Relationship between Organizational Resources and Organizational Performance: A Conceptualize Mediation Study

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Abstract
The organizational performance plays a significant role as a catalyst to the development and economic growth of any country. Therefore, grounded on a detailed review of literature, the current study aims at spotting certain internal factors with a profound impact on the organizational performance. Although, the literature regarding the organizational performance highlights a several studies that provide the suggestion for some of the most effective factors such as organizational commitment, organizational culture, employer branding with a significant impact on organizational performance, yet there are certain studies that extend some discordant and inconsistent findings regarding the relationship of these factors with the organizational performance which necessitates the given relationship to be further investigated in presence of some mediating or moderating phenomenon. Therefore, based on the relevant literature, organizational innovation turns out to be the mediating construct that may effectively define the inconsistencies in giving relationship and further enhance the organizational performance. Thus, this study proposes to re-scrutinize the given relationships by further investigating it with the mediation of organizational innovation. Accordingly, the current study is going to propose ten research propositions to be tested with the help of a proposed theoretical framework. The given framework would hopefully lead to very useful and interesting insights for researchers. This paper is underpinned by the theory of Resource Based View. Therefore, it may also extend a knowledge contribution to the literature of this theory regarding the organizational resources. This paper is also expected to generate very useful insights for the Bankers, Policy Makers and regulatory authorities in charge of ensuring the desirable level of organizational innovation and performance in banking sector of Pakistan.

Keywords: Banking sector, Organizational Commitment, Employer Branding, Organizational Culture, Organizational Performance, Organizational Innovation, Pakistan

Introduction
Largely, banks perform a very dynamic role in strengthening the economy of any country. The condition of the economy of any country relies upon the prosperity of the banking industry. Since, the banking industry makes available the resources that leads to the development and growth of any country either developed or developing (George et al., 2013; Otto et al., 2012; Rotheli, 2010). In addition, banking actions regarding the development and resolution have a lot of implications for the shareholders, stakeholder, depositors, investors, government and policy-makers (Turner, 2013). Therefore, the banking industry effectiveness or ineffectiveness always has an effect on any economy (George et al., 2013). The last global financial or economic crisis of 2007/2008 attests this fact.
Apart from being intermediaries between institutions or individuals who have surplus funds and institutions or individuals who have deficit funds (Mahmood, 2000), 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). It is also important to mention that banks provide employment for the youths of a country and this helps to reduce the level of unemployment, poverty, and crimes in the society. Thus, given the role banks play in the society, their performance (good or bad) should not only be of concern to investors, depositors, and government but also important to scholars and researchers alike.

Furthermore, IMF estimates Pakistan’s sluggish economic progression of less than 5% in the next few years, whereas GDP per capita estimates also remains lukewarm (IMF WEO, 2015). Moreover, no advancement has been seen in the living environments of the public (Roberts & Sattar, 2015). Globally, Pakistan now stands at 138 among 189 economies which is too far below than the average line (World Bank, 2015). Specifically, the growth trend in GDP of Pakistan is also unsatisfactory. Taking into consideration that for the last five years (2011-2015), the country’s GDP has been growing at less than 1%. For example, there is only 0.2% GDP change in 2015 as compared to that of 2014 which is alarming and source of concern to all stakeholders in Pakistan and beyond (IMF WEO, 2015). Besides, the financial sector of Pakistan is assimilated with the world economy and is mirrored in its performance. Therefore, the financial division contributes 5.3% in the services sector overall and its share in GDP is 3.1%, but as compared to the other services sectors, it is still going down and need serious concentration on the enhancement of this sector (Pakistan Economic Survey, 2014-15).

