
OC2	0.371	0.813	0.579	0.440	0.503
<b>OC3</b>	0.407	0.806	0.579	0.472	0.484
OC4	0.293	0.764	0.544	0.390	0.438

	IMO	OC	OCT	ОР	SO
OC5	0.305	0.798	0.640	0.515	0.519
OC6	0.382	0.775	0.591	0.433	0.487
<b>OC7</b>	0.408	0.769	0.536	0.492	0.426
<b>OC8</b>	0.424	0.761	0.561	0.426	0.468
OC9	0.357	0.744	0.520	0.396	0.449
OCT1	0.372	0.596	0.667	0.400	0.415
OCT2	0.386	0.547	0.742	0.468	0.518
OCT3	0.500	0.582	0.841	0.502	0.641
OCT4	0.472	0.581	0.861	0.517	0.607
OCT5	0.533	0.566	0.855	0.482	0.652
OCT6	0.444	0.531	0.786	0.484	0.581
OCT7	0.467	0.518	0.790	0.510	0.681
OP1	0.475	0.388	0.443	0.551	0.497
OP10	0.224	0.403	0.404	0.762	0.350
OP11	0.226	0.394	0.389	0.756	0.299
OP12	0.245	0.372	0.387	0.774	0.327
OP13	0.348	0.412	0.468	0.784	0.399
OP2	0.344	0.456	0.534	0.609	0.552
OP3	0.303	0.388	0.428	0.521	0.487
OP4	0.264	0.410	0.367	0.672	0.334
OP5	0.199	0.369	0.327	0.696	0.308
OP6	0.308	0.411	0.392	0.764	0.376
OP7	0.264	0.406	0.406	0.757	0.343
OP8	0.294	0.404	0.418	0.791	0.418
OP9	0.241	0.414	0.432	0.762	0.344
SO1	0.471	0.518	0.712	0.468	0.761
SO2	0.534	0.447	0.585	0.422	0.784
SO3	0.434	0.441	0.482	0.395	0.786
SO4	0.571	0.437	0.556	0.430	0.786
SO5	0.492	0.439	0.525	0.429	0.725
SO6	0.518	0.435	0.447	0.461	0.689

Table 4.10 (Continued)

Overall, the first two approaches (Fornell-Larcker and cross-loadings criterion) provides the evidence for the construct's discriminant validity. Third, the heterotraitmonotrait ratio of correlations (HTMT) criterion was used in the current study to assess the discriminant validity, proposed by (Henseler *et al.*, 2015). According to the Henseler *et al.* (2016), the HTMT estimates the factor correlation, and in order to discriminate between two factors (constructs), the HTMT value should be lower than 1. If the HTMT value is lower than 1, it indicates that the correlation between the two factors (constructs) is different from one another, hence it should be differed. Moreover, if the HTMT value is greater than this threshold, than there is a lack of discriminant validity. In addition, some scholars recommended a threshold of 0.85 (Kline, 2011; Clark & Watson, 1995), while others suggest a threshold value of 0.90 (Teo et al., 2008; Gold et al., 2001). Table 4.11 exhibit the HTMT values for discriminant validity of the current study constructs.

	IMO	OC	OCT	OP	SO
IMO	-				
OC	0.543	-			
ОСТ	0.668	0.820	-		
OP	0.566	0.600	0.642	-	
SO	0.802	0.664	0.832	0.614	-

Table 4.11

Table 4.11 provides the summary statistics of the HTMT values of each latent construct. From the table, it was found that all the HTMT values were lower than the threshold value of 1 as well as the threshold value of 0.90 and 0.85 (Henseler et al., 2015; Kline, 2011; Teo et al., 2008; Gold et al., 2001). Hence, it represents the overall acceptable constructs discriminant validity.

#### 4.9 Assessment of Significance of the Structural (Inner) Model

After the measurement (outer) model assessment, the current study evaluated the structural model, also called as inner model. The current study used the standard bootstrapping procedure with 5000 bootstrap samples and 260 cases to estimate the significance of the path coefficients, as per the guiding principles of (Hair *et al.*, 2017; Hair et al., 2014; Hair et al., 2012; Henseler et al., 2012; Hair et al., 2011). Table 4.12 provides the estimates of the structural model direct relationships and with mediating variable. In addition, Figure 4.4 and Figure 4.5 portrays the assessment of structural model using the SmartPLS 3.2.6 (Ringle, Wende & Becker, 2015).

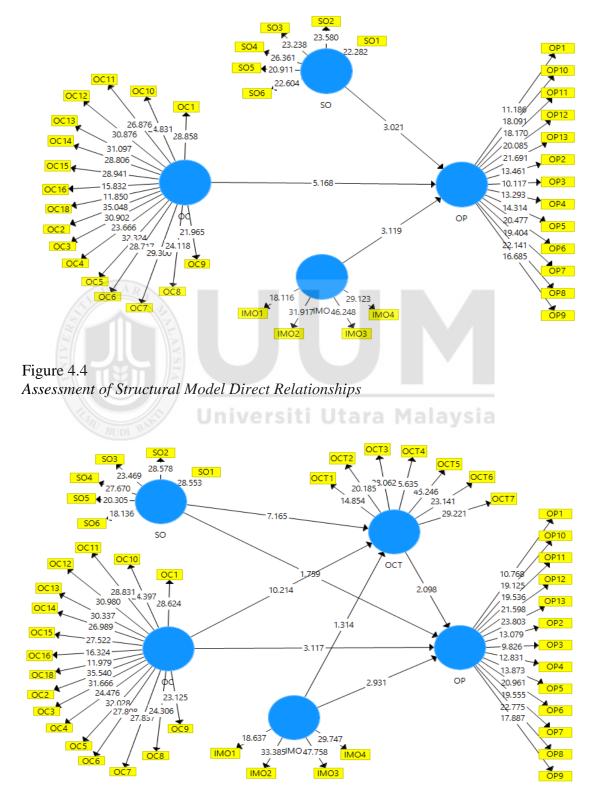


Figure 4.5 Assessment of Structural Model with Mediation Effect (Full-Model)

The assessment of the structural model revealed the structural model path coefficients for the hypothesized relationships of the current study. In specific, hypothesis 1 proposed that strategic orientation will be positively related to organizational performance. The findings presented in Table 4.12 and Figure 4.4 disclosed that there was a significant positive relationship between strategic orientation and organizational performance with ( $\beta$ =0.214, t=3.021, p<0.001). Thus, supported the hypothesis 1.

Also, the findings reported that there was a significant positive relationship between organizational culture and organizational performance with ( $\beta$ =0.339, t=5.168, p<0.000), thus hypothesis 2 was supported. Likewise, the results, as shown in Table 4.12 and Figure 4.4, indicated a significant positive relationship between organizational internal market orientation (IMO) and organizational performance with ( $\beta$ =0.241, t=3.119, p<0.001). Therefore, hypothesis 3 was also supported.

Furthermore, the structural model was also assessed including the mediating variable (organizational commitment) through using the SmartPLS 3.2.6 (Ringle *et al.*, 2015), as showed in Figure 4.5. Following the Hair *et al.* (2017) guidelines, further hypothesis was tested and reported in Table 4.12. According to that, strategic orientation had a significant positive relationship with organizational commitment ( $\beta$ =0.400, t=7.165, p<0.000). Hence, hypothesis 4 was supported.

Afterwards, organizational culture was also predicted to be positively related to organizational commitment (Hypothesis 5). The findings showed a significant positive relationship between organizational culture and organizational commitment with ( $\beta$ =0.481, t=10.214, p<0.000). This supported the hypothesis 5.

With respect to Hypothesis 6 on the positive impact of organizational IMO on organizational commitment, findings (Table 4.12) showed no significant relationship

between organizational IMO and organizational commitment with ( $\beta$ =0.076, t=1.314, p>0.10). Hence, hypothesis 6 was not supported.

In addition, organizational commitment (mediator) was also predicted to be positively related to organizational performance (Hypothesis 7). However, the results, as shown in Table 4.12 and Figure 4.5, evidence a positive relationship between organizational commitment and organizational performance with ( $\beta$ =0.189, t=2.098, p<0.05). Thus, hypothesis 7 was supported as well.

