

# **The Impact of Organizational Capabilities on Organizational Performance: Empirical Evidence from Banking Industry of Pakistan**

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## **Abstract**

The main purpose of conducting this study is to test the relationship among organizational commitment, high performance work systems and job stress; and their impact on the organizational learning capabilities of the banking sector in Pakistan. The data was collected through a structured questionnaire from 302 bank employees. These banks comprised of commercial banks only that were situated in Lahore Pakistan. The Structural Equation Modeling was used to analyze the data. The main findings showed that workload left an inverse impact on the organizational performance. Also, continuance commitment did not hold any importance in the results. However, high performance work systems showed a significant positive impact on the organizational learning capabilities and the organizational performance. This study will be useful for the internal and external stakeholders, especially the managers, in order to identify attitude of employees and their behavior that may improve their performance. Due to time constraint this study was limited to a cross-sectional design only involving the collection of data at one specific time period. However, no such study has been found in Pakistan yet which provides unique insights regarding the intrinsic factors that determine an organizational performance.

**Keywords:** organizational performance, organizational learning capabilities, organizational commitment, high performance work systems, job stress.

## **1. Introduction**

An organizations performance has been a focus of concern for companies in order to determine the factors that lead to their success and failure. There are also some non-financial factors that should be given weight age namely customer perspective, internal workflows and growth perspectives (Kaplan et al., 2010). An employee's previous performance record enables an organization to enhance its performance (Pfeffer and Blake, 1986). The term performance is sometimes misinterpreted with productivity. Therefore, this study is conducted to investigate the impact of organizational

commitment, high performance work systems and job stress on an organization learning capabilities which would furthermore affect the organizational performance.

This study aims at exploring the relationship between organizational commitment, high performance work systems and job stress; and its impact on organizational learning capabilities of the banking sector of Pakistan. The importance of all these measures of organizational performance will be analyzed in this respective study which differentiates it from the existing literature. According to the Contingency Theory of Fielder (1966), an organizational performance is determined by the management capabilities to control and affect a group's situational favorability. Similarly, the Scientific Management Theory Approach of Taylor (2004) highlighted the importance of certain human resource practices such as scientific selection and scientific training of the workers. Therefore, both these theories collectively determine the significance of intrinsic factors for measuring organizational performance.

There are three traditional approaches to human resource practices; universalistic, contingency and configurationally (Delery and Doty, 1996). The universalistic approach assumes a direct relationship between the human resource practices and organizational performance. The contingency approach assumes a moderating relation between human resource practices and organizational performance. The configurationally approach assumes that some variables of human resource practices act jointly in order to demonstrate consistency in the organizational performance. Human resource practices will be improvising an employee's performance which will ultimately lead to enhancement in the overall organizational performances.

Organizational learning capabilities aim to achieve knowledge in order to process change and improvements. An employee's ability to adapt to the rapidly changing environment plays an important role in determining the learning capabilities prevailing within an organization (Fainshmidt et al., 2016). However, organizational learning capabilities are also greatly affected by the political ties and business ties such as maintenance costs (Chung et al. 2016). In contrast, organizational learning capabilities are also dependent upon the application of certain financial and non-financial factors which determine the existing capabilities prevailing within an organization (Grafton et al., 2010).

Organizational performance is the achievement made by various divisions within an organization, with a specific timeframe to achieve the overall goals and targets at different stages (Ling and Hung, 2010). It is also an organizations ability to attain its goals by using resources in an effective and efficient manner (Daft, 2000). It includes the overall assessment of all the different departments within an organization which will determine the factors for success and failure. It is the overall productivity, quality and consistency prevailing in the organization. One of the most important determinants of an organizational performance in terms of the non-financial factors is the behavior of employees towards their work. Employee's performance will ultimately be affecting the success and failure of an organization.

Various aspects of organizational learning capabilities are demonstrations of missions and goals, management obligation and delegation of power, experimentation, and transfer of knowledge, team work and group problem solving (Goh and Richards, 1997; Hult and Ferrel, 1997). The abilities refer to the internal stakeholders of the organization to grasp a particular knowledge of a process or a task immediately. It is the ability of an employee

to adjust with the existing work environment and adapt quickly to the changes required in order to enhance the organizations performance.

Organizational commitment is an individual's attachment to the organization. Organizational commitment is also categorized into affective commitment, continuance commitment and normative commitment. Furthermore, organizational commitment is also classified into retention commitment, value commitment and effort commitment. It is an employee's attachment with the organization and his level of dedication towards his work. It can also be interpreted as an employee's loyalty with his organization in terms of supporting them even in crises. Organizational commitment will also take into consideration the contribution of an employee in the success of the organization. There are three level of organizational commitment: Affective, Continuance and Normative commitment.

Affective commitment describes an employee's emotional attachment with the organization (Meyer and Allen, 1991). Such commitment is his level of involvement in the work related to his job and his feeling of loyalty for his work. It might be because the employee has been an organizational member for a long period of time or the position given over to him in the organization was previously led by some of his family members.

Continuance commitment describes an employee's awareness about the costs which they might incur if they leave the organization (Meyer and Allen, 1991).The extent to which an employee is able to weigh the gains verses losses for working in a particular organization. The fear of remaining unemployed will make an employee to stay in a particular organization. Economic costs and social costs will be the major determinants for continuance commitment.

Normative commitment takes into account the feeling of obligation to stay in a particular organization (Meyer and Allen, 1991).Normative commitment might take place because the employee has entered into an agreement with the organization which cannot be obligated. This might also be because the organization has invested money on the employee in terms of providing them with either on the job or off the job training. Moreover, the employee might have entered into a contract with the organization which could not be changed easily. In all these scenarios, it will become difficult for the employee to abide by the policies.

High performance work systems are a bundle of mutually combining, reinforcing, overlapping and integrating human resource practices in order to achieve employee commitment, empowerment and involvement. Selective hiring deals with the abilities and skills that must be consistent with the job requirements and then screening should be done on the basis of attributes (Pfeffer, 1998). The selection of an employee is based on the particular job requirements in terms of education, experience etc.

However, the team selection has a different approach in literature. Teams have been interpreted as a tool of organizational design which leads to the workers controlling themselves instead of the mangers devoting their energy in controlling them. It allows the employees to pool ideas and come up with creative solutions to certain problems (Pfeffer, 1998).A team comprises of a group of employees who work together in order to attain the maximum outcome from every individual employee. This encourages the concept of collectivism where the workload is shared amongst employee who are together responsible for the success or failure of a particular task assigned.

Communication and training is a human resource practice which emphasizes to be in contact with an employee in terms of involving them in change initiative's, discussing the important decisions taken, taking their opinion on those decisions and making them aware of any issues that might be prevailing in their surrounding environment. This will enhance their understanding skills and overall leave an impact on their performance as they will feel an important part of their organization.

Compensations are the monetary or non-monetary benefits which might be given to an employee in order to encourage them to perform in a better manner. It is also given in order to appreciate the employee for the hard work performed. Compensation can be treated as a motivating tool for the employee.

Employment stability and security is attained by assuring the employee that they will not be laid off. It also enables the employees to take a long term perspective on their jobs and the organizational performances (Pfeffer, 1998). Status reduction aims to achieve equality within the members of the organization. Although there is a difference in the hierarchical chart of an organization but the authorities should try to maintain a similar behavior with all the different employees in order to enable them to achieve a sense of compatibility with the organization. This act can lead an employee towards job stress.

Job stress has been considered a behavioral reaction caused by role ambiguity and role conflict (Taylor & Seeman, 1999). In order to determine the variation in job stressors across different organizations, job stress has been classified into three categories; groups-environmental factors, organizational factors and individual factors. It will be decreasing the overall productivity of an employee, hence affecting the organizational performance (Currivan, 2000).

Role ambiguity and role conflict takes place when the organizational member doesn't exactly know the tasks he has to perform as they have not been clearly defined. This might be due to an inappropriate and vague job description. Role ambiguity will create confusion in the mind of the employee and lead to job stress (Currivan, 2000).

Role conflict is a situational experience where the organizational member is engaged in a conflict in his mind in terms of performing various different roles at one time. Role conflict can also be the situation where an employee finds themselves torn between two roles with which they can identify, but both the roles have conflicting requirements and cannot be conducted together.