Precisely, in Pakistan, the 95% of the financial sector is grounded in the banking system. Even though, the banking system faces many ups and downs in the past 63 years (Butt, 2010). The World Bank conducted a study on the South Asian banking sector, including Pakistan and found that the public sector commercial bank’s performance reflects the overall performance of the banking sector, which has been poor as compared to the private commercial banks (Namgyel, 2003). Numerous reasons have been indicated by the poor performance of the public sector commercial banks, some major reasons include: poor governance and management, weak monitoring and supervision mechanisms, low commitment, ineffective HR policies, limited computerization and innovation, and politicized environment (Namgyel, 2003). Consequently, the public sector commercial banks have increased the number of non-performing loans, high operating cost, employment issues, limited investments and economic growth (Namgyel, 2003). As a result, the national credit provided by the banking sector in Pakistan was at 46.85% of GDP in 2014, (Trading Economics, 2016). The past trend also shows that the contribution of the banking sector is not stagnant (Trading Economics, 2016).

In a nutshell, the banking performance in Pakistan and their GDP contribution are fluctuating and available records show that there is a need to evaluate their organizational performance. Accordingly, the developed countries has put complete efforts on the banking performance and limited studies have been conducted on the banking performance in less developed or developing countries like Pakistan (Butt, 2010). To evaluate the banking performance, the previous researchers such as, Hamdam et al. 2012 and Ouakouak et al. 2013 characterize OP as a multi-dimensional construct. For example, Choudhary et al. (2013) point out that there are different aspects to evaluate the OP. Also, Abdalkrim (2013), Akdemir et al. (2010), De Waal (2012), Nzuve and Omolo (2012) divided the measures of OP into two types: financial measures and non-financial measures. The high devotion of academicians and professionals on the measures of OP reveals the importance to increase OP (Hoque, 2004).
So in short, the issue of organizational performance is due to ineffective implementation of organizational strategy worldwide and about 70% to 90% of the organizations faced disappointment in the implementation of organizational strategy (Kaplan & Norton, 2000). Both academicians and professionals discussed that external factors which affect the performance of banks are not foreseeable (Al-swidi, 2012) and not in the control of an organization (Kareem & Haseeni, 2015). Also, Kareem and Haseeni (2015) stated that the OP has been affected by the internal factors which are in the control of an organization. These internal factors include, human factor, work nature and administration. The facts discussed above lead the researchers to explore internal factors in order to determine their impact on OP.

**Underpinning theory**

In the literature of organizational performance (OP), several theories have been discussed to explain the relationship between OP and its antecedents. In this conceptual paper, the theory that best explain the nature of relationships explored among the variables proposed in this paper is discussed. The theory is resource-based view. This theory underpinned the conceptual framework proposed in this paper.

**Resource Based View (RBV) Theory**

The resource based theory, usually abbreviated as RBV or RBT, is a popular theory that is widely referred to and cited in, most especially in the studies of organizational performance (OP) (Newbert, 2007; Wernerfelt, 1995). 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) considered that the organizational success is mainly based on the organizational internal properties. These properties are further comprised of organizational assets or organizational capabilities. The organizational assets are may be tangible or intangible (Collis, 1994), while the organizational capabilities are in the form of intangible contained internal knowledge and competencies (Teece et al., 1997). Likewise, the shared knowledge, employee’s competency, capital equipment, employer brand and organizational reputation are considered as the resources of an organization and work as a source of competitive gain and enhanced performance of an organization (Barney, 1991).

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. Mostly RBV studies focused on the dependent variable named as, OP (Ray et al., 2004). This conceptual study also considers the OP as the criterion (dependent) variable. Besides, the RBV also has a relationship with the theory, the growth of the firm by Penrose’s (1959). Means to look at those resources that can increase the OP.

Moreover, based on RBV view point, Camisón and López (2010) stressed to investigate those factors that can affect organizational innovation and organizational performance (OP). They highlighted that a huge gap exists in the empirical studies regarding this area (Camisón & López, 2010). Thus, the enrichment of organizational innovation hinges on those organizational factors that can directly effect on organizational innovation (Li et al., 2010; Aragón-Correa et al., 2007; García-Morales et al., 2007).