Table 4.12Assessment of Structural Model Direct Relationships and Mediating Variable

H	Deletionship	Beta	SE	T-	Р-	Decision
Нур	Relationship	Deta	SE	Value	Value	Decision
H1	Strategic Orientation -> Organizational	0.214	0.071	3.021	0.001	Supported
	Performance					
H2	Organizational Culture -> Organizational	0.339	0.066	5.168	0.000	Supported
	Performance					
H3	Organizational IMO -> Organizational	0.241	0.077	3.119	0.001	Supported
	Performance					
H4	Strategic Orientation -> Organizational	0.400	0.056	7.165	0.000	Supported
	Commitment	lltar		lavsi		
Н5	Organizational Culture -> Organizational	0.481	0.047	10.214	0.000	Supported
	Commitment					
H6	Organizational IMO -> Organizational	0.076	0.058	1.314	0.100	Not
	Commitment					Supported
H7	Organizational Commitment ->	0.189	0.09	2.098	0.050	Supported
	Organizational Performance					

#### 4.9.1 Assessment of Variance Explained in the Endogenous Latent Variable

After the assessment of the structural model path coefficients, the most widely used measure to assess the structural model is the coefficient of determination, also called as R-squared value ( $R^2$  value) (Hair *et al.*, 2017; Hair *et al.*, 2012; Hair *et al.*, 2011; Henseler *et al.*, 2009). The R-squared value is considered as another important criterion because it represents the percentage of variance in the endogenous construct (dependent variable) explained by all of the exogenous constructs (independent variables) that

related to it (Hair *et al.*, 2017). Although, Hair *et al.*, (2017) stated that the R-squared value is depend on the research model complexity and research discipline, this is because very difficult to provide any rule of thumb for acceptable R-squared values. However, Falk and Miller (1992) suggests 0.10 as a minimum acceptable level of R-squared value. While, Chin (1998) recommended that the R-squared values (R<sup>2</sup> values) of 0.67, 0.33 and 0.19 can be measured as substantial, moderate and weak in PLS-SEM. Table 4.13 provides the R-squared values of the endogenous latent construct of the current study.

Table 4.13				
Variance Explained in the Endogenous Latent Variable				
Latent Variable	Variance Explained (R <sup>2</sup> )			
Organizational Performance	45.9%			

As shown in Table 4.13, the current study research model explained 45.9% of the total variance in the organizational performance (endogenous latent variable). This recommends that the four sets of exogeneous latent variables of the current study (i.e. strategic orientation, organizational culture, organizational IMO and organizational commitment) collectively explains 45.9% of the variance in the organizational performance. Therefore, based on the Falk and Miller (1992) and Chin (1998) recommendation, the endogenous latent variable of the current study showed the acceptable level of R-squared value, which was also considered as moderate.

#### **4.9.2** Assessment of Effect Size (f<sup>2</sup>)

Assessment of Effect size  $(f^2)$  is another important step after the assessment of R-squared value ( $R^2$  value) in the structural model assessment procedure (Hair *et al.*, 2017). The effect size is referred as, "the relative effect of a particular exogenous latent variable on endogenous latent variable(s) by means of changes in the *R*-squared" (Chin, 1998). Further, the effect size ( $f^2$ ) is considered as, the increase in  $R^2$  value of the latent

variable to which the path is connected, relative to the latent variable's proportion of unexplained variance (Chin, 1998). The following formula is used to calculate the effect size ( $f^2$ ) (Hair *et al.*, 2017; Selya *et al.*, 2012; Cohen, 1988).

$$f^{2} = \frac{R^{2}_{included} - R^{2}_{excluded}}{1 - R^{2}_{included}}$$

According to Cohen (1988), the effect size  $(f^2)$  is considered as suitable, if the given values range between 0.35, 0.15 and 0.02, also described as large, moderate and small effects. Table 4.14 presents the effect sizes of the current study calculated as per the given formula.

Effect Sizes of the Latent Varia		
Latent Variables	f-squared	Effect Size

	-	
Strategic Orientation	0.013	None
Organizational Culture	0.047	Small
Organizational IMO	ivers <sub>0.051</sub> tara N	Small
Organizational Commitment	0.020	Small

The effect sizes (f<sup>2</sup>) presented in Table 4.14 showed that the effect size for strategic orientation, organizational culture, organizational internal market orientation (IMO) and organizational commitment on organizational performance were 0.013, 0.047, 0.051, and 0.020 respectively. Based on the recommendation of Cohen (1988), the effect sizes of the given four exogenous latent variables on organizational performance can be described as none for strategic orientation and small for organizational culture, organizational IMO and organizational commitment.

#### 4.9.3 Assessment of Predictive Relevance

In addition, the current study also applied the Stone-Geisser test to determine the research model predictive relevance using the blindfolding procedure, specified as  $Q^2$  values (Geisser, 1975; Stone, 1974). In PLS-SEM, the Stone-Geisser test of predictive relevance is commonly used as an additional assessment of goodness-of-fit (GoF) (Duarte & Raposo, 2010). Moreover, the predictive relevance ( $Q^2$ ) is a criterion, which is the measurement of how well a model predicts the data of omitted cases (Hair *et al.*, 2014; Chin, 1998). In current study, the predictive relevance was ascertained only for the two endogenous latent variables with the reflective measurement model, that were organizational performance and organizational commitment. Following the Hair *et al.* (2017) guidelines, the  $Q^2$  values were obtained for the endogenous latent variables by using the blindfolding procedure for a specified omission distance. In specific, the omission distance of 7 was used in the current study.

Furthermore, the  $Q^2$  values were obtained by means of the cross-validated redundancy approach as per the recommendation of Hair *et al.* (2017). According to Hair *et al.* (2017), "the cross-validated redundancy approach builds on the path model estimates of both the structural model and the measurement model of data prediction" (p. 207). This is because prediction via cross-validated redundancy fits the PLS-SEM approach perfectly (Hair *et al.*, 2017). According to Henseler *et al.* (2009) and Chin (1998), in structural model the Q<sup>2</sup> values greater than zero for an endogenous latent variable indicates the path model predictive relevance. Table 4.15 presents the construct crossvalidated redundancy (Q<sup>2</sup>) test results of the current study.

TotalSSOSSEQ² Statistics<br/>(1-SSE/SSO)Organizational Performance3,380.002,747.640.187Organizational Commitment1,820.001,071.820.411

Table 4.15Construct Cross-Validated Redundancy

*Note.* SSE denotes sum of the squared predictor errors; SSO denotes sum of the square observation

As indicated in Table 4.15, the construct cross-validated redundancy  $(Q^2)$  statistics for the two endogenous latent variables of the current study were greater than zero, signifying the model predictive relevance in line with Henseler *et al.* (2009) and Chin (1998).

#### **4.10 Testing of Mediation Effect**

According to Hair *et al.* (2017), "mediation occurs when a third mediator variable intervenes between two other related constructs" (p. 228). Precisely, a variation in the exogenous constructs reasons a variation in the mediator construct, which in turn, results in a variation in the endogenous construct in the PLS path model, referred as mediation effect. The current study used SmartPLS 3.2.6 (Ringle *et al.*, 2015) to assess the structural model together with the mediator variable (organizational commitment) via bootstrapping method which can be considered as slightly rigorous for assessing the mediation effects (Hair *et al.*, 2013). As showed in Figure 4.5, the mediating hypotheses were also tested, as per the guidelines of Hair *et al.* (2017) and provided in Table 4.16.

Table 4.16Results of Mediating Hypotheses

Нур	Relationship	Beta	SE	<b>T-Value</b>	<b>P-Value</b>	Decision
H8	Strategic Orientation>	0.076	0.038	2.015	0.100	Supported
	Organizational Commitment>					
	Organizational Performance					
H9	Organizational Culture>	0.091	0.045	2.018	0.100	Supported
	Organizational Commitment>					
	Organizational Performance					
H10	Organizational IMO>	0.014	0.013	1.079	0.100	Not
	Organizational Commitment>					Supported
	Organizational Performance					

As indicated in Table 4.16, the two hypothesized relationships of the current study (H8 and H9) were supported as having the mediating effects. According to that, organizational commitment positively mediates the relationship between strategic orientation and organizational performance with ( $\beta$ =0.076, t=2.015, p<0.10). Thus, hypothesis 8 was supported. Thereafter, the hypothesis 9 was also supported with ( $\beta$ =0.091, t=2.018, p<0.10), revealing a positive mediating effect of organizational commitment between organizational culture and organizational performance.

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On the contrary, the hypothesis 10 (H10) was not supported because of insignificant mediating effect of organizational commitment between organizational internal market orientation (IMO) and organizational performance with ( $\beta$ =0.014, t=1.079, p>0.10). Thus, hypotheses 8 and 9 were supported, whereas hypotheses 10 was not supported of the current study.

#### 4.11 Summary of Hypotheses Findings

The summary of hypotheses including the direct, indirect and mediation have been presented in Table 4.17. The table indicated that hypotheses H1-H5, H7, H8 and H9 were found supported, while hypotheses H6 and H10 were found not supported. In addition, based on the type of mediation in the research model, it was concluded that

hypotheses (H1, H2, H4, H5, H7, H8, and H9) having the complementary mediation type, because the both direct and indirect hypotheses were significant and point in the same direction (Hair *et al.*, 2017). Whereas, the hypotheses (H3, H6, and H10) having the direct-only nonmediation type, because the direct hypothesis was significant but not the indirect hypotheses (Hair *et al.*, 2017).

Hypothesis	Statement	Decision
H1	There is a relationship between Strategic Orientation and	Supported
	Organizational Performance.	
H2	There is a relationship between Organizational Culture and	Supported
	Organizational Performance.	
Н3	There is a relationship between Organizational IMO and	Supported
	Organizational Performance.	
H4	There is a relationship between Strategic Orientation and	Supported
	Organizational Commitment.	
Н5	There is a relationship between Organizational Culture and	Supported
	Organizational Commitment.	
H6	There is a relationship between Organizational IMO and	Not Supported
	Organizational Commitment.	
H7	There is a relationship between Organizational	Supported
	Commitment and Organizational Performance.	
H8	Organizational Commitment significantly mediates the	Supported
	relationship between Strategic Orientation and	
	Organizational Performance.	
H9	Organizational Commitment significantly mediates the	Supported
	relationship between Organizational Culture and	
	Organizational Performance.	
H10	Organizational Commitment significantly mediates the	Not Supported

Table 4.17 Hypotheses' Summar

Organizational

IMO

and

relationship

between

Organizational Performance.