Workload is the amount of performance required by a job (Currivan, 2000). It is the excessive amount of pressure incorporated on an individual to achieve a designated target. Workload just incorporates burden over an employee which furthermore creates stress and affects his performance.

### *1.1 Research Rationale*

An organizational performance holds immense importance in terms of determining the success or failure of a company. An organizational performance will enable a company to identify their major areas of problems and improvise accordingly. Research on an organizations performance is extremely important as it will not only help in identifying the financial and non-financial factors leading towards success or failure but it will also assess the performance of various other departments, performance management, process reengineering and well-being of employees.

The main purpose of conducting this research is to test the relationship among organizational commitment, high performance work systems and job stress and its impact on the organizational learning capabilities in Pakistan and to examine such relationships with the company's performance. Although research has been conducted in this field of context, but still there is a need to conduct more research specifically in Pakistan due to three reasons.

Firstly, an organization who has good financial accounts does not necessarily mean that they are also performing well as a whole. Financial measures include the return on assets, return on investments, market share, sales and shareholders return.

Secondly, an organization comprises of internal and external stakeholders who have an interest in the affairs of the company. There has been little research done on the non-financial measures of an organizational performance in Pakistan. The existing research on the non-financial factors just incorporates the measures from the external stakeholders such as customer's perspectives.

Thirdly, Pakistan being a developing country needs to conduct more studies on their manufacturing and service industries. The contributions of these sectors such as textile, cement, fertilizers, banking, and telecommunication, pharmaceutical and educational have been adding a lot to the development of our economy.

This study will not only benefit the organizational members but instead all the internal and external stakeholders of an organization as the important elements affecting the performance of the organization will be highlighted. It will enable the managers to identify an employee's behavior towards his job and provide possible solutions to improve their performances.

## **2. Literature Background**

Organizational performance has been a widely studied phenomenon by many researchers. It can be measured through both intrinsic and extrinsic factors. Cunningham (1977) emphasized on only the intrinsic factors that leave an impact on the organizational performance. He identified seven criteria's which could be used while measuring the performance of a particular organization. The first is a 'rational goal model theory' which lays emphasis on the goal accomplishment strategies adopted by an organization and the amount of success they have achieved in terms of attaining it. The second is a 'system resource model theory' which lays importance to the optimal distribution of resources to all the functional areas of an organization. The third is a 'managerial process model theory' which incorporates the organizational processes and managerial know-how regarding these processes. The fourth is an 'organization development model theory' which highlights an organizations capabilities to make decisions regarding the prevailing problems and its potential to learn from them. The fifth is 'bargaining model theory' which emphasizes on maintaining an organizations processes and to make adjustments between certain organizational elements. The sixth is 'structural functional model theory' which encourages the development of certain structural changes in order to support organizational elements. The seventh is 'functional model theory' which takes into account the social consequences of an organization action. These seven models theory specifically give more importance to the intrinsic measures of organizational performance rather than the extrinsic measures.

The Contingency Theory of Fielder (1966) states that organizational performance is determined by the management capabilities to control and affect a group's situational favorability. Situational favorability comprises of leader-member relations, task structure and position power. However, according to Camps and Luna (2012) an organizational performance is determined through the high performance work system practices adopted by the organization. One of the practices of high performance work systems include selection, hiring and training of appropriate candidates who will ultimately form the future management of that particular organization. Therefore, high performance work systems (HPWS) and organizational learning capabilities (OLC) have been used as two important factors that determine the outcomes of a particular organization. This study aimed to analyze that whether organizational learning capabilities played an important role in determining high performance work systems practices and the company's performance. The results concluded that the effects of high performance work systems on the organizational performance are affected by organizational learning capabilities. There was a positive relationship between high performance work systems and organizational learning capabilities. Moreover, there is also a significantly positive relationship between organizational learning capabilities and organizational performance.

Chung et al. (2016) investigated on the dark side of business to business relationships that exists between both the firm level and personal level. The study emphasizes on the fact that whether managerial ties, political ties or business ties will affect the overall organizational capabilities and performance. On the other hand Grafton et al. (2010) explored the impact of broad based performance measuring standards to determine the strategic capabilities within an organization. The first study was conducted on 137 Taiwanese firms of various industrial sectors. Whereas, the second study conducted a mail survey on various strategic business units which targeted 794 business unit managers in Australia. The results concluded that the political ties specifically; the government role in employment and the business ties such as maintenance costs will leave an impact on the organizational learning capabilities along with the organizational performances. Whereas, the other study concluded that the broad based performance measuring standards are highly dependent on both the financial and non-financial performance measures. The manager's decision to implement these specific measures will determine an organizations existing capabilities.

Furthermore, Fainshmidt et al. (2016) highlighted the role of technological developments on the organizational capabilities. It also emphasized on the ability of employees to adapt to the rapidly changing environment which is known as Dynamic Capabilities. The results of this study showed that the dynamic capabilities of an organization along with the technological developments are greatly affected by the economic activities and is not solely dependent on the internal factors prevailing within an organization

The Scientific Management Theory Approach of Taylor (2004) specifically highlighted the importance of scientific selection and the scientific training of the worker. These comprise of certain analytical skills which are required for hiring and training an appropriate employee. However, Pfeffer and Blake (1986) emphasized on the same concern regarding the effects of managerial replacement on the organizational performance. The article incorporates different views which leave an impact on the organizational performance. The purpose of this study was to identify the abilities of the successor managers to further identify the theoretical problems of the firm and the

selection of appropriate employees based on having similarities with the employees who have succeeded them. The results concluded that succession can be categorized into two types; internal and external succession. External succession merely depends upon external change. The research depicted that identifying appropriate succession does not necessarily help in predicting the organizational functioning. It is extremely important for organizations to select and recruit those employees who have the best performance records from all the available candidate options.

According to Wood et al. (2012), the intrinsic factors play an important role in determining an organization's performance. These intrinsic factors comprise of high performance work practices including the dimensions of job design enrichment and high involvement management. Whereas, Richard et al. (2009) analyzed that besides the intrinsic or extrinsic factors of measuring an organization's performance; some other appropriate measures include both financial and non-financial factors. The results of the first study showed that job satisfaction facilitates the relationship of job design enrichment and other performance measures. Whereas, high performance work systems had a negative relation with job satisfaction and job related anxiety. Higher job satisfaction was associated with better financial performances, higher labor productivity, lower absenteeism and improved quality. High involvement management was positively and directly related to labor productivity, financial performance and quality whereas absenteeism was not related with high involvement management. On the other hand, the results of the second study concluded that whenever an organization's performance is being evaluated, it is necessary to keep into consideration the dimensionality of performance; identifying measures which are appropriate for the research, and the selection and combination of performance measures. However, the nature of performance and the nature of measures are the two most important components to be highlighted while conducting research on an organization's performance.

The Job Characteristics Theory of Hackman and Oldham's (1976) proposes that there are five core job characteristics which leave an impact on an employee's psychological states which furthermore influence their work outcomes. These five job characteristics comprise of skill variety, task identity, task significance, autonomy and feedback. Similarly, Yucel (2012) investigated the impact of job satisfaction on the psychological states of an employee which is measured through three dimensions of organizational commitment which are affective commitment, continuance commitment and normative commitment. The main objective of this study was to examine the relationship between job satisfaction, organizational commitment and turnover intentions. The results of the research stated that there was a positive impact of job satisfaction on the affective, continuance and normative commitment within an organization as a higher level of job satisfaction led to a higher level of commitment whereas low level of job satisfaction will lead to higher turnover intentions. Lastly, the study was concluded that job satisfaction was one of the most important antecedents of organizational commitment and turnover intention of employees.

Job stress can not only affect an employee's individual performance and his ability to perform a specified task but would also hamper an organization's performance. Currihan (2000) examined the relationship between job satisfaction and organizational commitment on the turnover intentions of the employees. The main objective of this study was to identify the determinants which would ultimately leave an impact on an

employee's behavior in an organization. All these constructs along with organizational commitment and job satisfaction were used as major constructs to analyze an employee's behavior in terms of their intention to quit. The study concluded that different models tested showed various results in terms of the relation between satisfaction and organizational commitment. Moreover, the role conflict and work load exerted a significant negative effect on organizational commitment. Role ambiguity, autonomy and pay left no impact on the organizational commitment of an employee.