So, in the literature, the organizational culture, organizational commitment, employer branding and organizational innovation have been described as organizational resources as well as
competitive strategies which organizations can use to gain a sustainable competitive lead and achieve greater organizational performance (OP) in a highly dynamic and competitive business environment (Backhaus & Tikoo, 2004; Hassan et al., 2012; Li & Calantone, 1998; Mone et al., 1998; Pavlou & Sawy, 2010; Pavlou & Sawy, 2011; Piyachat et al., 2015; Uzkurt et al., 2013; Zheng et al., 2010; Valencia et al., 2016). Also, RBV stated that there is a link between organizational resources and competitive gain, which can directly impact OP (Barney, 1991). Consequently, organizational resources assume a source of gaining a competitive advantage and in succession leads toward increased OP.

Therefore, in the present study context and in keeping with the propositions of RBV theory, organizational commitment, organizational culture, employer branding and organizational innovation are regarded as organizational resources that organizations can use to improve their performance and outperform their rivals in the marketplace. These organizational resources are highly valued factors.

**Literature Review and Research Propositions**

The theoretical base of this paper is established by the review of literature and causal relationships have been determined between organizational commitment, organizational culture, employer branding, organizational innovation and organizational performance, and discussed in the following section.

**Organizational Commitment and Organizational Performance**

Extensive research on organizational commitment has been conducted over the few years (Klein et al., 2009) and has been linked to various factors enhancing organizational performance (Mathieu & Zajac, 1990; Meyer et al., 2002; Cooper-Hakim & Viswesvaran, 2005). Arthur (1994) found that the organizational commitment enhanced the organizational performance. He also found that the organizational commitment helps in increasing the productivity of an organization. Furthermore, Suliman and Iles (2000) stated that organizational commitment work as the driving force of an organizational performance (p. 408). Also, it establish the positive relationship with the several progressive factors. For example, organizational commitment is absolutely related to job satisfaction, employee motivation, organizational citizenship behavior and organizational performance (Chughtai & Zafar, 2006; Mathieu & Zajac, 1990; Meyer et al., 2002; Riketta, 2002). Also, numerous studies have found negative relationship with the employee absenteeism and employee turnover in an organization (Angle & Perry, 1981; Farrel & Stamm, 1988; Chughtai & Zafar, 2006; Porter et al., 1974).

Additionally, the study conducted by Abdul Rashid et al. in (2003) to examine the effect of organizational commitment on the organizational financial performance of 202 listed companies at Kuala Lumpur Stock Exchange and found that organizational commitment had significant influence on financial performance of an organization. Also, different studies revealed that organizational commitment is confidently associated with job satisfaction and organizational performance (Ali et al., 2010; Yousef, 2000). Also, Irefin and Mechanic (2014) conducted a study on Coca Cola Nigeria Ltd to determine the impact of worker’s commitment to organizational performance. The study found a high correlation between this relationship and worker’s commitment directly affected the organizational performance. Therefore, based on the given attitudes, the following research proposition is designed.

**RP1: Organizational Commitment positively predicts Organizational Performance.**

**Organizational Culture and Organizational Performance**

This study also aims to explore the association between culture of an organization and its performance. The past literature on organizational culture also supports this belief that
organizational culture is correlated with organizational effectiveness and performance (Ahmed, 1998; Saffold, 1988; Cameron & Quinn, 2006; Zheng et al., 2010). Also, Zheng et al. (2010) discussed the resource based view and claimed that organizational culture is one of the important organizational resources which have been studied in their relation to the organizational performance. Similarly, Oparanma (2010) stated that organizational culture fuels many activities in an organization that brings organizational success.

Although, there are adequate studies which recommended the hypothesized connection between the organizational culture and organizational performance (Ogbonna & Haris, 2000). Moreover, organizational competitive advantage can also be achieved through organizational culture (Martins & Martins, 2002). Marcoulides and Heck (1993) found the sturdy direct effect of organizational culture on performance of an organization. Furthermore, Oparanma (2010) considered the organizational culture as an important factor while studying the organizational performance. Accordingly, Duke II and Edet (2012) and Zheng et al. (2010) stated that there is a progressive association between organizational culture and organizational performance and lead to organizational success.

