

# Organizational Factors and Organizational Performance: A Resource-Based view and Social Exchange Theory Viewpoint

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To Link this Article: <http://dx.doi.org/10.6007/IJARBSS/v8-i3/3951>

DOI: 10.6007/IJARBSS/v8-i3/3951

*Received: 07 Jan 2018, Revised: 23 Feb 2018, Accepted: 29 Mar 2018*

Published Online: 26 Mar 2018

**In-Text Citation:** (Ahmed, Khuwaja, Brohi, & Othman, 2018)

**To Cite this Article:** Ahmed, A., Khuwaja, F. M., Brohi, N. A., & Othman, I. bin L. (2018). Organizational Factors and Organizational Performance: A Resource-Based view and Social Exchange Theory Viewpoint. *International Journal of Academic Research in Business and Social Sciences*, 8(3), 594–614.

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**Vol. 8, No. 3, March 2018, Pg. 594 - 614**

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## **Organizational Factors and Organizational Performance: A Resource-Based view and Social Exchange Theory Viewpoint**

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### **Abstract**

To compete with the market challenges, organizations including the banking organizations are concerned to enhance their organizational performance. Considering this phenomenon, this study proposes the conceptual framework representing the organizational factors namely, strategic orientation, organizational culture and organizational commitment influencing the organizational performance. Overall, five research propositions have been framed grounded on the relevant review of the pertinent literature and focused on the vision and current situation of the banking sector of Pakistan. This study also attempted to highlight the crucial role of strategic orientation and organizational culture that work as important organizational factors in implementing the organizational strategies and influence the organizational commitment, ultimately enhances the organizational performance. The proposed framework is underpinned by the resource-based view and social exchange theory. In addition, this study provides a better understanding of the underlying concepts and offer very useful insights for further research in

this regard and also for bank management to relook at these factors and its implementation to enhance organizational performance.

**Keywords:** Strategic orientation, Organizational culture, Organizational commitment, Organizational performance, Banking Sector

### Introduction

In recent years, banking institutions are striving to achieve the strategic competitiveness in the complex financial markets. Organizations adopt different strategies to achieve the competitive advantage and become market leaders (Acar *et al.*, 2013). While, the process of strategic management including the formulation, implementation and the evaluation of the strategic actions is also undertaken by the organizations to achieve the long-term organizational goals. Thus, this process is considered as the management process of goals setting and the strategic actions undertaken through strategic tools like strategic orientation and organizational culture enable them to achieve organizational goals. The successful adoption of these strategic tools enhances the organizational outcomes including performance (Al-Ansaari *et al.*, 2015; Pinho *et al.*, 2014). Likewise, the current study intends to attract the researcher's interested in this area to focus on the Pakistan banking sector performance through these strategic tools.

The banking sector of Pakistan has played a very significant role in the economic development of Pakistan over the last two decades by providing the financial environment to all the sectors of Pakistan and significantly contribute to the GDP of Pakistan (Shahid *et al.*, 2015). Pakistan banking sector also provides the employment opportunities to the youth of Pakistan which helped in reducing the level of unemployment and poverty in a country. More importantly, this sector holds the 95% of the overall financial sector of Pakistan. After the independence, this sector has faces many highs and lows. In 2015, the International Monetary Fund (IMF) anticipated the Pakistan low economic progress (less than 5 percent) in the forthcoming years (IMF WEO, 2015). Over the past few years, it is also observed that the GDP of Pakistan has been growing at less than 1 percent (IMF WEO, 2015). Moreover, the contribution of banking sector in the Pakistan economy has also been fluctuating (Trading Economics, 2017).

Furthermore, between 2002 to 2011, overall 57 deals of merger and acquisition (M&A) were incurred in the Pakistan banking sector comprised of 38 merger deals and 19 acquisition deals to survive in the market (Abbas *et al.*, 2014), but the issue of performance yet not resolved. Scholars found that in developing countries like Pakistan, M&A are not as fruitful because it is undertaken without considering all the organizational factors (Ahmad & Nadeem, 2015). Likewise, the world bank has indicated the several reasons of poor banking performance in the South Asian banking sector including Pakistan like bad governance, weak management relationship with its employees, low commitment level, politicized environment and weak internal culture, consequently increasing the banks non-performing loans, limiting FDI investments, employment issues and lowering economic growth (Ahmed & Othman, 2017b).