The existing literature on measuring an organizational performance highlights the individual relation of organizational commitment, high performance work practices and job stress on an organizational performance. However, the research gap identified in the existing literature is the relation of organizational commitment, high performance work systems and job stress on organizational learning capabilities. Therefore, this study aims at exploring the impact of these variables on the organizational learning capabilities which will furthermore affect the organizational performance. Moreover, all the existing studies incorporate the financial measures of organizational performance for the banking sector. This study will emphasize on the intrinsic factors that leave an impact on the organizational performance in the banking sector of Pakistan.

### **3. Methodology**

The graphical illustration of the theoretical framework is shown in Figure 1. This theoretical framework includes organizational performance as a dependent variable and organizational commitment, high performance work practices and job stress as independent variables. These constructs have been taken from the three articles written by (Camps and Luna, 2012), (Yucel, 2012) and (Currivan, 2000). However, no study has been found which has measured all these constructs collectively. Organizational learning capabilities, organizational commitment (affective commitment, continuance commitment) and all the constructs of high performance work practices have a positive effect on organizational performance. Whereas, normative commitment and job stress (role ambiguity, role conflict and work load) have a negative effect on organizational performance.

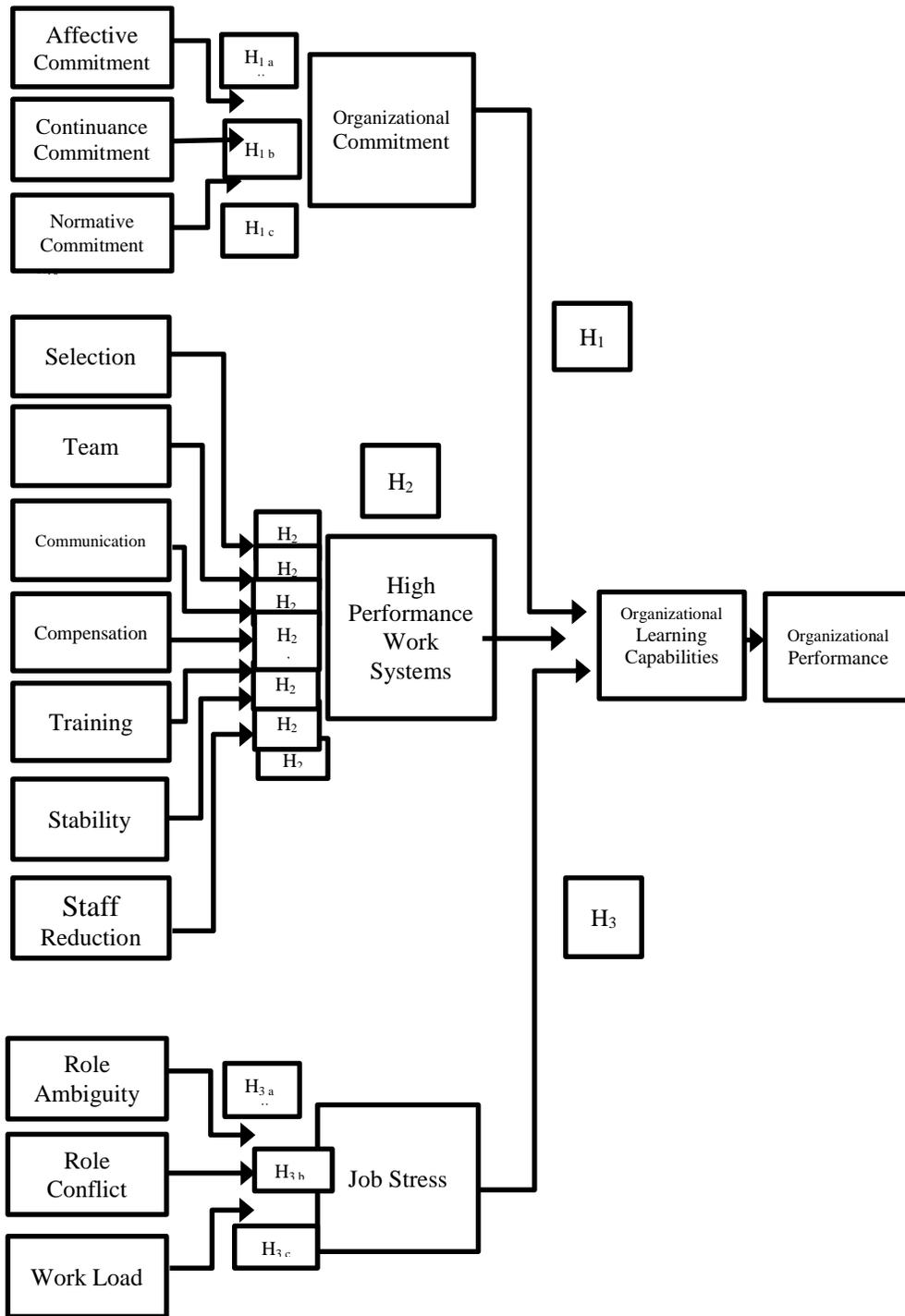


Figure 1: Theoretical Framework

*3.1 Hypothesis Development from Theory*

- **H<sub>1</sub>:** Organizational commitment has a significant positive impact on organizational learning capabilities and organizational performance.

Kuean et al. (2010) proved that organizational commitment had a positive impact on the organizational performance as it is directly linked with an employee's lower intentions to quit. This will overall enhance an employee's commitment level and his performance. Hussain and Asif (2012) measured organizational commitment based on the perceived organizational support which tends to leave a positive impact on the employees performance.

- **H<sub>1 a</sub>:** Affective commitment has a significant positive impact on the organizational commitment and organizational performance.

Affective commitment was measured by Yucel (2012) by the level of job satisfaction in order to determine an employee's emotional attachment with his particular job. Affective commitment left a positive impact on an employee's commitment level, hence positively affecting the organizational performance as well. Ziauddin et al. (2010) measured affective commitment through the level of job stress. Lower job stress would lead to a higher organizational commitment and affective commitment.

- **H<sub>1 b</sub>:** Continuance commitment has a significant positive impact on the organizational commitment and organizational performance.

Ziauddin et al. (2010) measured continuance commitment according to the affect it would have on an employee's organizational commitment level. Continuance commitment will be more if there is less job stress, hence having a positive impact on the organizational performance. Yucel (2012) examined continuance commitment as a measure of organizational commitment which would enable an employee to weigh the benefits and drawbacks of staying or leaving a particular firm.

- **H<sub>1 c</sub>:** Normative commitment has a significant positive impact on organizational commitment and a significant negative impact on organizational performance.

Ziauddin et al. (2010) measured normative commitment as its impact on the overall organizational commitment. Normative commitment makes an employee obligated to work for the firm. This would negatively affect the organizational commitment and the organizational performance as well. Yucel (2012) studied normative commitment in the light of an employee's job satisfaction. Normative commitment makes a feeling of obligation for the employee to remain an organizational member, which would force them to stay. Normative commitment will not be having a positive impact on an employee's organizational commitment.

- **H<sub>2</sub>:** High performance work system has a significant positive impact on the organizational learning capabilities and organizational performance.

Armstrong et al. (2010) claimed that high performance work systems leave a positive impact on an organizations performance. He believed that this is supported with the elements of diversity and equality prevailing within the organization. Jensen et al. (2013) measured high performance work systems as a firm level competency which will produce ambidexterity and enhance the overall firm's performance.

- **H<sub>2</sub> a:** Selection has a significant positive impact on high performance work systems and organizational performance.

Beltrán et al. (2008) considered selective staffing to be an important human resource practice which would leave a positive impact on the high performance work systems and the organizational performance as a whole. Combs et al. (2006) measured selectivity as one of the most important technique that could be adopted in order to recruit appropriate employees.

- **H<sub>2</sub> b:** Team has a significant positive impact on high performance work systems and organizational performance.

Camps and Luna (2012) examined self-managed teams as a source to improve an employee's efficiency which would leave an impact on the task performed by an employee. This would be affecting the organizational performance in a positive manner as well. Zacharatos et.al (2005) believed that teams tend to improve the trust management and safety incidents record.

- **H<sub>2</sub> c1:** Communication has a significant positive impact on high performance work systems and organizational performance.

