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

AMMAR AHMED

DOCTOR OF PHILOSOPHY
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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


Kata kunci: orientasi strategi, budaya organisasi, IMO organisasi, komitmen organisasi, prestasi organisasi.
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</tr>
<tr>
<td>$D^2$</td>
<td>Mahalanobis Distance</td>
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<td>HTMT</td>
<td>Heterotrait-Monotrait Ratio</td>
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</tr>
<tr>
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<td>Denotes Effect Size</td>
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<tr>
<td>$Q^2$</td>
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</table>
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,

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
The contents of the thesis is for internal user only
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Eleswed, M., & Mohammed, F. (2015). Can Job Satisfaction be predicted by Organizational commitment, gender, age, experience, and position? An


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Do similarities or differences between CEO leadership and organizational
culture have a more positive effect on firm performance? A test of competing predictions. Journal of Applied Psychology, 101(6), 846.


Non-response Bias.


Rostami, R., Veismoradi, A., & Akbari, P. (2012). The Study Relationship between Organizational Climate, Organizational Commitment and Innovation in Cement


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 (✓) in the appropriate box.

1. Gender
   □ Male   □ Female

2. Age group do you belong?
   □ 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 position?
   □ General Manager   □ Branch Manager
   □ Operations Manager

5. How long have you been serving in a Managerial Position for this branch?
   □ 1 to 3 Years   □ 4 to 5 Years   □ More than 5 years

6. What is the approximate age of your branch?
   □ 1 to 5 Years   □ 6 to 10 Years   □ More than 10 years

7. How many permanent employees working in your branch?
   □ 10 to 20   □ 21 to 30   □ More than 30
Please indicate (✓) how much you Agree or Disagree with the following statements about your experience with this Commercial Bank.

<table>
<thead>
<tr>
<th>Statement</th>
<th>Strongly Disagree</th>
<th>Strongly Agree</th>
</tr>
</thead>
<tbody>
<tr>
<td>SECTION B:</td>
<td></td>
<td></td>
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<tr>
<td>This section consists of statements on <strong>Organizational Culture</strong>. It represents the prevailing bank culture that you have experience in your bank.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>OC1 In our bank (branch) most employees remain highly engaged in their work.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC2 Information in our bank (branch) is widely shared so that everyone can get the information he or she needs.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC3 Teams are the primary building blocks in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC4 Work is organized so that every employee can see the relationship between his/her job and the overall bank goals.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC5 Our bank (branch) continuously invests in the skills of employees.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC6 Our bank (branch) views the capabilities of people as an important source of competitive advantage.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC7 Our bank (branch) has a clear and consistent set of values that govern the way we do business.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC8 Our bank (branch) sets a clear agreement about the right way and the wrong way to do things.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC9 In our bank (branch), there is a good alignment of goals across levels.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC10 In our bank (branch), we respond well to competitors and the day to day changes in the business environment.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC11 Different departments of our bank (branch) often cooperate to create change.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC12 In our bank (branch), customers’ input directly influences our decisions.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC13 In our bank (branch), we encourage direct contact with customers by our employees.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC14 In our bank (branch), we view complaints as an opportunity for learning and improvement.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC15 In our bank (branch), innovation is encouraged and rewarded.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OC16</td>
<td>In our bank (branch), there is a clear mission that gives meaning and direction to our work.</td>
<td>1</td>
</tr>
<tr>
<td>OC17</td>
<td>In our bank (branch), employees understand what needs to be done for us to succeed in the long run.</td>
<td>1</td>
</tr>
<tr>
<td>OC18</td>
<td>Bank vision creates excitement and motivation for our employees.</td>
<td>1</td>
</tr>
</tbody>
</table>

**SECTION C:**
This section consists of statements on **Organizational Commitment.** It represents the bank commitment with their employees and vise-versa.

| OCT1 | Employees feel as though their future is intimately linked to that of this bank. | 1 | 2 | 3 | 4 | 5 |
| OCT2 | Employees are happy to make personal sacrifices if it is important for the well-being of the bank (branch). | 1 | 2 | 3 | 4 | 5 |
| OCT3 | The bonds between this bank (branch) and its employees are weak. | 1 | 2 | 3 | 4 | 5 |
| OCT4 | In general, employees are proud to work for this bank (branch). | 1 | 2 | 3 | 4 | 5 |
| OCT5 | Employees often go above and beyond the call of duty to ensure the well-being of the bank (branch). | 1 | 2 | 3 | 4 | 5 |
| OCT6 | Our employees have little or no commitment to this bank (branch). | 1 | 2 | 3 | 4 | 5 |
| OCT7 | It is clear that our employees are fond of this bank (branch). | 1 | 2 | 3 | 4 | 5 |

**SECTION D:**
This section consists of statements on **Strategic Orientation.** It represents the strategic positioning that you have experience in your bank.

| SO1 | There is a shared vision of what the bank will be in the future. | 1 | 2 | 3 | 4 | 5 |
| SO2 | Our strategic direction is clear. | 1 | 2 | 3 | 4 | 5 |
| SO3 | The bank goals and objectives are linked to our mission, vision, and strategy. | 1 | 2 | 3 | 4 | 5 |
| SO4 | Short-term thinking does not compromise our long-range vision. | 1 | 2 | 3 | 4 | 5 |
| SO5 | We have effective strategic plans. | 1 | 2 | 3 | 4 | 5 |
| SO6 | The bank has regular and effective planning processes at all levels. | 1 | 2 | 3 | 4 | 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 welfare of all its employees. 1 2 3 4 5
IMO2 The bank for which I work tries to accommodate different personal needs of all its employees. 1 2 3 4 5
IMO3 The bank for which I work does not recognize the importance of its employees. 1 2 3 4 5
IMO4 My bank values its employees. 1 2 3 4 5

SECTION F: 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.

Please rate your Bank Performance over the last 3 years (2013 to 2015), indicating the extent of your perception regarding performance, across 20 items.

<table>
<thead>
<tr>
<th>Bank Performance</th>
<th>Decrease Greatly</th>
<th>Increase Greatly</th>
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</thead>
<tbody>
<tr>
<td>OP1 The level of our customer satisfaction with our bank services.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP2 The reactivation of inactive (dormant) bank accounts.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP3 The customer service delivery in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP4 The customer relationship management in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP5 The branch reputation of our bank in the business environment.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP6 The rate of speed of services in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP7 The operating cost of providing services to customers in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP8 The error of operational processes in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP9 The new services / products introduced in our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP10 The market share in public and private banking sector business.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>OP11 The number of our bank (branch) performing loans.</td>
<td>1 2 3 4 5</td>
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<tr>
<td>OP12 The yearly profit performance of our bank (branch).</td>
<td>1 2 3 4 5</td>
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<tr>
<td>OP13 The number of non-performing loans of our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP14 The bank deposit liability growth.</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP15 The number of recovered bad loans of our bank (branch).</td>
<td>1 2 3 4 5</td>
<td></td>
</tr>
<tr>
<td>OP16</td>
<td>The fee-based income on transaction services of our bank (branch).</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------</td>
<td>-----------</td>
</tr>
<tr>
<td>OP17</td>
<td>The volume of current and saving accounts of our bank (branch).</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>OP18</td>
<td>The volume of a fixed deposits of our bank (branch).</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>OP19</td>
<td>The financial performance targets achievement by our bank (branch).</td>
<td>1 2 3 4 5</td>
</tr>
<tr>
<td>OP20</td>
<td>The operating expenses of our bank (branch).</td>
<td>1 2 3 4 5</td>
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</table>

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)

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Common Method Variance Test

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Extraction Method: Principal Component Analysis.