#### **4.12 Chapter Summary**

This chapter discussed the data analysis and findings of the current study. Initially, the response rate was estimated based on the total data collected from the target population (branch managers of six large banks of Pakistan). Followed by data screening and preliminary analysis which was performed using the SPSS (v. 20). This preliminary analysis was important because it proves the goodness of data which was further used for PLS-SEM.

Then, the importance and reason for using the PLS path modeling was presented. SmartPLS 3.2.6 was used for the PLS path modeling. After the evaluation of the measurement model and structural model, the important findings of the hypothesized relationships were discussed. The path coefficients revealed the significant positive relationship between: (i) strategic orientation and organizational performance, (ii) organizational culture and organizational performance, (iii) organizational IMO and organizational performance, (iv) strategic orientation and organizational commitment, (v) organizational culture and organizational commitment, (vi) organizational commitment and organizational performance. Whereas, there was one insignificant relationship has also been reported, between (vii) organizational IMO and organizational commitment.

Furthermore, regarding the mediating effect of organizational commitment between the variables, the bootstrapping procedure by using SmartPLS was used and the findings revealed that, out of three hypotheses, two hypotheses were found significant mediation effect between (i) strategic orientation and organizational performance, (ii) organizational culture and organizational performance. While, organizational commitment was found to have insignificant mediating effects between (iii) organizational IMO and organizational performance.

Further, in next chapter (chapter 5), the findings of the current study are discussed. This follows the contributions (theoretical and practical), limitations and scope for further research and conclusion of the current study.



#### **CHAPTER FIVE**

#### DISCUSSION AND CONCLUSION

#### **5.0 Introduction**

This chapter presents the discussion of the findings reported in the previous chapter, also presents the implications and conclusion of the current study. This chapter contains six main sections. Specifically, section 5.1 presents the summary of the overall research. Next, section 5.2 presents the explanations of the findings reported in the earlier chapter, which in order answers the four main research questions stated in the First Chapter. Thereafter, section 5.3 and 5.4 presents the theoretical and practical contribution of the current study. Section 5.5 indicates the limitations of the current study and discusses the scope for further studies. Finally, a conclusion of the current study presented in section 5.6.

#### **5.1 Summary of Thesis**

The present study was designed to determine the effect of strategic orientation, organizational culture, organizational IMO, and organizational commitment on organizational performance in the six-large banks of Pakistan. The second aim of this study was to investigate the mediating effects of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance. Further, the resource-based view of the firm theory (RBV) underpinned the complete research model, whereas social exchange theory (SET) provided the additional understanding of the hypothesized relationships. Nevertheless, strategic orientation, organizational culture, organizational IMO and organizational commitment were regarded as organizational internal resources as well as competencies in line with the RBV. While, social exchange theory emphasized on the positive exchange relationships between the employer and employees and resulting

in the form of organizational commitment as well as superior organizational performance, hence the current study hypothesized the mediating effect of organizational commitment on the relationship between SO-OP, OC-OP, and OIMO-OP.

Furthermore, the current study was an individual-level study, where bank general managers/branch managers/operational managers were key respondents of the surveys. They were aware of the contemporary issues and regarded as most knowledgeable to respond as a key informant on the organization-wide phenomena because their involvement in the planning and implementation of strategies enables them to better understand their implicit processes, underlying internal resources, capabilities, and positioning of their banks.

The results of this investigation showed that out of ten hypotheses, eight were supported.

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#### **5.2 Discussion of the Findings**

For the better understanding of this section, the discussions were presented in line with the four research objectives. Therefore, given Table 5.1 outlines the research questions, their consistent research objectives, and hypotheses.

Research Questions	Research Objectives	Hypotheses
1. To what extent do strategic orientation, organizational culture and organizational IMO explain the organizational performance?	To explore the impact of strategic orientation, organizational culture and organizational IMO on organizational performance.	<b>H1:</b> There is a relationship between Strategic Orientation and Organizational Performance.
		<b>H2:</b> There is a relationship between Organizational Culture and Organizational Performance.
		<b>H3:</b> There is a relationship between Organizational IMO and Organizational Performance.
2. To what extent do strategic orientation, organizational culture and organizational IMO explain the organizational commitment?	To investigate the impact of strategic orientation, organizational culture and organizational IMO on organizational commitment.	<b>H4:</b> There is a relationship between Strategic Orientation and Organizational Commitment.
		<b>H5:</b> There is a relationship between Organizational Culture and Organizational Commitment.
		<b>H6:</b> There is a relationship between Organizational IMO and Organizational Commitment.
3. What is the relationship between organizational commitment and organizational performance?	To determine the relationship between organizational commitment and organizational performance.	<b>H7:</b> There is a relationship between Organizational Commitment and Organizational Performance.
4. Does organizational commitment mediate the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance?	To examine the mediating effect of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance.	<b>H8:</b> Organizational Commitment significantly mediates the relationship between Strategic Orientation and Organizational Performance.
portormalice.		<b>H9:</b> Organizational Commitment significantly mediates the relationship between Organizational Culture and Organizational Performance.
		<b>H10:</b> Organizational Commitment significantly mediates the relationship between Organizational IMO and Organizational Performance.

Table 5.1Recapitulation of Research Questions, Research Objectives, and Hypotheses

## 5.2.1 The impact of Strategic Orientation, Organizational Culture, Organizational IMO on Organizational Performance

The current study first research objective was "To explore the impact of strategic orientation, organizational culture and organizational IMO on organizational performance in the six-large banks of Pakistan". Corresponding to the first research objective, three hypotheses (H1, H2, H3) was established, one of which concerned the significant positive relationship between strategic orientation and organizational performance (hypothesis H1), while hypothesis H2 focus on the significant positive relationship between organizational culture and organizational performance, and the remaining hypothesis H3 concerned the significant positive relationship between organizational performance. Further, the analysis results of these three hypotheses were reported in Table 4.12 provided in Chapter Four and supported the all three hypotheses (H1, H2, H3).

As indicated in Table 4.12, the analysis results supported (hypothesis H1) the existence of the significant positive relationship between strategic orientation and organizational performance with ( $\beta$ =0.214, t=3.021, p<0.001). This explains that the proper adoption of strategic orientation is positively linked with the enhanced organizational performance. Also, it was proved that strategic orientation worked as a predictor of organizational performance. First, the important explanation for the SO-OP relationship could be traced back to past studies which confirmed the significant positive relationship in SO-OP studies (Chahal *et al.*, 2016; Weinzimmer & Robin, 2016; Storey & Hughes, 2013; Weinzimmer *et al.*, 2013; Weinzimmer *et al.*, 2012; Escribá-Esteve *et al.*, 2008; Pleshko & Nickerson, 2008). Even though, there is a lack of empirical studies that investigated the association of strategic orientation (as a unidimensional construct) and organizational performance, nevertheless the findings of limited studies (e.g. Weinzimmer *et al.*, 2013) that investigated SO-OP relationship revealed significant positive results. For instance, the study of Chahal *et al.* (2016) investigated the impact of strategic orientation on business performance of SME's in India. They collected data from the 900 functional SME's operating in North India. Four strategic orientation dimensions were taken into examination namely, defensive, analytical, proactive, and risk-averse. While the study found the positive association between strategic orientation and business performance. In another instance, Weinzimmer *et al.* (2012) examined the relationship between strategic orientation (as a unidimensional construct) and organizational financial performance. They collected data from the 779 managers of 20 different companies operating in the USA. The study found significant and positive SO-OP notion.

Second, the current study findings of significant positive SO-OP relationship also contribute to the existing literature on the strategy-performance relationship by providing the empirical significant and positive results. As indicated in the pertinent literature, there was inconsistency found in the results of SO-OP relationship studies. Numerous studies found the insignificant and limited significant (+, -) results in the SO-OP relationship studies conducted across various sectors and countries (Song & Jing, 2017; Obeidat, 2016; Al-Ansaari *et al.*, 2015; Choi & Yoon, 2015; Ariyarathne, 2014; Deshpandé *et al.*, 2013; Han & Verma, 2012; Chatzoglou *et al.*, 2011; Avci *et al.*, 2011). For example, Obeidat (2016) examined the effect of strategic orientation on organizational performance. The strategic orientation dimensions were comprised of market orientation, technology orientation, and entrepreneurial orientation. The data was collected from the employees of 3 telecommunications companies operating in the Jordan. The study found insignificant results of SO-OP relationship. Likewise, Choi and Yoon (2015) studied the relationship between training investment as a HR strategic orientation and organizational performance. The data was collected form the employees

and managers of 277 organizations operating in the South Korea. The study found the insignificant results on the HR strategic orientation and performance relationship.