According to Camps and Luna (2012) communication has been taken as an extensive sharing of information with employees which ultimately affects the high performance work systems in a positive manner along with the organizations overall performance as well. Zacharatos et.al (2005) categorized communication as information sharing and believed that this is an important act of the high performance work practices.

- **H<sub>2</sub> c2:** Communication has a significant negative impact on high performance work systems and organizational performance.

Another perspective of communication has been identified by Smidts et al. (2001). Communication can also have a negative impact on the performance of an employee and the organization as well. The adequacy of the information received about the organization and the personal role should be based on the sufficiency and the usefulness of information.

- **H<sub>2</sub> d:** Compensation has a significant positive impact on high performance work systems and organizational performance.

Combs et al. (2006) considered compensation as an important measure of high performance work system. He believed that compensation had a positive impact on the employee which would furthermore enhance the performance. Zacharatos et al. (2005) took compensation as a measure of the employee performance.

- **H<sub>2</sub> e:** Training has a significant positive impact on high performance work systems and organizational performance.

According to Sun et al. (2007) training is a highly significant human resource practice which improves a firm's productivity. This will improve the high performance work system practices and organizational performance as well. Fey (2000) believed that training will lead to motivation, retention and capability development.

- **H<sub>2</sub> f:** Stability has a significant positive impact on high performance work systems and organizational performance.

Camps and Luna (2012) measured stability in terms of employment security which showed that it has a positive impact on the high performance work system as it is a major human resource factor to make an employee secure. This also improve the overall organizational performance. Fey (2000) considered stability as a measure of job security.

- **H<sub>2</sub> g:** Status reduction has a significant positive impact on high performance work systems and organizational performance.

According to Camps and Luna (2012) status reduction is a mean to maintain reduced status distinction prevailing within an organization. This would not only bring equality but also leave a positive impact on the high performance work system practices as well.

- **H<sub>3</sub>:** Job stress has a negative significant impact on the organizational learning capabilities and organizational performance.

Jou et al. (2013) explained that job stress will increase the pressure on an employee which would affect his performance. This would lead to a negative impact on the organizational performance as the employees individual performance would be hampered. Ziauddin et al. (2010) explained job stress in comparison to the organizational commitment.

- **H<sub>3</sub> a:** Role ambiguity has a significant positive impact on job stress and a significant negative impact on the organizational performance.

Currivan (2000) took role ambiguity as a measure of job stress and believed that increase in an employee role ambiguity will lead to increasing job stress and furthermore leave a negative impact on the organizational performance as well.

- **H<sub>3</sub> b1:** Role conflict has a significant positive impact on job stress and a significant negative impact on organizational performance.

Jou et al (2013) explained that role conflict had a negative impact on the organizational performance as it would lead to an increase in an employee's stress level. Role conflict is described in terms of job stress. Currivan (2000) explained role conflict as a tool that would affect an employee's performance by enabling them to increase their stress levels.

- **H<sub>3</sub> b2:** Role conflict has a significant negative impact on job stress and a significant positive impact on organizational performance.

Gonzalez and Lloret (1998) pointed out another view according to which role conflict can be leaving a positive impact on performance as well. When an employee is undergoing the various roles they have to play, the perspective of getting the opportunity for recognition and reward can also be taken into account.

- **H<sub>3</sub> c:** Workload has a significant positive impact on job stress and a significant negative impact on organizational performance.

Jou et al. (2013) described workload as a burden that would increase an employee's job stress. If there is an increase in their job stress than this would have a negative impact on the organizational performance as well. Currivan (2000) explained workload having a negative impact on the organizations overall performance.

### *3.2 Sample Criteria and Respondents Profile*

The questionnaire was rotated to 350 bank employees. These banks comprised of commercial banks only that were situated in Lahore Pakistan. The final sample

comprised of 302 bank employees with a response rate of 86.2%. This sample was selected from the following list of banks. (See below Table 1)

**Table 1: List of Commercial Banks included in the Study**

Sr. #	List of Commercial Banks
1.	Askari Bank
2.	Allied Bank
3.	MCB Bank Limited
4.	Bank Alfalah
5.	Bank AL Habib
6.	Faysal Bank
7.	HBL
8.	Habib Metropolitan Bank
9.	JS Bank
10.	NIB Bank
11.	Soneri Bank
12.	Summit Bank
13.	United Bank Limited

The respondents for this study specifically comprised of employees from Pakistan. These employees were from the banking industry in order to gather appropriate information about their various organizational performances. Firstly, the respondents were classified according to their gender. Secondly, they were categorized in various age groups in order to ensure their level of maturity in terms of their evaluation of the questionnaire. Thirdly, their work experience was identified in order to ensure their level of stability in terms of the number of years they have worked in a bank. Fourthly, an employee’s marital status was also identified so that a close analysis could be done of the liabilities he had and its impact on their commitment and stress levels. Fifthly, salary was another major component which highlighted the amount of compensation and monetary benefits provided to the employees. This furthermore helped in accessing their individual performances. Sixthly, education was given equal importance in order to understand the employee’s capabilities in terms of gaining and sharing knowledge with their colleagues. Lastly, the employee’s designation helped in identifying his level of seniority in their respective banks. All these demographic factors helped in identifying an employee’s performance which furthermore left an impact on the overall organizational performances.

*3.3 Instrumentation*

A self-administered questionnaire was used comprising of instruments needed to collect the data required. The instruments required were developed specifically to investigate the impact of organizational learning capabilities and high performance work systems on the organizational performances. The reliability of these questionnaires were confirmed through a number of studies. A structured questionnaire was constructed from the three articles written by (Camps and Luna, 2012), (Yucel, 2012) and (Currivan, 2000). Certain

items of these questionnaires were extracted and modified into a structured questionnaire for this particular study. The items for organizational learning capabilities, high performance work systems and organizational performances were taken from (Camps and Luna, 2012). Furthermore, the high performance work systems have been categorized into organizational commitment and job stress. The items for organizational commitment were taken from (Yucel, 2012). Organizational commitment has been further sub divided into affective commitment, continuance commitment and normative commitment. All these types were measured through three items each. Job stress comprised of items taken from the article (Curry, 2000). Job stress had been categorized into role ambiguity, role conflict and work load.

Both the dependent and independent variables were combined into one comprehensive questionnaire for respondents to complete. The questionnaire was prepared based on the Likert seven-point scale, in order to measure high and low dimensions of the required variables. 1=strongly disagree and 7=strongly agree. The questionnaires comprised of three sections. First section tested the organizational performance which was the dependent variable of this study. The second section tested the organizational learning capabilities and high performance work systems which were the independent variables of the study. The high performance work systems were further categorized into seven sub divisions. All the sub-divisions of the independent variables were also tested. The third section tested the demographics in terms of age, gender, salary, education, marital status, work experience and designation.

#### *3.4 Data Analysis Tools and Techniques*

The data was gathered using various tools and techniques. These comprised of SPSS software and AMOS graphics which are really efficient and effective statistical techniques used to arrange data. Some other data analysis tools used for this research were structural equation model which helped in estimating causal relations. Moreover, a confirmatory factor analysis was conducted in order to test the model for factor analysis. Tests of reliability and validity were checked to derive accurate results of the data. A path analysis was also conducted to check for the hypothesis testing and analyze the significance of the model.

### **4. Analysis and Results**

Data was collected from 302 bank employees pertaining from the banking industry of Pakistan, specifically Lahore. SPSS and AMOS version 21 were used to compute the variables for structural equation model (SEM), normality and Multicollinearity (see below Table 4 and 5). In order to test for the bias in self-report survey data Harman's one-factor test was conducted.

#### *4.1 Harman's One Factor Test*

Harman's one factor test was conducted in order to test the presence of common method effects. Common method variance is a variance which is generally attributed to the measurement method rather than the constructs as it threatens the validity of the survey and might lead to misleading interpretations. The confirmatory factor analysis was used in order to check for Harman's one factor test. All the items were loaded to observe whether a single factor accounts for most of the variance or not. Table 2 shows the total variance extracted for the Harman's one factor test. The variance of 22.554 percent shows that the common variance biasness is not present in the study as the percent of

variance is less than 50 percent. This interprets that according to the measurement method the survey was considered valid and didn't lead to any misleading results and analysis.(See below in Table 2).