Considering the current situation of the banking sector of Pakistan and economic development concern, the Federal Minister for planning and development Mr. Ahsan Iqbal has discussed the vision of Pakistan during the meeting with the Governor State Bank of Pakistan and executives of the Pakistani 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 to this he further stated that, "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). Thus, the vision of among top 25 economies and the current situation of the banking sector have shown the need for effective and sustainable management strategies to achieve the superior organizational performance. The banking performance is essential for the economic development while, this sector performance has been remained less focused in Pakistan among researchers (Ahmed & Othman, 2017a; Butt, 2010). However, literature revealed that the management have controlled over the organizational factors which directly affects the organizational performance (Kareem & Haseeni, 2015). Accordingly, limited empirical evidence available in the pertinent literature suggesting the factors enhancing organizational performance especially in the Pakistan banking sector settings (Ahmed et al., 2017).

Therefore, the theoretical basis of this conceptual paper is found in the contents of strategic orientation, organizational culture and organizational commitment. The proposed conceptual framework and the objective of this paper is to contribute to the literature by proposing that strategic orientation (as a unidimensional), organizational culture and organizational commitment should be examined as perceived by the management and their relationship with the organizational performance in the context of Pakistan banking sector. The next sections describe the theoretical basis of the proposed conceptual framework.

### **Underpinning Theories**

The underpinning theories provide the basis and supports the proposed conceptual relationships. In the pertinent literature, several theories have discussed the relationship between different organizational variables and organizational performance. This conceptual paper considered the two underpinning theories that support the proposed conceptual framework. The theories are resource-based view (RBV) and social exchange theory (SET).

### **Resource Base View Theory**

The resource based view (RBV/RBT) theory have widely been used in the studies of organizational performance (Innocent, 2015). The RBV talks about the organizational unique resources and capabilities which differentiates the one organization with the other organizations in the similar industry. The RBV also tries to answer the question that how can organizations achieve the competitive advantage over other industry organizations and enhance their organizational performance?

The RBV suggested that organizational achievements are truly based on the internal properties of an organization. Both organizational assets (tangible and intangible) and capabilities (internal knowledge and competencies) are defined as the organizational internal properties (Chuang & Lin, 2017; Teece *et al.*, 1997). Similarly, the RBV considered that an organization contains the different types of organizational resources such as, assets resources, capabilities resources, process resources, management competencies, technological resources and knowledge resources (Barney,1991). These resources and capabilities enhanced the organizational performance and works as a basis of competitive advantage (Barney, 1991).

Hsu and Pereira (2008) stated that RBV helps the organization in identifying its unique internal resources which not only enhance the organizational performance, but also creates the competitive advantage for an organization. In addition, the body of literature recognizes the

importance of RBV in the banking sector and revealed the positive connection between organizational internal resources and bank performance/organizational performance (Innocent, 2015; Al-Swidi, 2012). Hereafter, in the pertinent literature, strategic orientation, organizational culture and organizational commitment have been described as the organizational unique internal resources and strategic attributes of an organization which helps in achieving the superior organizational performance and competitive advantage over rivals (Ahmed & Othman, 2017b; Innocent, 2015; Pinho *et al.*, 2014; Uzokurt *et al.*, 2013; Weinzimmer *et al.*, 2012; Al-Swidi, 2012).

Hence, considering the RBV recommendations and objectives of this conceptual paper, the organizational factors that is strategic orientation, organizational culture, and organizational commitment are viewed as organizational unique resources and highly valued factors which helps in achieving the organizational stated goals including superior performance and market leadership.

### **Social Exchange Theory**

Social exchange theory (SET) assumes that encouragement activities undertaken between an organization and its employees generates the organizational commitment (Aldhuwaihi, 2013). Grounded on the assumption of SET, the employees with the expectation that organization provide the better working environment and culture, he/she join an organization and utilize their skills and knowledge to achieve their goals. Hence, favorable exchange relationship between employees and an organization are resulted in increased organizational commitment.

Based on the SET, a causal model is formulated which postulates the exchange relationship between strategic orientation, organizational culture, and organizational commitment which ultimately affects the organizational performance. The SET deals with three principles (i) rationality (ii) reciprocity and (iii) specificity principle to explain the relationships between employee and employer (Foa & Foa, 2012; Cheung, 2000; Blau, 1994). The first rationality principle reasons that employees will have association with that organization which can provide desirable rewards and satisfy its employees needs and wants. The second reciprocity principle theorize that social relationship is always reciprocal between employee and employer. The third specificity principle postulates that only reciprocity type can endure an exchange relationship between the employees and an organization (Foa & Foa, 2012; Cheung, 2000; Blau, 1994).