Third, the SO-OP significant positive relationship is also consistent with the past studies which confirmed the significant and positive SO-OP relationship in the banking sector context of different countries (Jassmy & Bhaya, 2016; Innocent, 2015; Otache & Mahmood, 2015). For instance, the study of Innocent (2015) examined the effect of strategic orientation on organizational performance of commercial banks functioning in Nigeria. The data were collected from the 297 branch managers. The study found that strategic orientation was significantly and positively related to organizational performance, thus supported the SO-OP relationship notion.

Furthermore, the findings also supported the hypothesis H2 which showed the existence of the significant positive relationship between organizational culture and organizational performance with ( $\beta$ =0.339, t=5.168, p<0.000). This shows that organizational culture is a predictor of organizational performance and positively associated with the superior performance. The findings explain that the organizational culture is considered a very important factor in the banking organizations and directly influence their bank performance. Also, the literature of organizational behavior explains this fact that organizational culture is associated with the various organizational processes and outcomes (Hartnell *et al.*, 2011).

First, the results of hypothesis H2 agreed with the findings of past studies that investigated the OC-OP relationship in different work settings and found the significant positive OC-OP relationship (Graca & Arnaldo, 2016; Acar & Acar, 2014; Pinho *et al.*, 2014; Storey & Hughes, 2013; Aktaş *et al.*, 2011). For instance, Graca and Arnaldo (2016) examined the culture-performance relationship in the biggest dairy company of Iberian Peninsula. The data was collected from the employees of three co-operatives members who are shareholders of the biggest dairy company. The study found the significant positive culture-performance relationship. In another instance, the study of Pinho *et al.* (2014) investigated the effect of different culture types on organizational performance. The data was collected from the CEO of 250 non-profit healthcare organizations operating in Portugal. Four different culture types were undertaken namely, clan culture, adhocracy culture, hierarchy culture, and market culture. The study found the significant positive culture-performance relationship.

Second, in the pertinent literature on organizational behavior, some studies on cultureperformance relationship also revealed the mix findings. Among the mix results, some got limited significant results (+, -) and some got insignificant results (Bashayreh, 2017; Omira, 2015; Han & Verma, 2012). For example, the study of Bashayreh (2017) examined the relationship between organizational culture and organizational performance in the insurance companies functioning in Jordan. The study found the limited significant results of culture-performance relationship. Hence, the finding of OC-OP relationship (H2) also contribute to the existing literature on the cultureperformance relationship by providing the significant positive results.

Third, the finding of OC-OP relationship is also consistent with the findings of cultureperformance studies conducted in the banking settings across different countries (Innocent, 2015; Aksoy *et al.*, 2014; Zakari *et al.*, 2013). For example, the study of Zakari *et al.* (2013) examined the relationship between organizational culture and organizational performance in the banking industry of Ghana. The study used the Denison Model of organizational culture covering the all four dimensions. Overall, the study found the significant positive relationship between organizational culture and organizational performance. The findings explain the importance of organizational culture in the banking setting and its significant relation to the organizational performance.

In addition, the relationship between organizational IMO and organizational performance was also examined (hypothesis H3) in the current study. The finding of hypothesis H3 also supported the existence of significant positive relationship between organizational IMO and organizational performance with ( $\beta$ =0.241, t=3.119, p<0.001). This showed that organizational IMO is a good predictor of organizational performance. Its add value to the existing literature that managers considered the IMO as an important factor which positively contributes to the organizational performance. Further, the current study measured the IMO at organizational level which shows the organizational behavior regarding the IMO and indicated that consideration of IMO as a fundamental strategy directly influences the organizational performance.

First, the current study significant positive OIMO-OP relationship is consistent with the past studies that investigated the internal marketing-performance relationship or internal market orientation-performance relationship in different work setting and found the significant and positive results (Yu, Yen & Huang, 2016; Martin JR & To, 2013; Zaman *et al.*, 2012; Theodoridis & Panigyrakis, 2011). For instance, the study of Yu, Yen and Huang (2016) examined the IMO and OP relationship as a management tool to smooth the employer-employee relationship. The data was collected from the managers of 275 organizations operating in China. The study found the significant positive relationship between internal market orientation and organizational performance. In another instance, the study of Martin JR and To (2013) investigated the effect of IMO on organizational performance. The study collected data from the 220 employees working in the hospitality industry of Macao. The IMO encompassed its three elements

namely, formal internal communication, informal internal communication, and responsiveness. The study found the significant positive relationship between internal market orientation and organizational performance.

Second, the finding of OIMO-OP relationship is also consistent with the past studies findings that investigated the internal market orientation relationship with the organizational performance in the banking context like the current study context. For example, the study of Zaman *et al.* (2012) examined the effect of internal marketing on organizational performance in the 12 commercial banks in Pakistan. The study collected data from the employees working in the leading commercial banks in Pakistan. The study found the significant positive relationship between internal marketing and organizational performance. Hence, it was confirmed that internal marketing strategies directly and positively enhance the organizational performance of banks.

In gist, this line of past studies findings and current study research objective findings are within the main theoretical perspective which shows the importance of strategic attributes like strategic orientation, organizational culture, and organizational IMO in driving the desired organizational performance outcome, especially in the banking sector context. Indeed, these internally initiated strategic attributes not only was hopeful to gain competitive advantage but also help to sustain that competitive advantage. This was the reasoned that these internally initiated strategic attributes were largely implicit, and therefore allowing the organizations to leverage valuable, rare, inimitable, and nonsubstitutable (VRIN) competitive advantage, as theorized by RBV (Barney, 1991). Moreover, these strategic attributes also worked as the positive initiative of the organizations to begin the exchange relationship between employer and employee, and reciprocate in the form of improved organizational performance (Blau, 1964; Homans, 1958).

## 5.2.2 The influence of Strategic Orientation, Organizational Culture, Organizational IMO on Organizational Commitment

The current study second research objective was "To investigate the impact of strategic orientation, organizational culture and organizational IMO on organizational commitment in the six-large banks of Pakistan". The motivation behind this investigation was to explain that either these strategic attributes could influence the organizational commitment or not especially from the manager's perspective. Overall, the second research objective was linked by three hypotheses (H4, H5, H6). The hypothesis H4 concerned about the significant positive relationship between strategic orientation and organizational commitment, while hypothesis H5 focus on the significant positive relationship between organizational culture and organizational commitment. The remaining hypothesis H6 concerned the significant positive relationship between organizational commitment. Furthermore, Table 4.12 in Chapter Four presented the analysis results of these three hypotheses, however, mix findings were found.

As indicated in Table 4.12 in Chapter Four, the current study found the statistical evidence for the hypothesis H4 that is, a significant positive relationship is established between strategic orientation and organizational commitment with ( $\beta$ =0.400, t=7.165, p<0.000). This explains that strategic orientation is a predictor of organizational commitment. In other words, this means that the more organizations being strategically fit and shared all their plans, policies, objectives, mission, and processes with their members lead to an increase in organizational commitment. Scholars argued that human resource strategic orientation positively influence organizational commitment

(Kidombo *et al.*, 2012). Further, when organizations have proper strategic behavior with a goal to be strategically fit gives confidence to the employees and increases their commitment to the employing organization. This commitment then motivates employees to achieve their and stated organizational goals. Hence, it was confirmed that strategic orientation positively increases the organizational commitment especially in the service organizations (banks) as perceived by the managers.

First, the hypothesis H4 results seem to be consistent with other researches which found the significant and positive relationship between strategic orientation and organizational commitment (Choi & Yoon, 2015; Ifie, 2014; Kidombo et al., 2012; Rod & Ashill, 2010; Lee et al., 2010; Kidombo, 2007; Bhatnagar, 2007). For instance, the study of Choi and Yoon (2015) investigated the strategic orientation of HR function through investment in training and its impact on organizational commitment. The data was collected at different point times over the four years from 277 firms operating in South Korea. The study found the significant positive relationship between investment in training and organizational commitment. In another instance, the study of Kidombo et al. (2012) examined the relationship between HR strategic orientation and organizational commitment. They collected the data from the 251 large manufacturing firms functioning in Kenya. The study found the significant and positive relationship between HR strategic orientation and organizational commitment. Although, there are limited studies that examined the SO-OCT relationship (e.g. Choi & Yoon, 2015) and among them mostly focused on the HR strategic orientation, though revealed significant positive relationship between SO-OCT relationship. The current study findings also add value to the existing literature on the said relationship and provides the empirical evidence to support SO-OCT relationship.

Second, similar to the current study context like banking organizations, the study of Ifie (2014) examined the impact of strategic orientation from the perspective of the employee and firm customer orientation and its impact on organizational commitment in Retail Banks functioning in the UK. The data was collected from the front-line employees serving directly to the customers in the Retail Banks. The study found the organizational commitment stronger when both employee and firm customer orientation were matched. Hence, its proved that strategic orientation leads toward the organizational commitment, especially in the banking organizations.

Another important finding was that organizational culture significantly and positively related to organizational commitment which supported the hypothesis H5 with statistical evidence of ( $\beta$ =0.481, t=10.214, p<0.000). This explains that organizational culture is a significant predictor of organizational commitment. Past studies also found the organizational culture as an important antecedent of organizational commitment (Pathardikar & Sahu, 2011). The organizational culture portrays the workplace behavior and positively or negatively affect the individual behavior. Therefore, the organizational culture work as the strong antecedent of organizational commitment and in turn, organizational commitment has numerous individual as well as organizational outcomes. Also, the current study found that organizational culture and organizational commitment were significantly associated in the context of banking organizations of Pakistan as perceived by the bank managers.