**Table 2: Common Variance Method**

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %	Total	% of variance	Cumulative %
1	12.40	22.55	22.55	12.404	22.554	22.5	4.924	8.953	8.953
2	4.802	8.730	31.28	4.802	8.730	31.28	4.817	8.759	17.712
3	2.348	4.268	35.55	2.348	4.268	35.55	3.343	6.078	23.790
4	2.240	4.072	39.62	2.240	4.072	39.62	2.838	5.161	28.951
5	1.992	3.622	43.24	1.992	3.622	43.24	2.685	4.882	33.833
6	1.914	3.479	46.72	1.914	3.479	46.72	2.355	4.282	38.115
7	1.508	2.741	49.46	1.508	2.741	49.46	2.149	3.907	42.022
8	1.314	2.389	51.8	1.314	2.389	51.85	2.136	3.884	45.906
9	1.291	2.346	54.20	1.291	2.346	54.20	2.040	3.708	49.614
10	1.202	2.185	56.38	1.202	2.185	56.3	1.950	3.546	53.160
11	1.171	2.130	58.51	1.171	2.130	58.51	1.828	3.323	56.483
12	1.066	1.939	60.45	1.066	1.939	60.45	1.817	3.304	59.787
13	1.050	1.908	62.36	1.050	1.908	62.36	1.417	2.576	62.363

*4.2 Descriptive Statistics*

Descriptive statistics depict the values of mean and standard deviation for the variables. Table 3 shows the measures of central tendency. The total numbers of responses in this study are 302 (n=302). Organizational performance has a mean of 4.76 and a standard deviation of 0.80. Organizational learning capability has a mean of 4.86 and a standard deviation of 0.71. Affective commitment has a mean of 4.39 and a standard deviation of 1.00. Continuance commitment has a mean of 4.73 and a standard deviation of 0.83. Normative commitment has a mean of 4.33 and a standard deviation of 0.99. Moreover, selection has a mean of 4.54 and a standard deviation of 0.89. Team has a mean value of 4.72 and a standard deviation of 0.82. Communication has a mean of 4.53 and a standard deviation of 0.72. Compensation has a mean of 4.87 and a standard deviation of 0.82. Training has a mean value of 4.66 along with a standard deviation of 1.12. Stability has a mean value of 4.65 and a standard deviation of 1.05. Staff reduction has a mean of 4.76 and a standard deviation of 1.17. Furthermore, role ambiguity has a mean of 4.29 and a standard deviation of 0.92. Role conflict has a mean of 4.58 and a standard deviation of 1.31. Workload has a mean of 5.03 and a standard deviation of 0.85 respectively. However, these mean values show the middle or average values of the entire data set and the standard deviation for all the variables depict that there is significant extent of deviation for a group as a whole in this study.

Before analyzing the Structural Equation Modeling (SEM) on the data set, the assumption behind this analysis is to test for normality, linearity and multicollinearity. For this purpose normality was tested by analyzing the descriptive statistics (skewness and kurtosis, see table 3). These tests were also recommended by Fidell et al. (2013) and Compeau and Higgins (1995). The criteria for these tests was to have skewness and

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kurtosis values nearly close to zero or less than and equal to  $\pm 2$  (Compeau and Higgins,1995). In Table 3 it is clearly seen that all the values are less than the criterion value. Hence, data is stated to be normally distributed.

**Table 3: Descriptive Statistics**

	N	Minimum	Maximum	Mean	Std. Deviation	Skweness Statistic	Kutosis Statistic
<b>Organizational Performance</b>	302	2.40	7.00	4.76	.80	.256	.711
<b>Organizational Capabilities</b>	302	1.44	7.00	4.86	.71	-.867	2.567
<b>Affective Commitment</b>	302	1.00	7.00	4.39	1.00	-.036	.539
<b>Continuance Commitment</b>	302	1.25	7.00	4.73	.83	-.755	1.819
<b>Normative Commitment</b>	302	1.00	7.00	4.33	.99	-.016	.748
<b>Selection</b>	302	1.66	7.00	4.54	.89	-.093	.756
<b>Team</b>	302	2.00	7.00	4.72	.82	-.103	-.168
<b>Communication</b>	302	3.00	7.00	4.53	.72	.092	.229
<b>Compensation</b>	302	2.66	7.00	4.87	.82	-.105	.072
<b>Training</b>	108	1.00	7.00	4.66	1.12	-.389	1.361
<b>Stability</b>	302	1.00	7.00	4.65	1.05	-.643	.292
<b>Status Reduction</b>	149	1.66	7.00	4.76	1.17	-.588	.424
<b>Role Ambiguity</b>	302	2.00	7.00	4.29	.92	-.015	.006
<b>Role Conflict</b>	302	1.00	7.00	4.58	1.31	-.726	.059
<b>Workload</b>	302	1.33	7.0000	5.03	.85	-.817	1.170
<b>Valid N (listwise)</b>	108						

### 4.3 Correlations

The correlation values depict that whether the variables have an interdependence or relationship between each other. Table 4 shows that organizational performance tends to have a significant positive relation with all the other variables except stability, role conflict and work load which have a negative relation with organizational performance. This depicts that in case of lack of stability, role conflict and excess workload, the performance of an organization will be negatively affected. Organizational performance tends to have a moderately strong relation with all the other variables as the co-relational values are closer to 1. Organizational learning capabilities just have a significant negative relation with role conflict -.098. It has a significant positive relation with all the other variables with a moderately strong interdependence. Moreover, all the components of organizational commitment have a significant positive relation with all the other

variables. Only role conflict has a significant negative relation with affective and normative commitment. This shows that an employee's level of commitment will be affected during role conflict. Furthermore, if we analyze the relation of HPWS with all the variables we can observe that again role conflict tends to have a significant negative relation with selection -.121, communication -.105, compensation -.081, training -.115 and status reduction -.211. All these co-relational values show that role conflict has a strongly negative relation with the practices of HPWS. Besides role conflict, the other two components of job stress which are role ambiguity and work load share a significant positive relation with all the other variables; except that role ambiguity have a significant negative relation with training and stability; whereas, workload has a significant negative relation with organizational performance. (See below Table 4)

**Table 4: Correlations**

				Org.			High Performance Work Systems						Job Stress			
		OP	OLC	AC	CC	NC	SL	TM	CM	CP	TR	ST	SR	RA	RC	WL
<b>OP</b>	Pearson Correlation	1.000	.429**	.438**	.233**	.389**	.265**	.270**	.391**	.354**	.338**	-.037	.357**	.403**	-.302**	-.014
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000	.000	.000	.000	.521	.000	.000	.000	.814
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>OLC</b>	Pearson Correlation	.429**	1.000	.573**	.379**	.520**	.485**	.580**	.660**	.495**	.539**	.473**	.566**	.194**	-.098	.275**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.001	.088	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>AC</b>	Pearson Correlation	.438**	.573**	1.000	.308**	.615**	.606**	.431**	.697**	.369**	.537**	.226**	.468**	.266**	-.152**	.009
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.008	.871
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>sCC</b>	Pearson Correlation	.233**	.379**	.308**	1.000	.522**	.310**	.345**	.499**	.424**	.192*	.330**	.371**	.094	.059	.347**
	Sig. (2-tailed)	.000	.000	.000		.000	.000	.000	.000	.000	.047	.000	.000	.101	.311	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>NC</b>	Pearson Correlation	.389**	.520**	.615**	.522**	1.000	.461**	.417**	.809**	.433**	.406**	.272**	.546**	.309**	-.151**	.148*
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.000	.000	.008	.010
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>SL</b>	Pearson Correlation	.265**	.485**	.606**	.310**	.461**	1.000	.479**	.808**	.363**	.498**	.323**	.478**	.156**	-.121*	.120*
	Sig. (2-tailed)	.000	.000	.000	.000	.000		.000	.000	.000	.000	.000	.000	.007	.036	.037
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
<b>TM</b>	Pearson Correlation	.270**	.580**	.431**	.345**	.417**	.479**	1.000	.771**	.443**	.522**	.361**	.446**	.217**	.038	.286**
	Sig. (2-tailed)															
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302