Numerous studies recognized the organizational culture as one of the important factors which enhances the organizational performance (Duke II & Edet, 2012; Fekete & Borcskei, 2011; Zheng et al., 2010; Cameron & Quinn, 2006; Peters & Waterman, 1982; Saffold, 1988). Opposed to that, Yesil and Kaya (2013) examine the association between organizational culture and organizational performance and found no relationship between cultural dimensions and organizational performance. They recommended the need to empirically examine this relationship. Organizational culture has been considered as the important element of increased organizational performance and part of those organizations who are striving for better performance (Uzkurt et al., 2013). Also, organizational culture has more effect on organizational performance than the general culture (Naor et al., 2010). Therefore, based on the given views, the following research proposition is formed.

**RP2:** Organizational Culture positively predicts Organizational Performance.

**Employer Branding and Organizational Performance**

Employer branding is the combination of branding technique and human resource practices, firstly introduced by Ambler and Barrow in 1990. According to Barrow and Mosley (2005) employer branding has been enormously studied by academicians and practiced in a number of companies. Employer branding is also anchored in the resource based view considering that human capital is essential for organizational success (Backhaus & Tikoo, 2004). Employer branding contains the benefits which are related to staff recruitment, employee retention and enhanced organizational performance (Taylor, 2010). Employer branding is also related to decreased employee absenteeism and increased work performance (Taylor, 2010). While, it is difficult to calculate directly the ROI, but employer branding produces worth by creating a strong organizational culture as well as increased employee commitment and employee satisfaction (Backhaus & Tikoo, 2004; Edwards, 2010; Gaddam, 2008).

Gaddam (2008) suggested that the employer branding has an indirect impact on the organizational profitability, through the improved organizational performance and employee commitment which in turn also increased the customer satisfaction. A reputation as a good company could also fascinate the investors to invest in that particular organization which leads to increased organizational performance and effectiveness (Piyachat et al., 2015).

The literature base on employer branding is also hypothesized that employees are the most valued resources of any organization and companies who invest in human resource could be benefited from high organizational performance and also supported by the resource-based view.
theory, brand equity theory, psychological contract and social identity theory (Piyachat et al., 2015). Therefore, based on the specified urgings, the following research proposition is created.

**RP3**: Employer branding positively predicts Organizational Performance.

**Organizational Commitment and Organizational Innovation**

Organizational commitment is a key to employee loyalty and that employee is known as the representative of an organization (Robbins, 2001). Greenberg and Baron (2003) stated that organizational innovation is one of the outputs which get from the input of organizational commitment. Also, the increased organizational commitment makes the employees innovative (Ranjbarian, 1996). On the contrary, if organizational commitment goes down, it has an impact on innovation. Furthermore, Rostami et al. (2012) found the significant relationship between organizational commitment, organizational climate and innovation.

Besides, Jafri (2010) stated that organizational commitment has been considered as interesting area among the researchers and practitioners and found to have significant impact on organizational performance. Zannad and Rouet (2003) analyzed the the psychological contract and organizational commitment in their study and explored their impact on the employee performance through innovative commitment. They analyzed different studies and found hardly any study that paid attention to the particular aspect of organizational commitment within innovative firms.

Also, Jafri (2010) found that there are adequate studies which examined and evaluated the antecedents of employee’s commitment and explored the correlation with other factors, but little efforts have been given on studying the relationship between organizational commitment and employee’s innovative attitude. Moreover, some studies used both quantitative and qualitative approach to determine the association between organizational commitment and employee level innovation. The researchers found that a committed employee always looking the ways to innovate or add value in their products or procedures to enhance the business operations as well as to satisfy customer needs. Moreover, this act of employees leads the organization in achieving targeted goals, especially in services organizations (Swailes, 2000; Hou et al., 2011). Also, Cekmecelioglu (2006) found the positive impact of organizational commitment in employee level innovation. Therefore, based on the given short review of literature, the following research proposition is presented.