For the employees, strategic orientation and good organizational culture would be a strategic focus organizational fair activities which increases employee's commitment towards their employer. While, in exchange of this, the employee's commitment may be a desirable feeling of employees to continue their loyalty with the organization and significantly affects organizational outcomes including performance (Pinho *et al.*, 2014; Aldhuwaihi, 2013; Kidombo *et al.*, 2012; Kidombo, 2007; Cheung, 2000).

Therefore, the relationships between the strategic orientation, organizational culture, organizational commitment, and organizational performance are inter-linked and portrays resources exchange relationships (Foa & Foa, 2012). The reciprocity of these organizational constructs is likely to satisfy both employees and organizational needs. In gist, the three principles of SET underpinned the reciprocal relationships between strategic orientation, organizational culture, organizational commitment, and organizational performance.



### Literature Review and Research Propositions

The theoretical foundation of the proposed conceptual framework is established by the review of pertinent literature and causal relationships have been determined between strategic orientation (predictor), organizational culture (predictor), organizational commitment (mediator) and organizational performance (criterion). The following section discussed the relationships and its research propositions.

### Strategic Orientation and Organizational Commitment

In the field of strategic management, the term strategic orientation (SO) refers to the directing principles of an organization which significantly affect the strategic management process and organizational marketing activities (Faiz, 2015). Strategic orientation represents the strategic direction of an organization, to create the proper organizational behavior and achieve the stated organizational goals (Deshpandé *et al.*, 2013). It is based on the organizational philosophy of how to conduct business through the underlying cultural values and beliefs (Theodosiou, Kehagias & Katsikea, 2012). The academic literature on SO has revealed the emergence of several different themes. However, much of the current literature on SO pays attention on the application of HR strategic orientation and highlighted factors that are associated with it such as organizational commitment and organizational performance (e.g. Darwish *et al.*, 2013; Chow *et al.*, 2013; Kim & Kang, 2011; Chow & Liu, 2009; Singh, 2003; Richard & Johnson, 2001).

In the field of organizational behavior, organizational commitment is also one of the major area of interest among researchers and professionals. The term 'organizational commitment' includes, a) an employee's emotional attachment, b) identification with, and c) involvement in the organization (Kim, Song & Lee, 2016; Jaworski & Kohli, 1993). In broad terms, organizational commitment refers as the emotional association of employees with their employer. According to a definition provided by Lok and Crawford (2004), organizational commitment refers as the employee working attitude that directly impact on the intention to stay with that employing organization and participate in their work. Further, the emotional attachment of employees develops the psychological alignment with the organization and its stated goals (Beer *et al.*, 2009). Thus, the psychologically aligned employees of an organization are tend to be more motivated towards job performance and organizational performance.

The management of banking organizations faces many challenges while operating their banking businesses. Hence, the proper organizational strategies are required to ensure the enhanced organizational performance (Aktan & Bulut, 2008). The organizations differ from one another in the similar industry is due to the different strategic orientation level in the organization which ultimately shows the performance difference from other organizations (Fonseka *et al.*, 2013). Thus, the main reason behind the lower performance is the failure in adoption of effective organizational strategies (Ganbold, 2008). Moreover, the effective organizational strategies bring a lot of opportunities for the organizational success (Cheng *et al.*, 2014). Therefore, the strategic orientation should be considered as an important organizational tool to produce the organizational outcomes needed for enhanced organizational performance and longevity (Weinzimmer *et al.*, 2012).

In previous studies on strategic orientation, different variables including HR strategic orientation, soft and hard strategic orientations of HRM have been revealed to be associated with organizational commitment as well as with organizational performance (e.g. Chow *et al.*, 2013;

Darwish *et al.*, 2013; Kim & Kang, 2011; Kidombo *et al.*, 2012; Chow & Liu, 2009; Singh, 2003; Richard & Johnson, 2001). Together, these studies indicate that strategic orientation is a primary determining factor of organizational commitment (Collings *et al.*, 2010; Bhatnagar, 2007; Kidombo, 2007; Singh, 2003; Agarwala, 2003). Moreover, past studies (Ismail, 2016; Potgieter *et al.*, 2016; Ifie, 2014; Kidombo *et al.*, 2012; Rod & Ashill, 2010; Mengüç, 1995) have examined the effect of different types of SO on the organizational commitment, nevertheless the relationship between strategic orientation and organizational commitment is largely unexplored. Grounded on the above discussion, it is proposed that;