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	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.509	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
CM	Pearson Correlation	.391**	.660**	.697**	.499**	.809**	.808**	.771**	1.000	.518**	.568**	.396**	.598**	.289**	-.105	.227**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.068	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
CP	Pearson Correlation	.354**	.495**	.369**	.424**	.433**	.363**	.443**	.518**	1.000	.421**	.392**	.534**	.274**	-.081	.228**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.162	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
TR	Pearson Correlation	.338**	.539**	.537**	.192*	.406**	.498**	.522**	.568**	.421**	1.000	.504**	.473**	-.010	-.115	.021
	Sig. (2-tailed)	.000	.000	.000	.047	.000	.000	.000	.000	.000	.000	.000	.000	.916	.235	.833
	N	108	108	108	108	108	108	108	108	108	108	108	108	108	108	108
ST	Pearson Correlation	-.037	.473**	.226**	.330**	.272**	.323**	.361**	.396**	.392**	.504**	1.000	.407**	-.049	.260**	.390**
	Sig. (2-tailed)	.521	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.399	.000	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
SR	Pearson Correlation	.357**	.566**	.468**	.371**	.546**	.478**	.446**	.598**	.534**	.473**	.407**	1.000	.198*	-.211**	.221**
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.000	.016	.010	.007
	N	149	149	149	149	149	149	149	149	149	108	149	149	149	149	149
RA	Pearson Correlation	.403**	.194**	.266**	.094	.309**	.156**	.217**	.289**	.274**	-.010	-.049	.198*	1.000	-.222**	-.063
	Sig. (2-tailed)	.000	.001	.000	.101	.000	.007	.000	.000	.000	.916	.399	.016	.000	.000	.276
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
RC	Pearson Correlation	-.302**	-.098	-.152**	.059	-.151**	-.121*	.038	-.105	-.081	-.115	.260**	-.211**	-.222**	1.000	.354**
	Sig. (2-tailed)	.000	.088	.008	.311	.008	.036	.509	.068	.162	.235	.000	.010	.000	.000	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302
WL	Pearson Correlation	-.014	.275**	.009	.347**	.148*	.120*	.286**	.227**	.228**	.021	.390**	.221**	-.063	.354**	1.000
	Sig. (2-tailed)	.814	.000	.871	.000	.010	.037	.000	.000	.000	.833	.000	.007	.276	.000	.000
	N	302	302	302	302	302	302	302	302	302	108	302	149	302	302	302

\*\* . Correlation is significant at the 0.01 level

\* . Correlation is significant at the 0.05 level

Similarly, for multicollinearity, VIF and tolerance level are tested. Table 5 depicts the multicollinearity between the independent variables in order to determine whether each of the variables can be linearly predicted from the other variables. Based on the coefficients output; the VIF values of the independent variable are 2.136 for

organizational learning capabilities, 2.071 for organizational commitment, 2.683 for high performance work systems and 1.051 for job stress. According to Stine (1995), if all the values obtained exists between the ranges of 1 to 5 then there are no multicollinearity symptoms.

**Table 5: Multicollinearity**

Model		Collinearity Statistics	
		Tolerance	VIF
1	OLC	.468	2.136
	OC	.483	2.071
	HPWS	.373	2.683
	JS	.951	1.051
a. Dependent Variable: OP			

*4.4 Structural Equation Model (SEM) – Measurement Model*

Hence, it has been stated that it is normal distribution and has no multicollinearity issues with the data set so we will proceed with the SEM analysis. A structural equation model is divided into two categories; measurement model and structural model. According to the measurement model all the measured variables are related to the latent variables.

*4.4.1 Measurement Model (Confirmatory Factor Analysis)*

A structured equation modeling (SEM) technique was used to perform the confirmatory factor analysis. CFA was conducted in order to determine the consistency of the constructs with each other by measuring whether the constructs are related or unrelated. All the items were loaded in the CFA in order to access the model fit. The factor loadings of less than 0.5 were removed from the analysis with an exception of only one item which had a loading of 0.4 (Hair et al. 2006). Items from the second order variable removed were from continuous commitment, selection, team, compensation, training, role ambiguity and workload.

*4.4.2 Testing for Construct Reliability, Convergent Validity and Discriminant Validity*

All the existing variables were tested for their reliability. The reliability of all these variables was more than 0.7 which is the cut off criteria for the study. This showed that the Cronbach’s alphas (1951) for all the variables were held reliable. The reliability ranged from 0.779 to 0.962. However, this signifies the expected correlation of two tests that measure the same construct. It also shows that the average correlation for a set of items is an accurate estimate of the average correlation of all the items that comprise of a certain construct. After analyzing the factor loadings and reliability of each and every construct, the next stage was to test for validities. Two different types of validities were tested; convergent validity and discriminate validity. Convergent validity shows that whether the constructs which should be related to each other, are actually related or not. AVE stands for average variance method which is considered a measure of convergent validity. The bench mark for convergent validity is to be more than 0.5. All of the variables had a convergent validity of more than 0.5 except for organizational

performance which had an AVE of 0.415 and organizational learning capabilities which had an AVE of 0.361 as shown in Table 6. This shows that all the constructs of organizational commitment, high performance work practices and job stress are significantly related to each other. However, the constructs of organizational learning capabilities and organizational performance have slightly lower AVE's that determine that the constructs are not highly related to each other.

The second validity test conducted was the discriminate validity. Discriminate validity shows that the constructs which have to be unrelated with each other; are in fact unrelated. It is measured by taking the square of the co variance of each and every construct. The squared co- variance is then compared with the AVE which should be greater in value. The discriminate validity was held for all the variables.

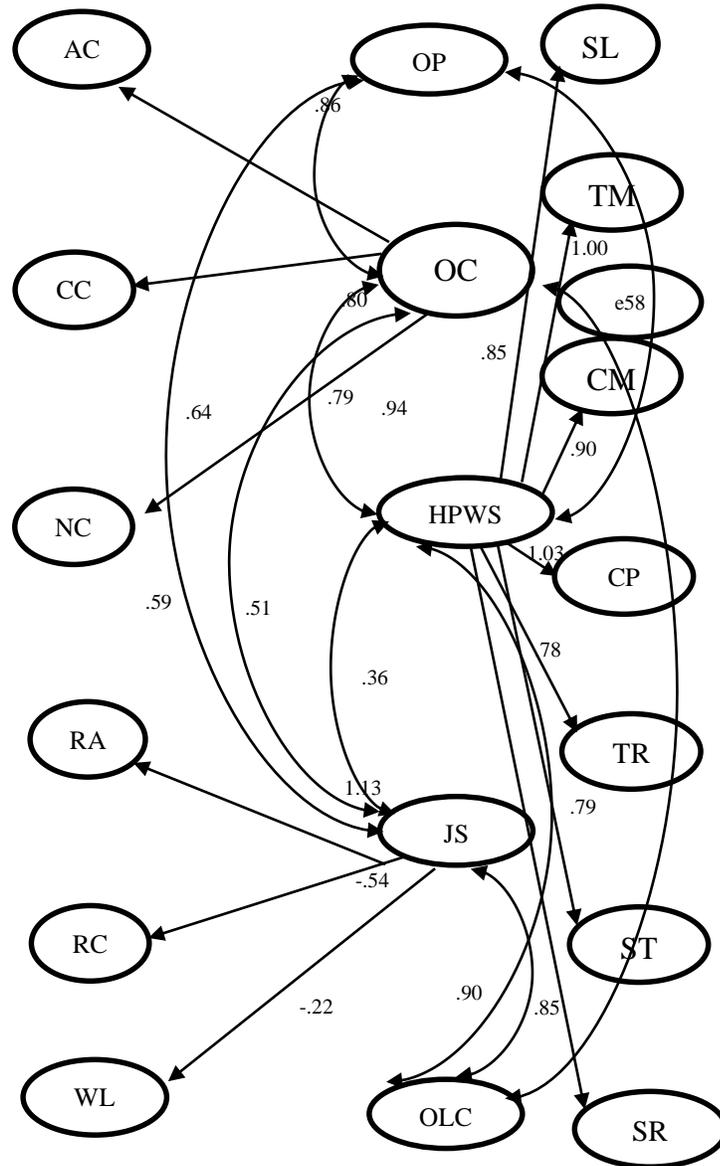
4.4.3 CFA Model Fit

Lastly, the model fit was analyzed in order to see whether the study meets the standard criteria of some given dimensions. The model fit depicts that whether the estimated co-variances are exactly similar to the actual co-variances generated through SEM. CMIN/DF=2.196, NFI=0.711, TLI=0.80, CFI=0.818, RMSEA=0.062 and HOELTER=157. CMIN/DF meets the given cut criteria as a value between 3 and 5 is considered appropriate. NFI, TLI and CFI are 0.8 and greater which shows that they are acceptable (Segars and Grover, 1998). RMSEA Of 0.062 is acceptable as scores less than 0.10 are acceptable (Hair et al. 2006). HOELTER estimates the sample size that would be sufficient to yield an adequate fit. Therefore, the results show acceptable scores which depict that the estimated co-variances are exactly similar to the actual co-variances.