**RP4**: Organizational Commitment is positively related to Organizational Innovation.

**Organizational Culture and Organizational Innovation**

Organizational culture and innovation together have the philosophies, values, different assumption, belief, attitudes and organizational norms that are shared and followed by employees and seems as important factor which facilitates the organizational innovation (Sempane et al., 2002). According to Besterfield (2003) innovation is a meaningful source which helps in developing an organization product or service, organizational procedures and also create new value for the stakeholders of an organization. Organizational innovation also leads to new aspects of organizational performance (Besterfield, 2003). Organizational innovative culture will stand the organization as a unique among others competitor and represents as a benchmark firm (Ismail et al., 2015). Organizational culture and innovation behavior also inspire the employees to keep their efforts, to face new challenges and create employee satisfaction among them (Ismail et al., 2015).

Organizational culture is considered as the core element in both enhancing and constraining organizational innovation. Numerous studies have concluded that the organizational culture plays a key role in moving towards innovation (Dobni, 2008; Lau & Ngo, 2004; Martins & Terblanche, 2003; Higgins & Mcallaster, 2002; Jassawalla & Sashittal, 2002; Mumford, 2000; Ahmed, 1998). Also, organizational innovation in management practices comprises of changing a procedure or practices and transform in a way that is new to the organization and results in the enhancement of
the organization with respect to technological knowledge, innovation, productivity, competitiveness and organizational performance (Volberda et al., 2013).

Different researchers have empirically studied the relationships among organizational culture, organizational innovation and product innovation, but few study states that the organizational culture impacts the innovation in management practices (Glód & Wronka-Pośpiech, 2015). However, Büschgens et al. (2013) conclude that an academic justification for the relationship between organizational culture and innovation is still lacking. Therefore, based on the given discussion, the following research proposition is presented.

RP5: Organizational Culture is positively related to Organizational Innovation.

**Employer Branding and Organizational Innovation**

The success and endurance of organizations highly depend upon the workforce quality who can face the business challenges (Chhabra & Sharma, 2014). Now a day, employer branding is considered as the significant issue for practice and research in multinational corporations (MNC’s) because it shows the direct impact into their organizational reputation, employee engagement and talent management agendas (Martin et al., 2011). The advanced human resource development approach, employer branding is based on general branding theory and works to make the process of staff management more resourceful (Kucherov & Zavyalova, 2012). Therefore, employer branding could become an vital organizational HR development strategy to attract and retain high potential employees and become an important element of competitiveness of the organization in a modern labor market (Kucherov & Zavyalova, 2012).

Grounded on the strategic management RBV, Backhaus and Tikoo (2004) noted that every organization possessed exceptional, valuable and non-substitutable resources which are difficult to replicate, containing human capital, which could be an important element of competitive advantage for the organization. Kucherov and Zavyalova (2012) in their study highlights the need for further research. Moreover, Kumar et al. (2000) put emphasis on the organizational internal dynamics and indicate that these activities provide transformation and innovation. They reason that organizations which apply the organizational values are more inclined towards market driving. This role of employer branding on the organizational innovation is still calling for more empirical studies to be conducted (Kucherov & Zavyalova, 2012; Martin et al., 2011; Rajan 2010; Subramaniam & Youndt 2005; Tanwar & Prasad, 2016). Therefore, based on the review of literature, the following research proposition is generated.

RP6: Employer branding is positively related to Organizational Innovation.

**Organizational Innovation and Organizational Performance**

Numerous researchers admit that organizational innovation is one of the vital elements for organizations to survive and flourish. They agreed that organizational innovation relates to organizational performance (Chaveerug & Ussahawanitchakit, 2008; Fruhling & Siau, 2007; Rujirawanich et al., 2011). Significant findings indicate a positive relationship between organizational innovation and organizational performance (Chaveerug & Ussahawanitchakit, 2008; Fruhling & Siau, 2007). Both technological and administrative organizational innovation plays an important role in the enhancement of organizational performance and increase the organizational value (Saunila et al., 2014).