First, the results of hypothesis H5 are in line with those of previous studies that examined the organizational culture and organizational commitment relationship (Yildirim *et al.*, 2016; Majid *et al.*, 2016; Phetkaew, 2015; Neelam *et al.*, 2015; Shurbagi & Zahari, 2014; Ghorbanhosseini, 2013; Pathardikar & Sahu, 2011). For instance, the study of Majid *et al.* (2016) investigated the relationship between

organizational culture and organizational commitment in the public organizations of Indonesia. The data was collected from the internal auditors working in the public organizations of Indonesia. However, the study found the significant positive relationship between organizational culture and organizational commitment. In another instance, the study of Neelam *et al.*, (2015) examined the impact of organizational culture on organizational commitment in IT companies. The data was collected from the IT professionals working in the IT Park in India. The study found that organizational culture significantly influences the organizational commitment of IT professional.

Second, in the pertinent literature, the findings of the past studies on the relationship between organizational culture and organizational commitment were found inconsistent. Although, there were limited studies on the said relationship (e.g. Pathardikar & Sahu, 2011), while some studies found the insignificant or limited significant results (Pinho *et al.*, 2014; Gülova & Demirsoy, 2012; Nongo & Ikyanyon, 2012). For example, the study of Pinho *et al.* (2014) analyzed the relationship between organizational culture and organizational commitment in the non-profit organizations. The data was collected from the managers of non-profit organizations operating in Portugal. However, the study found that organizational culture and organizational commitment were not significantly correlated as perceived by the managers. Hence, the current study findings also add value to the existing literature on the culturecommitment relationship by providing the significant positive statistical evidence based on the manager's perception.

Third, the finding of the culture-commitment relationship is also consistent with the finding of past studies conducted in the similar context like banks (Yildirim *et al.*, 2016). For instance, the study of Yildirim *et al.* (2016) evaluated the culture-commitment relationship in the Turkish banks. The data was collected from the

employees of private banks functioning in the Turkey. While the study found that culture of the banks significantly and positively related to the organizational commitment. Hence, the findings of the past studies and current study confirmed that organizational culture is regarded very important internal factor in the organizations because it shows the workplace behavior. This workplace behavior either positive or negative develops the individual behavior working in the organizations. However, the case of banking organizations, it was found evidence that the organizational culture predominantly related to organizational commitment as perceived by the managers.

Furthermore, with respect to hypothesis H6 on the positive effect of organizational IMO on organizational commitment, the finding as indicated in Table 4.12 showed no significant relationship between organizational IMO and organizational commitment with ( $\beta$ =0.076, t=1.314, p>0.10). This finding was unexpected and suggests that organizational IMO was not related to the organizational commitment in the six-large banks of Pakistan. In other words, organizational IMO was found not significant predictor of organizational commitment. Plausible explanations for this insignificant relationship could be as follows. First, when talking about the internal condition of Pakistani commercial banks, some studies found job stress as one of the important cause behind the low employee satisfaction and low job commitment which eventually affects both the OP and employee performance (Usman & Ismail, 2010; Ziauddin et al., 2010). Badar (2011) in his study on commercial banks of Pakistan identify the numerous factors including innovation problems and organizational attitude with employees causing the stress and impacting the performance of bankers. Also, the studies reveal that low organizational commitment resulted in an increased turnover, absenteeism, ineffectiveness of employees, and important financial losses (Lopes & Kachalia, 2016).

Second, the bankers work under a great deal of stress which ultimately contribute to lower OP, lower employee performance, poor work quality, increased customer complaints, high employee turnover and major health problems (Mughal, 2015; Shaikh *et al.*, 2013; Shahid *et al.*, 2011). In order to improve the OP, Badar (2011) recommended that the bank management should improve the prevailing culture, adopt employee development activities which increase the commitment level and the employer branding activities should also be undertaken for employees (Badar, 2011). Therefore, it is recommended to study that relationship which is helpful for managers or policymakers to enhance OP and decrease employees' turnover in the banking sector of Pakistan (Mughal, 2015).

Third, the current study was individual-level study measuring the organizational behavior regarding IMO based on the perception of bank managers working in the sixlarge banks of Pakistan. The insignificant finding shows that might be IMO practices could have been inaction that may be the reason of lower or no organizational commitment in the six-large banks. Hence, the organizational behavior regarding the IMO practices not directly influences the organizational commitment in the six-large banks of Pakistan.

Fourth, numerous past studies on the IMO-commitment relationship conducted in diversified sectors such as casino industry, chain stores, food service industry, hospitals, service organizations, higher education institutes, commercial banks and in different countries like South Korea, Tehran, China, USA, Taiwan, Portugal, and Pakistan, among these studies the respondents were mainly employees, though showed positive results (Kim, Song & Lee, 2016; Gooshki *et al.*, 2016; Yu, Yen & Huang, 2016; Joung *et al.*, 2015; Tsai, 2014; Zaman *et al.*, 2012). However, the current study focused on the bank managers perception. Thus, organizational dynamics was also

being one of the factors that could be reasoned of insignificant IMO-commitment relationship. For instance, the bank manager has complete authority in his/her branch. He/she is responsible for the success or failure of the branch. The manager-employee relationship is also one the main factors that affect the commitment level of the employees. Past studies also mentioned supervisor-employee relationship as one of the important factor which could either increase the employee commitment or lower the commitment. While the banking culture of Pakistan is different than the developed countries banking culture. In Pakistan, the bank managers sometimes did not exchange the positive resource (respect, reward, and acknowledgment etc.) which negatively reciprocate from the counterparts, ultimately adversely affects the organizational commitment (Foa & Foa, 2012).

Fifth, after the privatization of the banking sector, the job security is big challenge for the employees. The Pakistani graduates prefer to join those banks which provide the job security permanently. But, after the privatization the bank job is always at risk due to different types of pressure, workload, and stress. Also, the foreign entrants attracted the existing employees and hire them in good salaries. Hence, it could be quite difficult for the bank management to retain the competent employees. The bank should provide the employees with proper organizational behavior regarding the IMO which could influence the commitment level of the employees.

In general, therefore, it seems that the investigation of the strategic attributes like strategic orientation, organizational culture, organizational IMO, and organizational commitment relationships in the six-large banks in the current study was diverse from the previous line of these relationships studies. Fundamentally, these relationships in the current study were examined in the banking setting especially in the large banks of Pakistan which had distinguished effects on the banking business environment as opposed to the normal banks operating in Pakistan. Particularly, the examination of the strategic orientation, organizational culture, organizational IMO and organizational commitment relationships in the current study contributed emergent theoretical gaps and considering leading to organizational performance.

# 5.2.3 The relationship between Organizational Commitment and Organizational Performance

The current study third research objective was "To determine the relationship between organizational commitment and organizational performance in the six-large banks of Pakistan". Consistent with the third research objective, hypothesis H7 was analyzed. The analysis results as indicated in Table 4.12 in Chapter Four supported the existence of a positive relationship between organizational commitment and organizational performance in the banking setting with ( $\beta$ =0.189, t=2.098, p<0.05). This result may be explained by the fact that organizational commitment is a good predictor of organizational performance. Further, it means that organizational commitment is positively associated with enhanced organizational performance especially in the six-large banks of Pakistan. In other words, the middle managers of the banking organizations confirmed this fact that higher the organizational commitment, in turn, higher the organizational performance.

First, this positive finding of the third research objective seems to be consistent with other researchers which found the positive relationship between organizational commitment and organizational performance (Omira, 2015; Choi & Yoon, 2015; Zincirkiran *et al.*, 2015; Ali *et al.*, 2010). For instance, the study of Zincirkiran *et al.* (2015) examine the effect of organizational commitment on the organizational performance in the Turkish health sector. The data was collected from the employees of public and private hospitals functioning in the Turkey. The study found that

organizational commitment is positively associated with the organizational performance. Particularly, the study revealed that the private hospitals have more commitment and performance than the public hospitals. In another instance, the study of Choi and Yoon (2015) investigated the relationship between organizational commitment and organizational performance. The data was collected from the managers and employees working in the 277 firms operating in South Korea. The study found that organizational commitment is positively related to organizational performance.

Second, these positive findings are in line with those of previous studies conducted in the banking setting like the current study (Chai *et al.*, 2016; Cura, 2014). For instance, the study of Chai *et al.* (2016) examined the commitment-performance relationship in the Malaysian banking industry. The data was collected from the executives and non-executives working in the Malaysian banks. The study found the significant positive commitment-performance relationship. Furthermore, in another instance, the study of Cura (2014) also investigated the commitment-performance relationship in the banking industry. The data was collected from the public and private banks in Iraq. The study found the positive relationship between organizational commitment level of public banks was greater than the commitment level of private banks. Thus, the current study was also conducted in the banking setting and confirmed this fact that organizational commitment was positively related to organizational performance.