**RP1:** Strategic Orientation is related to Organizational Commitment.

### **Organizational Culture and Organizational Commitment**

Investigating organizational culture is a continuing concern within organizational behavior studies. The culture of an organization depicts the shared values, norms and practices followed by the organizational members which differentiates the one organization with the other organizations in the similar industry (Hakim, 2015). The culture of an organization develops the perception of its employees and they tend to behave accordingly. Further, many scholars from the management field have also claimed that the organization to be strategically fit, it must require the proper and strong organizational culture (Storey & Hughes, 2013; Chuang, Morgan, & Robson, 2012). Likewise, different scholars have argued that strong organizational culture encourage those strategies which advantageous to both the employees and organizational customers (Majid *et al.*, 2016; Çapuni, 2016). Thus, organizational culture impacts on employee's behaviors, attitude, organizational activities, and importantly on organizational performance. So, there is a need to investigate the consequences of organizational culture on the other organizational variables.

Furthermore, organizational commitment is regarded as one of the vital internal factor which significantly impacts on the organizational performance (Hakim, 2015). Previous studies have proposed many antecedents of organizational commitment and these antecedents are diverse in nature and origin such as, personal characteristics, workplace experiences and job related factors (Pinho *et al.*, 2014; Maxwell & Steele, 2003). Among the given antecedents of organizational commitment, the organizational culture has received lack of research attention (Azizollah, Abolghasem & Amin, 2016; Pinho *et al.*, 2014; Lok *et al.*, 2009). Even though, the past studies investigating organizational culture recommended that this internal factor has significant influence on the employee's attitudes like organizational commitment, job satisfaction, employee performance and turnover intentions (Azizollah *et al.*, 2016; Hakim, 2015; Richard *et al.*, 2009). This affective attitude of employees like organizational commitment, is also based on the type of organizational culture like team work, respect for people and creative environment (Majid *et al.*, 2016; McKinnon *et al.*, 2003).

Significantly, O'Reilly (1989) recommended the organizational culture as the essential factor in developing and maintaining the higher level of organizational commitment among the organizational personnel. Further, the culture of an organization is also required for the strategy implementation and work as a strategic instrument for creating organizational commitment (O'Reilly, 1989). Although, studies investigate the antecedents of organizational commitment still future studies look into the empirical investigations into the relationship between organizational

culture and commitment (Azizollah *et al.*, 2016; Majid *et al.*, 2016; Hakim, 2015; Harrison & Baird, 2015; Su *et al.*, 2013; Lok & Crawford, 2004; McKinnon *et al.*, 2003).

In addition, Lok and Crawford (2004) stated that organizational culture preceded the organizational commitment. Likewise, Abdul Rashid *et al.* (2003) revealed that organizational culture is related to organizational commitment but still they find no relationship between bureaucratic culture and organizational commitment. Thus, it is concluded that the organizational culture is associated with the organizational commitment. Furthermore, in the pertinent literature, previous research has established that the organizational culture significantly influence the organizational commitment (Azizollah *et al.*, 2016; Majid *et al.*, 2016; Hakim, 2015; Houshyar *et al.*, 2013; Momeni, Marjani & Saadat, 2012). Arijanto and Taufik (2017) revealed that together the organizational culture and organizational commitment significantly affect the performance. Therefore, the above discussion proposed that;

**RP2:** Organizational Culture is related to Organizational Commitment.

### **Organizational Commitment and Organizational Performance**

Organizational commitment is referred as employee's willingness to exert their full efforts to achieve the organizational goals and enhances the organizational performance (Kim & Rowley, 2005). It has been experienced that the commitment of employees is also affected by the internal environment provided by the organizations. Ebringa (2011) stated that the banking sector is considered as one of the more stressed out sectors in the business World. The banking sector of Pakistan has also the similar case. Even though the banking sector of Pakistan has been grown in the last two decades, but there remain the internal factors which affects the commitment of the employees. Inefficient policies, long working hours, lack of technological facilities and supervisor behavior affects the commitment and satisfaction of the employees, eventually lower the employee performance and organizational performance (Abdullah & Ramay, 2012). With the entrance of the foreign and private banks in the Pakistan banking sector, this sector has opened the door of opportunities for the business graduates and experience people. Thus, the competition has increased in the banking sector, also the employees switching, turnover and absenteeism have also increased (Ahmed & Othman, 2017b; Abdullah & Ramay, 2012). Accordingly, it is necessary to investigate that is there any relationship exist between organizational commitment and organizational performance in the Pakistani banking sector.