Bowen et al. (2010) analyzed the relationship between organizational innovation and organizational performance and found that there is a positive connection between these variables. Also, Saunila (2014) studied the association between innovation capability and organizational performance within SMEs. Researchers divided the organizational innovation into seven traits and found that only three traits of organizational innovation have an impact on complete organizational performance; these are leadership culture, know-how development and ideation and organizing...
structures. Similar to earlier studies, the present study established that organizational innovation has an effect on organizational performance. Therefore, based on the review of literature, the following research proposition is generated.

RP7: Organizational Innovation is positively related to Organizational Performance.

Organizational Commitment, Organizational Culture, Employer Branding, Organizational Innovation and Organizational Performance

The aim of this study is to propose the relationship between organizational commitment, organizational culture, employer branding and organizational performance with the mediating role of organizational innovation in the context of the banking sector of Pakistan. There have been numerous studies who have studied the relationship between these organizational variables separately. Extensive research has been conducted on organizational commitment over the past two decades (Klein et al., 2009) and has been linked with various organizational factors impacting organizational performance (Cooper-Hakim & Viswesvaran, 2005; Mathieu & Zajac, 1990; Meyer et al., 2002).

Also, the previous literature backs the impression that organizational culture is positively related to organizational effectiveness and organizational performance (Ahmed, 1998; Cameron & Quinn, 2006; Saffold, 1988; Zheng et al., 2010). Jafri (2010) found that there are adequate studies which examined and evaluated the antecedents and the correlation of employees’ commitment, but little efforts have been given towards studying the relationship between organizational commitment and innovative behavior of employees. Organizational innovative culture will stand the organization as a unique among other competitors and represents as a benchmark firm (Ismail et al., 2015). Organizational culture and innovation behavior also inspire the employees to keep their efforts, to face new challenges and create employee satisfaction among them (Ismail et al., 2015).

Also, the present study will extend the previous studies on employer brand (Schlager et al., 2011; Priyadarshi, 2011; Bodderas et al., 2010) by identifying the impact of an employer brand on organizational innovation, one of the most vital driver of organizational performance. It is recommended that organizations should focus on a learning environment in order to boost organizational innovation and create a better career development path for their employees (Tanwar & Prasad, 2016). The role of employer branding on the organizational innovation is still calling for more empirical studies to be conducted (Kucherov & Zavyalova, 2012; Martin et al., 2011; Rajan 2010; Subramaniam & Youndt 2005; Tanwar & Prasad, 2016). Thus, the present study is an attempt to bridge this gap in the literature.

Based on the RBV theory perspective, Camisón and López (2010) stressed that the issue of the relationship between the factors affecting organizational innovation to improve organizational performance still ranks first. They also indicated that a large gap exists in the empirical studies concerning this area. The results of different studies showed the significant and positive effect of organizational innovation on organizational performance. The improvement of organizational innovation depends on the factors that have a direct effect on innovation (Aragón-Correa et al., 2007; García-Morales et al., 2007; Li et al., 2010). Therefore, based on the past study’s outcome and context of the present study, the following research proposition is generated.

RP8: Organizational Innovation mediates the relationship between Organizational Commitment and Organizational Performance.

RP9: Organizational Innovation mediates the relationship between Organizational Culture and Organizational Performance.

RP10: Organizational Innovation mediates the relationship between Employer Branding and Organizational Performance.
Conceptual Framework

On the basis of the aforementioned review of thorough literature and the given research propositions (RPs), a new conceptual framework has been proposed.

