

Role of Psychological factors in Employee Well-being and Employee Performance: An Empirical Evidence from Pakistan

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Abstract

The prime objective of the current study is to investigate the impact of the impact of psychological climate, psychological ownership, and self-efficacy on the employee performance. In addition to that the study has also intended to examine the impact of psychological climate, psychological ownership, and self-efficacy on the employee well-being. Lastly, the study was planned to find the mediating role of employee well-being in the relationship between the psychological climate, psychological ownership, self-efficacy, and employee performance. For data analysis in this research, the Smart PLS-SEM version 3.2.6 is employed which is a second-generation Structural Equation Modeling (SEM) technique. PLS technique is ideal for simultaneously analyzing the multiple number of variables. The data is collected from the middle level employees of Pakistani banking industry. The response rate of the current study is 67 %. The findings of the study have provided support to the hypothesized relationship. However, psychological ownership appears fails in determining the employee performance and employee wellbeing. The study will be helpful for policy makers and researchers in understanding the issues related to psychological ownership, psychological climate, self-efficacy, employee wellbeing and employee performance.

Keywords: psychological ownership, psychological climate, self-efficacy, employee wellbeing employee performance

1. Background

Employee job performance is one of the major challenges that are faced by organizational administration. This creates a huge pressure on the employees to perform with greater efficiency and achieve high job performance. In any organization, employees bring benefits to the organization and is a source to attain competitive advantage. Simply put, it is the employee's performance productivity and viability which determine the efficiency and viability of an organization. Thus, employee performance plays an important role in the productivity and development of an organization (Inuwa, 2016). In addition, employee performance issue is a key factor to develop understanding about organizational performance. Although, organizational performance is determined by a

number of factors, but its' efficiency and effectiveness can only be measured through employee performance.

Furthermore, employee well-being refers to the mental and physiological health. It does not mean to dismiss the staff with medical conditions, rather trying to optimize the health of these employees. Employee wellbeing necessitates to take care of the individuals' health, happiness and their job satisfaction. Nowadays, employees' workplace well-being is becoming a broader issue in business environment. Employee well-being generally means improving the employees' health in terms of work-related safety.

To bring successful organizational change, effective management of employees' psychological transition is crucial (Alemu & Kaur, 2017; Ali, Singh, & Nahyan, 2017). Furthermore, successfully adjusting to the organizational change provides learning and growth opportunities and creates enthusiasm among the employees for the expected future change. On the contrary, inability to adjust to the organizational change develops uncertainty,

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anxiety, feeling of alienation, threat, frustration and issues concerning work-tasks, status, job security, and co-worker relations (Wynen, Verhoest, & Kleizen, 2019). Thus, organizational change brings about number of negative behaviors, physiological outcomes and creates work-place stress (Rafferty & Jimmieson, 2017; Wynen et al., 2019). Organization's lack of interest towards psychological responses of employees to the organizational change may lead to program failure or may impair the organizational productivity, industrial disputes, turnover, and increased absenteeism (Flores, 2018; Khan, Raza, & George, 2017).

According to the cognitive-phenomenological theory, adjustments under stressful events usually take place through affective and cognitive appraisal of that certain event (Willis & Burnett, 2016). The effectiveness of stress and coping strategies determine how these perceptions influence the individuals' well-being. Willis and Burnett (2016) posit that both environmental and individual's personal factors influence the coping and appraisal process. although, enough literature is available on personal coping resources that particularly emphasize upon individual differences, like lifestyle and personality factors. Although several authors (Easton & Laar, 2018; Flores, 2018) accept that the determinants of organization's work attitude and perceived stress are highly influential, still the role of organizational and environmental coping resources is an under-researched area. Literature on the organization's coping resources is mostly based on social support at the workplace and how it influences the employees stress level (Abhinav, 2017; Park, Rhee, & Kim, 2019). Therefore, Petrou, Demerouti, and Xanthopoulou (2017) highlighted the need to conduct more studies concerning the determinants of organizational adjustment, beyond the scope of social support.

It is assumed that psychological ownership brings about positive work attitude among employees, particularly in the form of job satisfaction, positive behaviors, and organizational commitment. However, there is lack of empirical evidence concerning the relationship between level of job performance and psychological ownership. The existing literature is reviewed to understand factors which create psychological ownership among employees, and whether employees exhibit positive on-the-job behavior and attitudes after psychological ownership. Therefore, we discovered factors which create higher psychological ownership among employees, which in turn yield positive leadership, employees participation in the

process of decision-making, less structured work environments, introducing schemes for profit sharing, and higher employee participation in stock ownership.

Self-efficacy influences the individual's thought pattern and emotional reactions. Kolo, Jaafar, and Ahmad (2017) described self-efficacy as the individuals' self-belief to accomplish a certain task. Therefore, we can state that self-efficacy together with high perseverance will likely result in increased productivity and performance. Thus, Gabriel (2019) claimed that self-efficacy is a relatively good measure for predicting behavioral outcomes in comparison to other constructs, like education and psychology. Furthermore, the Gupta and Shaheen (2018) book on Psychological Capital is endorsed by Denise Rousseau who states that the book explains how positive psychology movement and developments in this area can offer benefits to the workers, managers and the companies. It has also been identified that positive relationship exists between career commitment and self-efficacy which in turn influence the employee performance. The study has following three objectives:

- To examine the impact of psychological climate, psychological ownership, and self-efficacy on the employee performance,
- To examine the impact of psychological climate, psychological ownership, and self-efficacy on the employee well-being,
- To find the mediating role of employee well-being in the relationship between the psychological climate, psychological ownership, self-efficacy, and employee performance.