In recent time, numerous studies have focus on the examination of organizational commitment and found various positive workplace consequences. It is also considered that the organizational commitment work as the "driving force behind an organizational performance" (Suliman & Iles, 2000, p. 408). In the pertinent literature of organizational commitment, both positive and negative workplace consequences have been reported, where organizational commitment positively affect job performance (Chughtai & Zafar, 2006), employee motivation (Mathieu & Zajac, 1990), organizational citizenship behavior (Ricketta, 2002), organizational effectiveness (Angle & Perry, 1981), and job satisfaction (Pool & Pool, 2007; Chughtai & Zafar, 2006). While, organizational commitment also negatively affects employee turnover and absenteeism (Kim *et al.*, 2016; Chughtai & Zafar, 2006). Moreover, some studies revealed the positive effect of organizational commitment on job performance (Chen, Silverthorne & Hung, 2006). Further, Chen *et al.* (2006) stated that the United States and Taiwanese employee's organizational commitment have significant effect on their job performance. Similarly, Yousef (2000) also



support the positive connection of organizational commitment with the job satisfaction as well as with the employee performance.

In the pertinent literature, some past studies also examined the linkage between organizational commitment and organizational performance. Abdul Rashid *et al.* (2003) explored the influence of organizational commitment on the organizational financial performance of 202 corporations registered in the Kuala Lumpur Stock Exchange (KLSE). The study overall revealed the positive effect of organizational commitment on the organizational financial performance. Similarly, Bakiev (2013) and Ali *et al.* (2010) also found the positive significant relationship between them. Several other past studies have also investigated the relationship between employees' attitude and organizational effectiveness at the organizational level analysis (Hwang & Chi, 2005; Schneider *et al.*, 2003; Ryan *et al.*, 1996). Thus, based on the review of literature, the following proposition is established:

**RP3:** Organizational Commitment is related to Organizational Performance.

### **Strategic Orientation, Organizational Culture, Organizational Commitment and Organizational Performance**

The last two decades have shown a growing trend towards understanding and application of the strategic orientation in the organization. Several cross-sectional studies suggest an association between strategic orientation and organizational performance and has been examined in the varied large western organizations (Deshpandé *et al.*, 2013; Slater *et al.*, 2006; Hult & Ketchen, 2001; Narver & Slater, 1990) as well as in the entrepreneurial organizations (Chahal, Dangwal & Raina, 2016; Samson, 2015; Franczak, Weinzimmer & Michel, 2009; Brettel *et al.*, 2009).

In the literature on strategic orientation, the relative importance of organizational performance has been subject to considerable discussion. Some past studies revealed the positive significant relationship between strategic orientation and organizational performance (Ozmen, & Eris, 2012; Altindag, Zehir, & Acar, 2011; Franczak *et al.*, 2009; Olson, Slater, & Hult, 2005). Whereas, some revealed no any effect of strategic orientation on organizational performance (Obeidat, 2016; Deshpandé *et al.*, 2013; Altuntaş *et al.*, 2013; Noble, Sinha, & Kumar, 2002). One of the main reason behind this inconsistency in the findings is because of the application of diverse tools of these constructs (Liu & Fu, 2011). While, Song and Jing (2017) stated that there remain some deficiencies in this regard which need to be addressed. However, Theodosiou *et al.* (2012), Liu and Fu (2011) and Zhou *et al.* (2005) highlighted that only strategic orientation did not lead to superior organizational performance, but develop certain behaviors in addition which in turn affect organizational performance. Therefore, it is necessary to add mediating variable between this relationship to further explain the causal effect (Theodosiou *et al.*, 2012).