![Conceptual Framework Diagram]

**Figure 1: Conceptual framework**

Methodology

In this paper a conceptual framework has been proposed whereby organizational innovation mediates the linkage between organizational resources and organizational performance. The methodology adopted in this paper is a conceptual model to present a novel framework which can combine the significant predictors of organizational performance in banking sector of Pakistan. To build this conceptual model we have analyzed several secondary data sources in detail. Extensive review of literature has been conducted till 2016, using the databases of EBSCO, Emerald, ProQuest, Science Direct, Tylor and Francis, and Scopus to ensure reliability of the literature. The literature is supported by RBV theory to build the conceptual framework. These sources have been reviewed to have a comprehensive insight of any potential gaps in the previous studies. Furthermore, Publications of World Bank, International Monetary Fund, Ministry of Finance (MOF), Economic Survey of Pakistan 2015, and News Articles from credible sources have been reviewed to study the current state of performance, organizational resourcefulness, innovation level and branding practices in Banks of Pakistan.

Discussion, Conclusion and Implications

The scenario discussed in the background of the study showed that the Pakistan economy and specifically the banking sector has faced numerous challenges. Since, the role of the banking sector to the overall economic growth has been academically and practically confirmed (Al-Marri et al., 2007; Al-Swidi & Mahmood, 2011). This actually happened that developing countries suffer from slower economic growth due to weak bank’s performance (Levine, 2005). Particularly the situation in the GDP of Pakistan isn’t showing the strong increase (Knoema, 2015).

Moreover, the performance of banks in specific as a major part of the overall distressed financial sector of Pakistan experiencing difficulties due to its weak internal factors within bank to generate domestic saving and foreign capital (Shahid et al., 2015). Likewise, the efficient bank performance is necessarily required to maximize the value of shareholders and stakeholders who have a keen interest in the bank’s operations (Butt, 2010). In past financial crises, the governments rescued the banks because they are the main source of credit for industries (Lietaer et al., 2008). As,
a single bank failure could affect the country’s economy (Janjua, 2004). Therefore, researchers recommended the need of proper organizational strategies to put into consideration by the policy makers for the enhancement of the bank performance and economic development (Shahid et al., 2015). Also literature recommends, in the developing countries like Pakistan, there has been very little attention paid towards the performance of the banking sector (Butt, 2010).

Considering the above situation in the banking sector of Pakistan, the organizational performance of banks in specific experiencing difficulties due to its weak internal factors within the bank which impedes the financial sector development as well as economic development (Shahid et al., 2015). The review of the literature showed that several studies have examined the organizational performance by considering the manufacturing sector (Beal, 2000; Rodriguez & Ventura, 2003; Verbeeten & Boons, 2009), whereas others focus on insurance (Cummins & Weiss, 2000; Fiegenbaum & Thomas, 1990; Harris & Katz, 1989; Lai & Limpaphayom, 2003; Lee & Yu, 2004). On the other hand, little consideration has been given to the banking industry (Bilal et al., 2012; Husain, 2006; Hassan et al., 2012; Kamil & Nasuradin, 2016; Mohamed, 2015; Ringim et al., 2012; Uzkurt et al., 2013; Zayas-Ortiz et al., 2015). Moreover, numerous empirical studies on OP were carried out in developed countries like UK and USA, similarly in developing countries like Singapore and Malaysia (Jusoh et al., 2008; Lee & Yu, 2004; Van der Stede et al., 2006; Andrews et al., 2006). Still, such studies in developing countries like Pakistan are requiring.

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 (Covin & Slevin, 1991; Kareem & Haseeni, 2015). Based on these recommendations, the conceptual framework is proposed which should be empirically tested by the researchers in a future, especially in Pakistan or any other developing country context.

In previous studies, the relationship between these variables has been determined, but in a different manner. None of the study has tested the proposed construct in an integrated way. By keeping in view this theoretical gap, this conceptual study proposed the mediating effect of organizational innovation on the relationship between organizational commitment, organizational culture, employer branding and the OP of the banking sector of Pakistan. Also, the proposed framework is guided by the resource base view theory of the firm.

Furthermore, the theoretical contribution will be the determination of the most important internal factors affecting the organizational performance (OP), which would lead to opening up of new ideas between Pakistan and other developing countries concerning the performance issue. Consequently, it would lead to improvement in banking performance in developing countries.

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