Third, in contrast to earlier findings, however, insignificant findings have also been reported in the pertinent studies on the commitment-performance relationship (Pinho *et al.*, 2014; Rodrigues & Carlos, 2010). For instance, the study of Pinho *et al.* (2014)

examined the relationship between organizational commitment and organizational performance. The data was collected from the managers working in the non-profit organizations in Portugal. Although, the study was organizational level study. The study revealed the insignificant relationship between organizational commitment and organizational performance. In another instance, the study of Rodrigues and Carlos (2010) also investigated the effect of organizational commitment on organizational performance at the organizational level. The data was collected from the executive board members of local public-sector firms in Portugal. The study also found the insignificant relationship between organizational commitment and organizational performance. However, the current study also investigated the relationship between organizational commitment and organizational level and found the positive commitment-performance relationship. Hence, the current study also contributes to the existing literature by providing the statistical evidence about the positive commitment-performance relationship especially at the organizational level study.

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#### 5.2.4 The Mediating Effect of Organizational Commitment

The current study fourth research question gives rise to the possible mediating effect of organizational commitment. The equivalent fourth research objective was "To examine the mediating effect of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance in the six-large banks of Pakistan". Corresponded to this research objective three hypotheses of the current study were analyzed (H8, H9, H10). However, the PLS-SEM mediation results as reported in Table 4.16 in Chapter Four provided the mix results.

Particularly, the PLS-SEM mediation results provided the statistical evidence that the two hypothesized relationships (H8 and H9) of the current study were supported because of the mediating effects. As hypothesized in the current study, the PLS-SEM results showed that organizational commitment positively mediates the relationship between strategic orientation and organizational performance ( $\beta$ =0.076, t=2.015, p<0.10), also revealed a positive mediating effect of organizational commitment between organizational culture and organizational performance ( $\beta$ =0.091, t=2.018, p<0.10). Thus, hypothesis H8 and H9 were supported. The overall findings show that even though strategic orientation and organizational culture have the competencies to enhance the organizational performance, nevertheless their effect on organizational performance will be increased when organizations have the higher level of organizational commitment. Put differently, the proper strategic orientation of an organization and its strong organizational culture can positively increase the commitment level of all its employees, thus, in turn, its lead to superior organizational performance. Hence, the effect of strategic orientation and organizational culture pass through the organizational commitment to affect the organizational performance.

Furthermore, the positive mediation results of the current study hypotheses (H8 and H9) were also in agreement with the past empirical studies which confirmed the positive relationship between strategic orientation and organizational commitment (Choi & Yoon, 2015; Ifie, 2014), organizational culture and organizational commitment (Yildirim *et al.*, 2016; Neelam *et al.*, 2015) and organizational commitment and organizational performance (Chai *et al.*, 2016; Cura, 2014) in separate past studies. While, in the pertinent literature of organizational behavior, organizational commitment has also been found as a potential mediator in different occupational settings (Majid *et al.*, 2016; Phetkaew, 2015; Hamiza, 2014; Shurbagi & Zahari, 2014; Abdullah *et al.*, 2013; Bakiev, 2013). Thus, the findings confirmed the pertinent

literature which acknowledged that organizational commitment is positively related to strategic orientation, organizational culture and organizational performance.

In addition, one unanticipated finding was that the hypothesis H10 was not supported due to the insignificant mediating effect of organizational commitment between organizational IMO and organizational performance with ( $\beta$ =0.014, t=1.079, p>0.10). It is somewhat surprising that no IMO was noted in this study at the organizational level. Though the present study has forwarded results contradicting to our assumption, yet still they are parallel to the findings of (Zaman *et al.*, 2012; Awwad & Agti, 2011) who also reported no mediation of organizational commitment between internal marketing (predictor) and market orientation and organizational citizenship behavior (criterion) studied in the banking settings. Thus, internal market orientation was found significantly related to organizational performance but not significantly related to organizational commitment, also organizational commitment did not mediate between organizational IMO and organizational performance especially in the six-large banks of Pakistan.

In general, therefore, it seems that the investigation of organizational commitment as a potential mediator of the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance at the organizational level in the current study was the unique empirical effort of its kind. This role of organizational commitment had received limited noticeable attention in the pertinent literature, also limited empirical studies had examined the theoretical potential of organizational commitment at organizational level which gives rise to the relationships between strategic attributes and organizational performance.

Furthermore, the discussion on the organizational unique resources and organizational performance is highlighted by the resource-based view of the firm (RBV) (Barney, 1991). The RBV anticipated that the sustainable competitive advantage can only be attained through acquiring and maintaining distinctive resources which are rare, inimitable and non-substitutable (Barney, 1991). Thus, the emphasis of the organizations should be on attaining sustainable competitive advantage through the efficient and effective application of the organizational internal tangible and intangible resources. In addition, the process of social exchange begins when an organization management treats their employees in a positive or negative way (Eisenberger, Lynch, Aselage & Rohdieck, 2004). In the pertinent literature of organizational behavior, the common steps of social exchange process between employer-employee relationship are discussed as, (i) "an actor's initial treatment toward a target individual", (ii) "a target's reciprocal responses (both attitudinal and behavior) to the action", and (iii) "relationship formation" (Cropanzano, Anthony, Daniels & Hall, 2016). Thus, the organizations through the proper application of internal strategic attributes can achieve the positive employer-employee relationship and in turn, get the boosted organizational commitment as well as organizational performance.

#### **5.3 Theoretical Contributions**

The current study conceptual framework was developed based on the theoretical gaps and pieces of evidence identified in the pertinent literature. Moreover, the explanation and support for the conceptual framework were also documented from the two underlying theoretical perspectives, i.e. resource-based view theory (RBV) of the firm and social exchange theory (SET). In addition, the current study considered the organizational commitment as a mediating variable to better understand and explain the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance. The findings from this study make several contributions to the current literature by providing further empirical evidence. First, resource-based view (RBV) theorize that organizations can achieve competitive advantage and enhanced organizational performance through their unique internal resources (Barney, 1991). The theory also addressed that organizations should focus on their competencies like internal organizational strategies, human capital, useful information sources, internal culture, and procedures, in order to attain the desired competitive strategic position in the marketplace (Bertram, 2016; Uzkurt *et al.*, 2013; Bakar & Ahmad, 2010). In addition, assets are called as organizational resources, whereas capabilities are the ability of an organization to exploit its resources, and competencies are the cross-functional integration and coordination of organizational capabilities (Wahl & Prause, 2013).

Therefore, based on the RBV viewpoint, strategic orientation, organizational culture, organizational IMO and organizational commitment are considered in the current study as internal resources as well as competencies (to utilize the resources) which can enhance the organizational performance (Okpara, 2015; Apintalisayon, 2008). The study findings confirmed that strategic orientation, organizational culture, organizational IMO and organizational commitment influence the organizational performance in six-large banks of Pakistan, hence this supports the RBV theory.

Second, the study findings also support social exchange theory. The theory talks about the exchange relationship between the employer and its employees. According to Gouldner (1960), social exchange relationships depend on the principle of reciprocity. The exchange process starts with one member (employer) giving the benefit to another member (employees). If the recipient of benefit reciprocates, then the series of valuable exchanges occur, thus feelings of gratitude and obligation between the members are develop (Peng *et al.*, 2017). In the current study, the strategic orientation, organizational

culture, and organizational IMO were also regarded as the favorable actions from the employer towards their employees, and the recipient (employees) reciprocates in the form of increased organizational commitment as well as improved organizational performance. This exchange process develops the feelings of gratitude and obligation in both members (employer-employee) and resulted in the form of high commitment and superior performance (Peng *et al.*, 2017). Following the viewpoint of the social exchange theory and rule of reciprocity, the current study attempted to test the mediating role of organizational commitment on the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance in the six-large banks of Pakistan. Although the mediating effect of organizational commitment was positively supported between strategic orientation, organizational culture, the mediating effect of organizational culture, and organizational culture, and organizational culture, and organizational performance relationships, which is also in line with the resource theory of social exchange (Foa & Foa, 2012).

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Third, the current study also highlighted the crucial role of these strategic attributes and its relationship with the organizational performance as well as with the organizational commitment. Nonetheless, the findings of the past studies were contradictory and mixed. The findings of the current study open the new ways and add to the body of knowledge through significant results especially in the context of developing country banking sector. This study will be used as a basic tool to further identify the different strategic attributes which can directly or indirectly influence the organizational performance. This study not only contribute in the pertinent literature of these variables and its relationships, but also give idea to the future researchers to examine the strategic attributes impact directly on the financial organizational performance. In gist, the study findings provide the further empirical evidence to the body of knowledge in the field of strategic management, marketing, and organizational behavior. Likewise, the study findings have implications on the generalizability and pertinency of the both resource-based view of the firm and social exchange theories as well as on the generalizability and pertinency of the studied constructs i.e. strategic orientation, organizational culture, organizational IMO and organizational commitment.