**Table 6: Model Fit Summary (CFA Model Fit)**

	<b>CMIN/DF</b>	<b>NFI</b>	<b>RFI</b>	<b>IFI</b>	<b>TLI</b>	<b>CFI</b>	<b>RMSEA</b>	<b>HOELTER</b>
<b>Model</b>	2.196	0.711	0.683	0.820	0.800	0.818	0.062	157

Figure 2: Confirmatory Factor Analysis - Factor Loadings



#### 4.5 Structural Equation Model – Structural Model

According to the structural model all the latent variables are related to each other in order to derive accurate relations between the variables.

##### 4.5.1 Structural Model (Path Analysis)

The hypothesis testing was conducted for both the first and second order variables in order to determine which of the hypothesis was accepted and which were rejected. Table 7 summarizes the results of the structural model. A total of three hypothesis were tested which were further sub divided. During the measurement analysis stage, the continuance commitment and work load constructs were dropped as they had factor loadings of less than 0.4. Hence, H<sub>1b</sub> and H<sub>3c</sub> were dropped from the analysis. Continuance commitment showed insignificant results because most of the bankers in Pakistan do not appropriately analyze the cost of leaving a job and finding a new job. Furthermore, work load was removed from this study because various societal pressures on bank employees to earn a livelihood enable them to cope up with their work leaving less impact on their job stress.

In order to test the first hypothesis, organizational commitment was related to organizational learning capabilities and found that the co-efficient was positive 0.300, which was statistically extremely significant at 0.01. This supports the claim that organizational commitment has a significant positive impact on the organizational learning capabilities. Hence, H<sub>1</sub> is accepted. Moreover, affective commitment has a co-efficient of positive 1.378 which was extremely significant at 0.01. The normative commitment has a co-efficient of positive 0.726 which was extremely significant at 0.01. Hence, H<sub>1a</sub> and H<sub>2c</sub> are accepted. This concludes that the emotional attachment an employee has with his work through affective commitment has more impact in enhancing the organizational performance. Furthermore, normative commitment will leave a negative impact on organizational performance as bounding an employee through some contract in order to stay within an organization will not help in enhancing his learning capabilities.

The co-efficient for the second hypothesis which goes from high performance work systems to the organizational learning capabilities is positive 0.642 with an extremely significant P-value of 0.01. Hence, H<sub>2</sub> is accepted. Moreover, selection, team, communication, compensation, training, stability and status reduction have the co-efficient values of positive 1.135, 0.881, 1.011, 1.271, 1.171, 0.783 and 1.048. Moreover, all these variables have an extremely significant P-value of 0.01. Hence, H<sub>2a</sub>, H<sub>2b</sub>, H<sub>2c1</sub>, H<sub>2d</sub>, H<sub>2e</sub>, H<sub>2f</sub> and H<sub>2g</sub> are accepted. This highlights the importance of high performance work practices in determining an organizational performance.

For testing the third hypothesis, job stress was related to the organizational learning capabilities along with organizational performance and it was found that the co-efficient was negative -0.189 which was statistically extremely significant of 0.01. Hence, this accepts our third hypothesis. Moreover, role ambiguity shows a negative co-efficient value of -1.518 which is extremely significant with a P-value of 0.01. Hence, this rejects the H<sub>3a</sub>. The reason being that the job descriptions provided to the bank employees are relatively well defined due to which the role ambiguity leaves a negative impact on job stress. Role conflict has a negative co-efficient value of -0.659 which is also extremely significant at 0.01. Therefore, this accepts the H<sub>3b2</sub>. This shows that the bank employees

will be sometimes getting an opportunity to perform different job roles simultaneously. So it will leave a positive significant impact on job stress.

The model fit for the final model was CMIN/DF=2.483, NFI=0.670 f, TLI =0.746 and CFI =0.769. Furthermore, RMSEA=0.070 and HOELTER=137. NFI for this study was accepted as Kasigwa (2014) took NFI of 0.62. TLI is also contributing to the model fit according to Thompson et al. (2011) who took a TLI of 0.75. CFI of my study is also appropriate according to Hughes et al. (2006) who took a value of 0.75 acceptable. Moreover, according to Hair et al. (2006) the score of RMSEA of less than 0.10 should be acceptable. Therefore, the model fit signifies that the estimated co-variances are similar to the actual co-variances generated through SEM.

**Table 7: Analysis results of the structural model**

<b>Path</b>	<b>Co-efficient</b>	<b>P-Value</b>	<b>Level of Significance</b>
H <sub>1</sub> : Organizational commitment ---> organizational learning capabilities	0.300	0.01	0.001
H <sub>1a</sub> : Affective commitment ---> organizational commitment	1.378	0.01	0.000
H <sub>1c</sub> : Normative commitment ---> organizational commitment	0.726	0.01	0.000
H <sub>2</sub> : High performance work systems --> organizational learning capabilities	0.642	0.01	0.000
H <sub>2a</sub> : Selection ---> high performance work systems	1.135	0.01	0.001
H <sub>2b</sub> : Team ---> high performance work systems			
H <sub>2c1</sub> : Communication ---> high performance work systems/	0.881	0.01	0.001
H <sub>2d</sub> : Compensation ---> high performance work systems	1.011	0.01	0.000
H <sub>2e</sub> : Training ---> high performance work systems	1.271	0.01	0.000
H <sub>2f</sub> : Stability ---> high performance work systems	1.171	0.01	0.001
H <sub>2g</sub> : Status reduction ---> high performance work systems	0.783	0.01	0.000
H <sub>3</sub> : Job stress ---> organizational learning capabilities	1.048	0.01	0.001
H <sub>3a</sub> : Role ambiguity ---> job stress	-0.189	0.01	0.001
H <sub>3b2</sub> : Role conflict ---> job stress	-1.518	0.01	0.001
	-0.659	0.01	0.001