The mediating variable reveal the enhanced effect combine with the predictor variable on the criterion variable (Liu & Fu, 2011). In the past pertinent literature on strategic orientation, various mediating variables have been studied between the strategic orientation and organizational performance such as competitive advantage (Jassmy & Bhaya, 2016), employee and customer satisfaction (Jyoti & Sharma, 2012), network strategy (Stam & Elfring, 2008), market orientation (Blesa & Ripollés, 2003), organizational learning (Jingyan & Hao, 2008), innovation capability (Yang *et al.*, 2009), knowledge creation process (Li *et al.*, 2009), product innovation (Engelland and Summy, 1999), and learning orientation (Rhee *et al.*, 2010).

Similarly, organizational strategy and organizational culture must be congruent (Storey & Hughes, 2013). It has been stated that the organizational processes work more effectively when strategic orientation and organizational culture are aligned than when they are not (Moorman, 1995). Thus, the effective strategy implementation is relied on the organizational norms, beliefs and shared practices (Storey & Hughes, 2013). Hence, the organizational culture act as an important organizational tool which impacts organizational effectiveness as well as organizational performance (Çapuni, 2016; Majid *et al.*, 2016; Rauch *et al.*, 2009; Nazir & Lone, 2008). In addition to above, previous studies also provide some empirical evidence that the organizational culture both directly and indirectly affects the organizational performance (Çapuni, 2016; Sokro, 2012; Chuang *et al.*, 2012; Mannion *et al.*, 2005; Nazir & Lone, 2008; Abdul Rashid *et al.*, 2003).

Despite the importance of organizational culture, the past empirical evidence regarding organizational culture and organizational performance relationship indicated that this relationship is still undersized both theoretically as well as empirically (Weinzimmer *et al.*, 2012; Sackmann, 2010). However, the evidence for this relationship in the pertinent literature is also inconclusive (Uzkurt *et al.*, 2013; Han & Verma, 2012; Hartnell *et al.*, 2011).

Furthermore, scholars have argued that strong and good organizational culture implemented those strategies which benefits to both employees and customers of an organization (Innocent, 2015). Accordingly, organizational culture affects the employee's behaviors, organizational activities, and importantly organizational performance (Naranjo-Valencia *et al.*, 2016). Thus, taken into consideration the facts, the current study proposed the investigation of organizational culture effects on organizational performance through the mediating variable.

Organizational commitment is an increasingly important area in organizational studies literature (Pinho *et al.*, 2014). Past few studies found the positive association between organizational commitment and organizational performance (Abdul Rashid *et al.*, 2003; Conchas, 2000; Lee & Miller, 1999). Likewise, the positive organizational culture and organizational commitment relationship has also been found in the earlier studies (Majid *et al.*, 2016; Azizollah *et al.*, 2016; Abdul Rashid *et al.*, 2003). Additionally, numerous previous studies examined the mediating role of organizational commitment (Kim *et al.*, 2016; Majid *et al.*, 2016; Pinho *et al.*, 2014; Zaman *et al.*, 2012; Chen, 2004; Abdul Rashid *et al.*, 2003; Yousef, 2000).

Hence, the concepts of strategic orientation, and organizational culture are central to the achievement of organization's vision and mission. Previous research has established that they have significant effect on the organizational performance, but with the mediating variable, the enhanced performance can be realized. The resource base view (RBV) and social exchange theory (SET) also underpinned the proposed conceptual relationships. Therefore, the following propositions has been made.

**RP4:** Organizational commitment mediates the relationship between strategic orientation and organizational performance.

**RP5:** Organizational commitment mediates the relationship between organizational culture and organizational performance.

### Conceptual Framework

After the review of the relevant literature and formulated research propositions (RPs), the following conceptual framework has been proposed underpinned by the resource-based view theory and social exchange theory. Figure 1 exhibit the proposed conceptual framework of this study.