## **5.4 Practical Contributions**

The present study makes several noteworthy practical contributions, especially for financial regulatory authorities, banking organizations and bank managers. Firstly, it is important for the banks like many other organizations to ensure that they have a strong employee value proposition and employer brand in the local market. Because of least focus on employee value proposition or internal marketing practices in the Pakistan banking sector, the banking is no longer the most popular career choice among business students (Banking Survey, 2014). They vote for FMCG as their ideal employer and revealed as a popular sector. Banking dropped to second choice as a career destination. This decline may be looks slight but it could be significant, as both the FMCG and IT services sector have increased in popularity over the seven years from 2007 to 2014 (Banking Survey, 2014). This decline in the banking career choice of new and existing employees could really affect the organizational performance of Pakistani banks. For instance, the YES BANK of India focuses on the human factor and establishes it as a world-class team, based on professional recruitment methodologies to attract the best talent in the services industry and after that they get benefited from them (Capital, 2016). Thus, this study contributes practically through highlighting the importance of organizational behavior regarding internal market orientation and its strong significant relationship with the organizational performance. Also, the employee value

propositions will contribute to the development of organizational commitment which reciprocate in the shape of superior organizational performance.

Second, the findings of this study will help the bank management and bank manager to understand the importance of strong bank culture. Based on the current situation of the banking sector of Pakistan, it is recommended that the prevailing bank culture should be improved through the provision of employee development activities, latest banking technology, and employer branding activities should also be undertaker which will increase the commitment level as well as organizational performance (Badar, 2011). Future researchers should also identify other strategic attributes which can not only increase the organizational performance but also decrease the employee turnover (Mughal, 2015).

Third, the study found the empirical evidence for the significant positive relationship between strategic orientation, organizational culture, organizational IMO, organizational commitment and organizational performance. These findings highlight the importance of strategic orientation, organizational culture, organizational IMO, and organizational commitment to organizations. It also indicates that competitive strategic positioning, strong organizational culture, organizational behavior towards internal market orientation and high organizational commitment leads to superior organizational performance. Consequently, banking organizations, as well as bank managers, are encouraged to be strategically positioned, develop and nurture the strong organizational culture, develop the internal marketing behavior and increases the organizational commitment in order to attain the sustainable competitive advantage and enhance both financial and non-financial performance. Fourth, this study has found the support for the mediating role of organizational commitment in the relationship between strategic orientation, organizational culture, and organizational performance. These findings offer valuable insights, particularly for the banking organizations and bank managers. It also confirms the significant role of organizational commitment. Moreover, these findings indicate that higher organizational commitment is essential for better organizational performance. In other words, it suggests that high organizational commitment is required for organizations to be strategically positioned, nurture strong organizational culture, and develop the positive organizational attitude towards its employees, also these factors can positively affect the organizational performance. Therefore, organizational commitment should be developed and maintained by the organizations and managers. In fact, the organizational commitment has the capability to transfer the effect of strategic orientation and organizational culture to organizational performance.

In gist, these findings can work as the fundamental source to further improve the organizational existing strategies, also helps in improving the prevailing organizational culture and augmented the organizational commitment, which resulted in increased banks performance as well as contribute to achieving the Pakistan economic goals.

## 5.5 Limitations and Scope for Further Studies

The current study objectives have been achieved to a great extent, also the findings provide both theoretical and practical contributions. Nevertheless, it is worth mentioning that there are some limitations of the current study which further highlighted the scope for future studies. First, the study findings are only contingent on a banking sector. Consequently, it could be difficult to generalize the current study findings to other service sectors organizations without conducting a similar study on them. Thus, future researchers would conduct the similar study in other service sectors organizations functioning in Pakistan such as insurance, hotels, health care, and education, with a view to verifying the current study findings.

Second, the current study was cross-sectional study and data was collected at one point in time, thus only a short population was studied. Therefore, future researchers would conduct a comparable but longitudinal study to analyze the constructs over a prolonged period of time for receptive confirmation of the hypothesized relationships of the present study.

Third, the study collected data through self-reported questionnaires covering the independent and dependent variables scales. Put differently, all variables were measured subjectively. The data collected through a self-reported questionnaire or used subjective measures is linked with the issues of social desirability and memory deterioration, although such type of data is also verified for reliability and validity. Therefore, future researchers would collect data from organizational archival records, especially on organizational performance. It would also add value to the pertinent literature by measuring the organizational performance through objective measures (archival records).

Fourth, it is relatively complex to generalize the findings of the current study because the data was collected from the six-large banks of Pakistan and in specific, covering the five major cities of Pakistan. Accordingly, it could be suitable to include the other banks functioning in Pakistan, in the study sample for good generalization of the results. Also, it would be better to study the banks and compare the findings with the other financial institutions operating in the Pakistan for the comprehensive understanding of the whole financial sector and organizational performance prospects.

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Finally, the current study examined the potential mediating role of organizational commitment in the relationship between strategic attributes i.e. strategic orientation, organizational culture, organizational IMO and organizational performance. Particularly, it shows the effect of given strategic attributes on organizational commitment and then together its impact on the organizational performance. Moreover, the study was organizational level study, measuring the perception of the middle managers regarding these strategic attributes and organizational performance. Thus, the future researchers would conduct the similar study at the individual level, measuring the perception of the employees regarding the application of these strategic attributes. Also, it would be better to add more strategic attributes in the conceptual model and then examine their impact on the organizational performance. In addition, it will also verify the potential mediating role of organizational commitment between other strategic attributes and organizational performance.

## **5.6 Conclusion**

The purpose of the current study was to determine the effects of strategic attributes i.e. strategic orientation, organizational culture, organizational IMO, and organizational commitment on organizational performance and also to determine the mediating role of organizational commitment in the relationship between strategic orientation, organizational culture, organizational IMO and organizational performance in the six-large banks of Pakistan. The data was collected from the bank managers and further findings of 260 cases revealed that strategic orientation, organizational culture, organizational commitment were significantly and positively related to the organizational performance. Additional analysis indicated that strategic orientation and organizational culture were also significantly related to organizational culture. Whereas, the organizational commitment mediated the relationship between strategic

orientation, organizational culture, and organizational performance. But, on the contrary, the organizational commitment did not mediate between organizational IMO and organizational performance relationship.

In nutshell, the study concluded that though strategic orientation, organizational culture, organizational IMO, and organizational commitment were significantly and positively related to organizational performance, even at the time when banks are facing critical challenges, nevertheless, the effect of these strategic attributes on organizational performance will be increased if organizations focus on their competitive strategic positioning, nurture and encourage strong organizational culture, strategize the internal marketing practices and more importantly boost the organizational commitment.



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## Appendix A

## **Research Questionnaire**



#### SURVEY ON BIG BANKS OF PAKISTAN

Dear Sir/Madam,

My name is Ammar Ahmed, a PhD candidate of College of Business, Universiti Utara Malaysia. My research interest is related to the banking industry of Pakistan. This study is aimed at how strategic attributes can help to contribute to enhance the bank performance. Specifically, this study is interested to find out the middle management perceptions about these attributes in their own organizations. I would be very grateful if you could take some minutes of your time to complete the following questionnaire.

The Questionnaire contains 6 sections A, B, C, D, E and F. It will take about 15-20 minutes to complete the survey. The information provided by you will only be used for Academic Purpose and will be kept completely confidential.

I highly appreciate your participation in this research.

Thank you Sincerely yours, Ammar Ahmed, College of Business University Utara Malaysia ammar\_malik419@yahoo.com

**SECTION A: DEMOGRAPHIC INFORMATION** In this section, following items ask for some personal and organizational information. Please be assured that your responses to these questions are confidential.

Please fill in or put a tick  $(\sqrt{})$  in the appropriate box.

1. Gender	Male	Female
2. Age group do you be	long?	
	21-30 Years	31-40 Years
	41-50 Years	51-60 Years
3. Educational Level		
	Bachelor	Banking Diploma
	Masters	Other
4. What is your job pos	ition? Universiti Utara	Malaysia
	General Manager	Branch Manager
	Operations Manager	
5. How long have you b	een serving in a Managerial	Position for this branch?
1 to 3 Years	4 to 5 Years	More than 5 years
6. What is the approxin	nate age of your branch?	
1 to 5 Years	6 to 10 Years	More than 10 years
7. How many permaner	nt employees working in you	r branch?
10 to 20	21 to 30	More than 30

followi Bank.	indicate ( $\checkmark$ ) how much you Agree or Disagree with the ng statements about your experience with this Commercial		ongly agree		Stro Ag	ongly ree
	<b>ON B:</b> ction consists of statements on <b>Organizational Culture</b> . It rep that you have experience in your bank.	oresei	nts the	e prev	vailin	g bank
OC1	In our bank (branch) most employees remain highly engaged in their work.	1	2	3	4	5
OC2	Information in our bank (branch) is widely shared so that everyone can get the information he or she needs.	1	2	3	4	5
OC3	Teams are the primary building blocks in our bank (branch).	1	2	3	4	5
OC4	Work is organized so that every employee can see the relationship between his/her job and the overall bank goals.	1	2	3	4	5
OC5	Our bank (branch) continuously invests in the skills of employees.	1	2	3	4	5
OC6	Our bank (branch) views the capabilities of people as an important source of competitive advantage.	1	2	3	4	5
OC7	Our bank (branch) has a clear and consistent set of values that govern the way we do business.	1	2	3	4	5
OC8	Our bank (branch) sets a clear agreement about the right way and the wrong way to do things.	1 rsia	2	3	4	5
OC9	In our bank (branch), there is a good alignment of goals across levels.	1	2	3	4	5
OC10	In our bank (branch), we respond well to competitors and the day to day changes in the business environment.	1	2	3	4	5
OC11	Different departments of our bank (branch) often cooperate to create change.	1	2	3	4	5
OC12	In our bank (branch), customers' input directly influences our decisions.	1	2	3	4	5
OC13	In our bank (branch), we encourage direct contact with customers by our employees.	1	2	3	4	5
OC14	In our bank (branch), we view complaints as an opportunity for learning and improvement.	1	2	3	4	5
OC15	In our bank (branch), innovation is encouraged and rewarded.	1	2	3	4	5