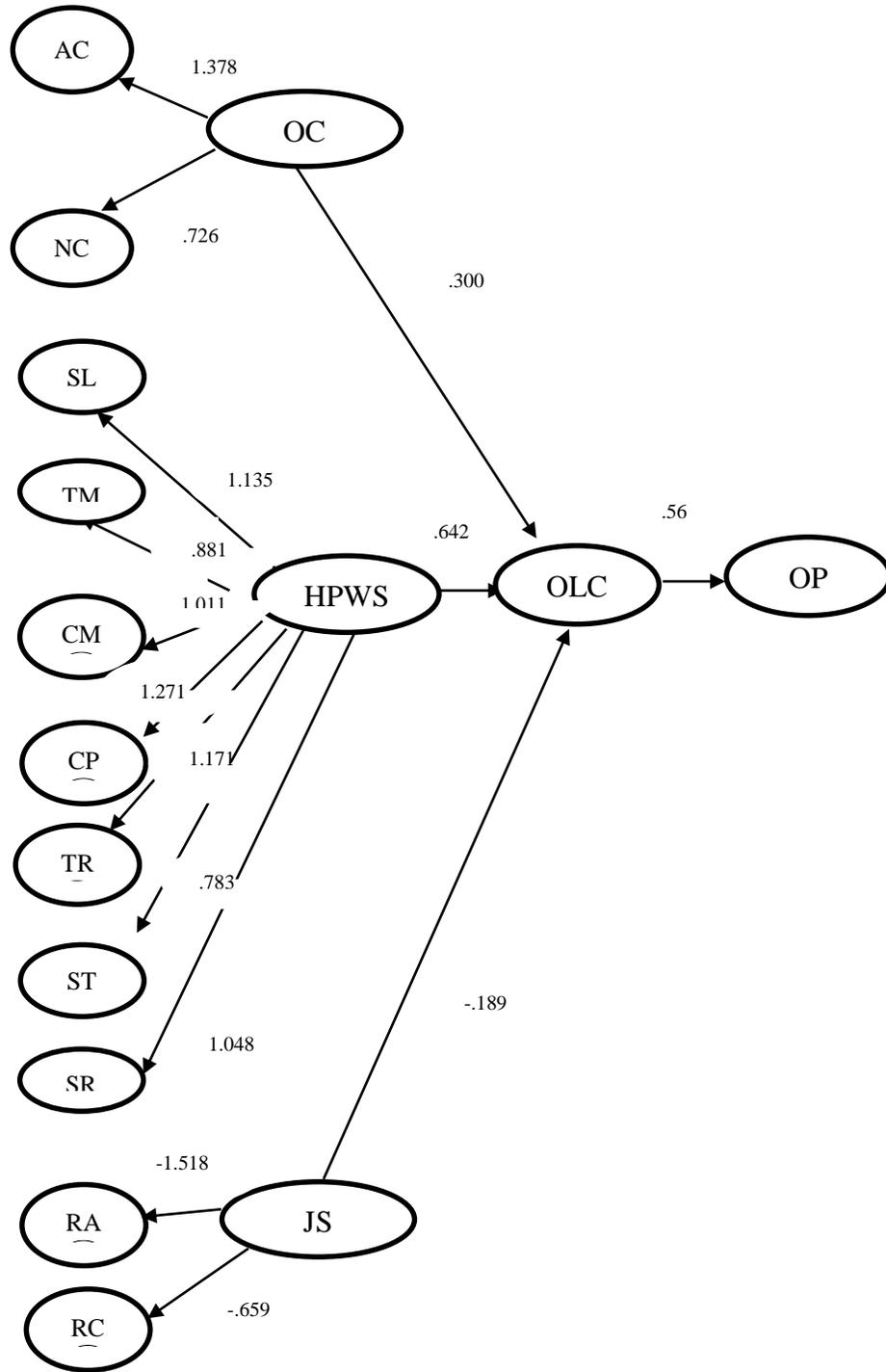


Figure 3: Path Analysis

## 5. Discussion

Our sample of the banks show the influence of organizational commitment, high performance work systems and job stress on the learning capabilities and the overall organizational performance. The organizational performance of the banking industry was measured specifically through non-financial ways in terms of reputation, client satisfaction and ability to gain contact. Organizational learning capabilities play the role of an intermediate variable which stimulates the organizational performance (Camps and Luna, 2012).

It has been observed that the human resource department of the banks tends to indulge the employee's in adapting to change, involve them in the decision making practices and enable them to explore through their experiences with past customers. Even though some importance is given to employees in terms of their learning capabilities; but as the results show the banks consider this more of an expense rather than an investment. This factor has influenced the empirical study in the human resource department which has attempted to explore the relationship between an organizational learning capabilities and an organizations performance. This research bridges the gap between organizational learning capabilities being an important variable between organizational commitment, high performance work systems, job stress and the company's efficiency. Hence, organizational learning capabilities have shown a significant positive impact on the organizational performance of banks. This is because most of the banks tend to spend their resources on an employee's learning capabilities if it will result in benefiting the banks performance rather than just improvising an employee's individual performance.

Continuance commitment was excluded from this study as it didn't show much of an impact on the organizational commitment of an employee. This is because most of the bankers in Pakistan do not appropriately analyze the cost of leaving a job and getting into a new job as an important factor for being committed to their work. The level of unemployment is increasing in Pakistan but this does not make an employee committed towards his work as shown in the results. More importance is given to emotional attachment an employee has with his/her work or the feeling of obligation in staying with a particular organization (Ziauddin et al. 2010). It has been observed that normative commitment will be leaving a negative impact on the organizational performance as bounding an employee through some contract or to meet some obligation will not help in enhancing his learning capabilities and forcing him to work with a particular bank. Hence, organizational commitment shows a positive significant impact on the organizational learning capabilities and the overall organizational performance as well in banks (Hussain and Asif, 2012).

High performance work system has been operationalized as a latent variable which has enabled in identifying the complementary nature of its seven categories. These seven practices model can be used as a well-founded knowledge of which the human resource managers should be made aware (Pfeffer, 1998). One of the possible reasons identified for the enhancing an employee's job stability in the banking sector of Pakistan is maintaining a long term relationship between the employee and employer. The previous studies that have analyzed the coherence between job stability and high performance work systems is due to the lower levels of job satisfaction and organizational commitment (Ashford et al. 1989). However, job stability has shown a positive impact on an individual banker's task

performance through analyzing the degree to which individuals are embedded in their current organizations and job (Sekiguchi et al. 2008).

Job stress has been identified using three second order variables; role ambiguity, role conflict and workload. Job stress tends to leave a negative impact on the performance of an employee as it will create reluctance for him to be efficient in fulfilling his tasks (Curry, 2000). So the literature supported a negative impact of job stress on the organizational learning capabilities and organizational performance. This is also the case in the banking industry of Pakistan. As the employees have to deal with many societal pressures such as environmental factors, organizational factors and individual factors (Robbins and Judge, 2001). So, organizational stress will be well defined in order to consider an employee's performance to be hampering the organizational efficiency. The entire construct of workload was removed from the study as it showed lower factor loadings. The various societal pressures on employees in order to earn a livelihood for their families enable them to cope up with the work leaving less impact on their job stress. The job descriptions provided to the employees while they are appointed for a specified designation plays a significant role in determining the level of role ambiguity prevailing in a particular job. Role ambiguity tends to leave a significantly negative impact on the job stress of employees working in the banking industry. Moreover, role conflict shows a significantly negative relation with job stress. This is because sometime employees will be getting an opportunity to be recognized by various different roles at a time. So, role conflict shows a positive significant impact on the organizational learning capabilities and organizational performance as well (Jou et al. 2013).

## **6. Conclusion and future implication**

Organizational performance is a widely studied phenomenon in the field of management. It is thought to be influenced by many determinants which collectively affect the organizational performance in a good or a bad manner. The aim of this study was to analyze the effect of organizational commitment, high performance work systems and job stress on the organizational learning capabilities and the overall organizational performance as well. Therefore, the findings supported the Contingency Theory of Fielder (1966) which stated that organizational performance is determined by the management capabilities that affects leader-member relations, task structure and position power. All of these measures consider intrinsic factors to be an important determinant of organizational performance.

Organizational learning capabilities leave a highly significant impact on the organizational performance of banks. From amongst all the factors, high performance work systems and organizational commitment make highly significant contributions in terms of enhancing the organizational performance. Affective commitment and normative commitment are the two constructs that will be most beneficial in determining the commitment level of an employee prevailing in the banking sector of Pakistan.

High performance work systems tend to have a significant positive impact on the organizational learning capabilities and organizational performance as a whole. This is because most of the employees working in the banking sector possess a level of competence that encourages them to get committed and more involved in human resource techniques. From amongst all the factors, high performance work systems and organizational commitment make highly significant contributions in terms of enhancing

the organizational performance. Moreover, human resource practices play a key role in determining efficiency in performance; specifically communication and status reduction. The Scientific Management Theory Approach of Taylor (2004) also emphasizes on the importance of certain human resource practices that improve an organizational performance. These practices specifically include scientific selection and training of employees. Furthermore, it has also been analyzed that job stress will leave a negative impact on organizational learning capabilities and organizational performance. Every employee has his/her ways to deal with stress at organization, environment stress and individual stress.

Job stress tends to have a significant negative impact on the organizational learning capabilities of employees and the organizational performance. In the banking sector of Pakistan, job stress plays an important role in affecting the efficiency and effectiveness of an employee. Societal pressures, environmental factors, organizational factors and some individual factors will hamper an employee's performance which will furthermore deteriorate an organizations performance.

Organizational commitment, high performance work practices and job stress are some of the most important variables that build any organizations performance. Hence, this motivates an employee and enhance an organizational learning capabilities which not only improves an individual employees performance but simultaneously also leaves a significant positive impact on an organizations performance as well; in terms of quality of service, client satisfaction, consistency and productivity as well.

In order to include more authenticity while measuring this construct, some other variables such as value commitment, effort commitment and retention commitment should be included in the future studies. This research can be used for different organizations and sectors. As the service sector has been analyzed through the banking industry, other manufacturing sectors can also be catered through this model. The manufacturing sector will be having lesser interaction of employees with the customers.

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