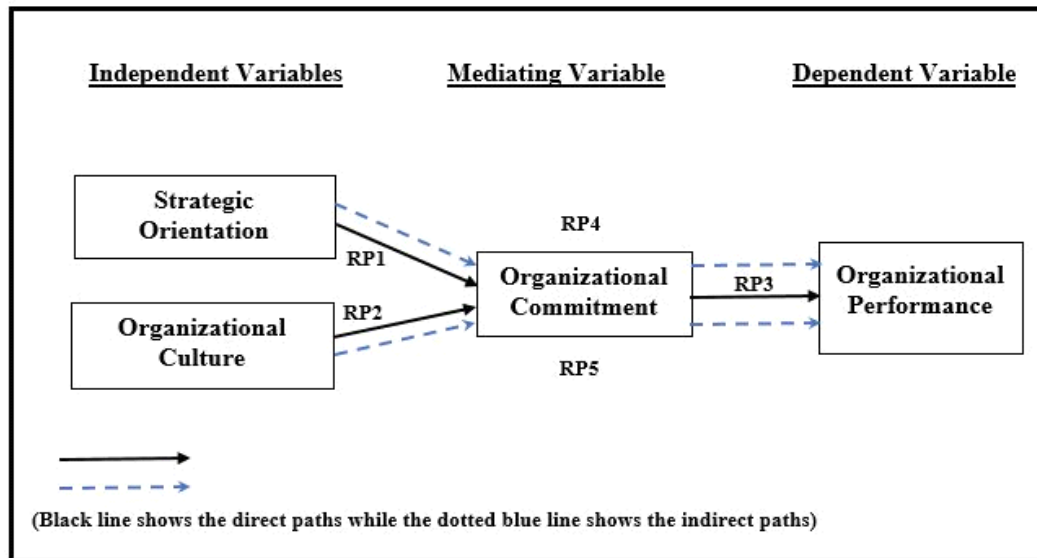


Figure 1: Conceptual framework

### Methodology

This paper adopted the conceptual model methodological approach whereby proposed the novel framework which can combine the two-important organizational strategic factors (strategic orientation and organizational culture) and its outcome variable (organizational commitment) as a mediating variable to predict the organizational performance of the banking sector of Pakistan. To come up with this proposed conceptual framework, the researchers have conducted the extensive relevant literature review and observe the practical issue in the Pakistani banking sector. Accordingly, the theory of RBV and SET also support the proposed conceptual framework. To proceed with the current study, the quantitative approach should be followed by the researchers and bank management will be the respondent because they develop and implement the organizational strategies and are well-informed about the progress and performance of the banks.

Furthermore, in few past studies, the organizational performance construct has been considered as the multi-dimensional construct and measured through financial and non-financial measures (Ouakouak *et al.*, 2013; Choudhary *et al.*, 2013; Abdalkrim, 2013; De Waal, 2012; Nzuve & Omolo, 2012; Hamdam *et al.*, 2012; Akdemir *et al.*, 2010). Moreover, measuring the performance from both perspective can result in clear picture of organizational performance (Ahmed & Othman, 2017b). Thus, it is recommended to evaluate the bank organizational performance through both financial performance and non-financial performance perspectives.

### Discussion, Conclusion and Implications

This study has acknowledged the significance of organizational factors including the strategic orientation, organizational culture, and organizational commitment which can directly and indirectly contribute in enhancing the organizational performance. The five research propositions have been formulated and recommended to empirically examine in the banking organizations, considering the facts discussed in the background of the study. Meanwhile, the importance of banking sector and its involvement in the economic development has been practically and academically long-established (Al-Swidi & Mahmood, 2011).

Furthermore, this paper highlights the necessity to give more attention on the vital role of strategic orientation and organizational culture in the organizations which can lead the implementation of strategies at the organizational level and influence the commitment among the organizational members, ultimately enhances the organizational performance. Moreover, the theoretical contribution will be the determination of the utmost important organizational factors affecting the organizational performance, also this would offer other new ideas to Pakistani and international organizations concerning the performance issues. Consequently, it would lead to improvement in banking performance especially in developing countries.

Likewise, this conceptual study contributes enormously in the existing literature. Firstly, it widens the scope of strategic orientation through the consideration of it as a unidimensional, and proposed to measure its implementation. Second, the role of organizational culture followed in the banking organizations either leading to enhanced organizational performance or not. Third, this study proposed that organizational commitment has a significant effect on organizational performance and this organizational commitment is influenced through the strategic behaviors of an organization. Finally, the proposed predictors could offer the synergistic effect on the organizational performance through the development of organizational commitment. Also, the proposed framework is guided by the resource-based view theory and social exchange theory of the firm.

Thus, to increase the organizational performance of banks, Barrett *et al.* (2012) has recommended that the organizations should pay equal attention to organizational internal factors as they pay attention to external factors like economic, consumer and competitors. More specifically, organizational performance has been affected by the internal factors which are in the control of an organization (Kareem & Haseeni, 2015). Based on these recommendations, the conceptual framework is proposed which should be empirically tested by the researchers in a near future, especially in Pakistan or any other developing country context. Moreover, this study will help the banking authorities and bank managers to relook at these factors in order to achieve the organizational commitment and superior performance in their banks.

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