OC16						
0010	In our bank (branch), there is a clear mission that gives	1	2	3	4	5
	meaning and direction to our work.					
OC17	In our bank (branch), employees understand what needs to be	1	2	3	4	5
	done for us to succeed in the long run.					
OC18	Bank vision creates excitement and motivation for our	1	2	3	4	5
	employees.					
	<b><u>ON C:</u></b> ction consists of statements on <b>Organizational Commitme</b> ment with their employees and vise-versa.	nt. I	t rep	oresen	ts the	bank
OCT1	Employees feel as though their future is intimately linked to	1	2	3	4	5
	that of this bank.					
OCT2	Employees are happy to make personal sacrifices if it is	1	2	3	4	5
	important for the well-being of the bank (branch).					
OCT3	The bonds between this bank (branch) and its employees are	1	2	3	4	5
	weak.					
OCT4	In general, employees are proud to work for this bank	1	2	3	4	5
	(branch).					
OCT5	Employees often go above and beyond the call of duty to	1	2	3	4	5
	ensure the well-being of the bank (branch).					
OCT6	Our employees have little or no commitment to this bank	118	2	3	4	5
	(branch).					
OCT7	It is clear that our employees are fond of this bank (branch).	1	2	2	4	5
			4	3	4	5
that you	tion consists of statements on <b>Strategic Orientation</b> . It represe have experience in your bank.		ne stra	ategic		ioning
This sec that you SO1	tion consists of statements on Strategic Orientation. It represe	nts th		ategic 3		ioning
This sec that you SO1 SO2	tion consists of statements on <b>Strategic Orientation</b> . It represe have experience in your bank.		$\frac{1}{2}$	ategic 3 3	posit	ioning 5 5
This sec that you SO1	tion consists of statements on <b>Strategic Orientation</b> . It represe have experience in your bank. There is a shared vision of what the bank will be in the future.	1	ne stra 2	ategic 3	e posit	ioning
This sec that you SO1 SO2	tion consists of statements on <b>Strategic Orientation</b> . It represe have experience in your bank. There is a shared vision of what the bank will be in the future. Our strategic direction is clear.	1	$\frac{1}{2}$	ategic 3 3	e posit 4 4	ioning 5 5
This sec that you SO1 SO2	<ul> <li>tion consists of statements on Strategic Orientation. It represe have experience in your bank.</li> <li>There is a shared vision of what the bank will be in the future.</li> <li>Our strategic direction is clear.</li> <li>The bank goals and objectives are linked to our mission,</li> </ul>	1	$\frac{1}{2}$	ategic 3 3	e posit 4 4	ioning 5 5
This sec that you SO1 SO2 SO3	<ul> <li>tion consists of statements on Strategic Orientation. It represe have experience in your bank.</li> <li>There is a shared vision of what the bank will be in the future.</li> <li>Our strategic direction is clear.</li> <li>The bank goals and objectives are linked to our mission, vision, and strategy.</li> <li>Short-term thinking does not compromise our long-range</li> </ul>	1 1 1	$\frac{2}{2}$	ategic 3 3 3	e posit 4 4 4	ioning 5 5 5

**SECTION E:** This section consists of statements on **Organizational Internal Market Orientation**. It represents the organizational behavior regarding the internal market orientation that you have experience in your bank.

IMO1	The bank for which I work is genuinely concerned with the	1	2	3	4	5
	welfare of all its employees.					
IMO2	The bank for which I work tries to accommodate different	1	2	3	4	5
	personal needs of all its employees.					
IMO3	The bank for which I work does not recognize the importance	1	2	3	4	5
	of its employees.					
IMO4	My bank values its employees.	1	2	3	4	5

<u>SECTION F</u>: This section consists of statements on **Bank Performance**. It represents the Increase/Decrease in the bank performance in terms of Financially and non-Financially that you have experience in your bank.

2015),	rate your Bank Performance over the last 3 years (2013 to indicating the extent of your perception regarding nance, across 20 items.	Decı Grea				crease reatly
OP1	The level of our customer satisfaction with our bank services.	1	2	3	4	5
OP2	The reactivation of inactive (dormant) bank accounts.	1	2	3	4	5
OP3	The customer service delivery in our bank (branch).	1	2	3	4	5
OP4	The customer relationship management in our bank (branch).	1	2	3	4	5
OP5	The branch reputation of our bank in the business environment.	sia	2	3	4	5
OP6	The rate of speed of services in our bank (branch).	1	2	3	4	5
OP7	The operating cost of providing services to customers in our	1	2	3	4	5
	bank (branch).					
OP8	The error of operational processes in our bank (branch).	1	2	3	4	5
OP9	The new services / products introduced in our bank (branch).	1	2	3	4	5
OP10	The market share in public and private banking sector	1	2	3	4	5
	business.					
OP11	The number of our bank (branch) performing loans.	1	2	3	4	5
OP12	The yearly profit performance of our bank (branch).	1	2	3	4	5
OP13	The number of non-performing loans of our bank (branch).	1	2	3	4	5
OP14	The bank deposit liability growth.	1	2	3	4	5
OP15	The number of recovered bad loans of our bank (branch).	1	2	3	4	5

OP16	The fee-based income on transaction services of our bank	1	2	3	4	5
	(branch).					
OP17	The volume of current and saving accounts of our bank	1	2	3	4	5
	(branch).					
OP18	The volume of a fixed deposits of our bank (branch).	1	2	3	4	5
OP19	The financial performance targets achievement by our bank	1	2	3	4	5
	(branch).					
OP20	The operating expenses of our bank (branch).	1	2	3	4	5

### YOUR PARTICIPATION IN THIS SURVEY IS HIGHLY APPRECIATED



# Appendix B

## **SPSS Statistical Output**

## **Results of Outliers Detection** (n = 260)

Chi-square ( $\chi 2$ ) = 93.17 @ (df = 55)

No	Cases	Mahalanobis	
		Distance	
1	32	136.3125	
2	266	135.5834	
3	31	117.9363	
4	174	117.6555	
5	239	115.9789	
6	35	109.7788	
7	241	107.8659	
8	36	107.3477	
9	267	105.1026	
10	262	105.0155	
11	237	104.7536	
12	167	103.3975	
13	204	103.2864	
14	38	102.2961	rersiti Utara Malaysi
15	33	101.5782	
16	69	98.44491	
17	65	97.48482	
18	242	97.15224	
19	183	96.3943	
20	203	95.55588	
21	202	93.46648	

Deleted Extreme Cases

### **Common Method Variance Test**

Total Variance Explained								
	In	itial Eigenva	lues	Extract	ion Sums of Loadings	Squared		
Component	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %		
1	19.475	35.409	35.409	19.475	35.409	35.409		
2	4.265	7.755	43.164					
3	3.624	6.589	49.753					
4	2.569	4.670	54.423					
5	1.795	3.263	57.686					
6	1.619	2.944	60.630					
7	1.417	2.577	63.207					
8	1.304	2.372	65.579					
9	1.132	2.057	67.636					
10	1.061	1.929	69.565					
11	.977	1.777	71.342					
12	.910	1.654	72.996					
13	.854	1.553	74.549					
14	.837	1.522	76.071					
15	.814	1.480	77.551	1.1				
16	.731	1.330	78.881					
17	.713	1.297	80.178					
18	.685	1.246	81.423					
19	.621	1.129	82.553					
20	.594	1.080	83.633					
21	.559	1.016	84.649	i Uta	ra Ma	laysia		
22	.541	.984	85.634		a ma	rayora		
23	.509	.925	86.558					
24	.467	.850	87.408					
25	.452	.821	88.229					
26	.444	.808	89.037					
27	.421	.765	89.802					
28	.390	.709	90.512					
29	.371	.675	91.187					
30	.329	.598	91.786					
31	.326	.593	92.379					
32	.303	.552	92.930					
33	.301	.547	93.477					
34	.275	.500	93.977					
35	.263	.478	94.455					
36	.247	.449	94.904					
37	.240	.436	95.340					
38	.234	.425	95.765					
39	.209	.379	96.144					
40	.204	.371	96.515					
41	.193	.351	96.866					
I				I				

#### **Total Variance Explained**

42	.188	.342	97.208	
43	.171	.310	97.518	
44	.166	.302	97.820	
45	.158	.288	98.108	
46	.148	.269	98.377	
47	.131	.238	98.616	
48	.118	.214	98.830	
49	.112	.204	99.034	
50	.111	.202	99.236	
51	.097	.177	99.413	
52	.091	.165	99.579	
53	.082	.149	99.727	
54	.079	.144	99.872	
55	.071	.128	100.000	

Extraction Method: Principal Component Analysis.





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