2. Literature Review

2.1 Employee Performance

Employee performance is critical for the success of an organization, as it facilitates in achieving organizational success and development. Therefore, organizations are required to develop policies which may help them in improving employee effectiveness. Job performance of an employee usually depends upon the combination of efforts, chance and the ability. Sabuhari, Sudiro, and Irawanto (2020) describe performance as 'the set of outcomes from arising from a certain activity or job function during a specified time'. On the basis of this explanation, the term performance can be referred as 'a record of results obtained for a definite time period'. Thus, for the purpose of this research, the researcher proposed an operational definition of performance, i.e. achieving targets for the assigned tasks within a certain time period. Abdirahman (2018) argue that performance does

not merely relates to individual actions, rather it also integrates the analysis and judgment method. Furthermore, employee performance explains the individuals' accessible actions, outcomes, and behaviors to achieve organizational objectives (Abdirahman, 2018). Pradhan and Jena (2017) also posits that performance is something that is performed by a single person. Therefore, performance reflects the individuals' measurable actions. Organizations demand higher performance from their employees and tends to meet the organizational objectives for achieving competitive advantage. According to the business dictionary, performance refers to an employee's perceived actions that are associated to his job and how these actions are executed. Moreover, the employee performance also determines the company's achievement. Basically, employee performance is the outcomes and the achievements of an employee which he or she achieves at work. While aiming for certain outcomes, employees set strategies to reach to a certain level of performance. An individual's or organization's performance depends mainly on the organizational design, practices and its rules (Dahkoul, 2018).

Thus, an employee's job performance is proved to be a key factor for the organization. Inuwa (2016) refer employee efficiency and performance as a major concern among the entire organization including employers and the managers. It is mainly due to the fact that excellent employee performance significantly contributes to the organizational performance, in the form of organizational growth and productivity. Furthermore, job performance is also defined by Imhmed (2016) as a function of an expatriate's devoted energy and time towards his/her job. In addition, the organizational success depends entirely on the employees' job performance level. Firms with highly efficient employees offer comparative advantage to the organization, thus, employees significantly contribute to the organizations through their performance.

2.2 Employee Well-being

In a study, Stein and Höper (2020) highlighted and reviewed both the unifying or common themes as well as psychological resource theories. These theories include: 1) an orientation towards success and goals achievement, and 2) cognitive appraisal theory. The Conservation Resource Theory (COR) is quite relevant to our research, which states that people tend to acquire, protect and retain resources. It also suggests that the failure to obtain resources even after making considerable

investment on resources causes stress among the employees (Stein & Höper, 2020).

COR theory is unique as it particularly emphasizes to identify means which help in positively adapting to the changes even under uncertainty or losses. In context to the workplace environment, the conservation resource theory (COR) identifies motivation as a key element in the organization's decision making process, regarding the acquisition, sustenance and fostering of the employees' resources which are used to meet the existing work demands as well as to protect the depletion of organizational resources (Zhao, Shi, & Sun, 2018). The ability of an individual to identify, acquire and maintain organizational resources serves as a mean to attain success and human well-being in the form of coping, well-being, and adaptation. In addition, individual's primary resources are influenced by its secondary resources (mainly work-related resources, namely, emotional or cognitive attachment towards their job) (Choi & Ha, 2018; Zhao et al., 2018). In this study, the COR theory thus provides theoretical basis for well-being and positive Psychological Capability. In context to workplace, the present study used the psychological well-being (PWB) concept by Choi and Ha (2018) to define the criterion variable. Although, PWB is considered as a universal construct which is not associated directly to any particular situation or domain rather it is associated to the relevant variables of the organization, such as, job satisfaction and performance. Secondary work-related resources preserve the individual's personal well-being as an organization's primary resource which then collectively affect these resources (Choi & Ha, 2018).

The psychological well-being (PWB) is characterized by the individuals' subjective experiences, i.e. people will remain happy until they perceive themselves to be happy (Choi & Ha, 2018). Since psychological wellness explains the individual's overall effectiveness in terms of psychological functioning, therefore, it is important to understand how secondary work-related resources influence the individuals' wellness and can be extended beyond work-based performance.

2.3 Psychological climate

Psychological climate is defined as the perception of the individuals regarding organizational procedures, practices and the environment, which are likely to influence the level of motivation, satisfaction and performance of individuals (Lin & Huang, 2020). Psychological climate is basically studied and conceptualized at

the individual level. The direction of psychological climate theory and research has been shifted to its dimensions. In fact, the most recent psychological climate definitions reflect that it is a multidimensional concept. In a meta-analytical research, psychological climate is described as a construct which provides psychological representation of an individual's perceived climate, processes, events and its structures. Over the years, a number of scholars (Munyaka, Boshoff, & Pietersen, 2017; Schneider, Romá, & Ostroff, 2017) have developed various frameworks to identify the dimensions of psychological climate. However, James and his colleagues provided conceptualization for the psychological climate, which is the most popularly accepted conceptualization (Schneider et al., 2017; Uraon & Raya, 2017). Therefore, in order to develop a hierarchical model for the theory of psychological climate, a variety of samples were utilized. The empirical efforts of these scholars demonstrate four factors, these include, cooperation of work group, lack of harmony and stress role, leadership facilitation, and autonomy and job challenge.

According to Uraon and Raya (2017), these dimensions explain various principles but share common evaluative processes and judgment. Particularly, the psychological climate (PCg) shows whether the organizational work environment of is beneficial or detrimental for the employee. A few studies supported the psychological climate-based hierarchical model, in which climate is taken as a broader construct (Uraon & Raya, 2017), while others are of the view that the use of PCg model to measure only a single psychological climate indicator may neglect some meaningful and important associations among lower level factors and the resultant constructs. Such as, inflated correlations may be obtained with the common method variance, resulting in false support for the psychological climate construct. Thus, keeping in view the obtained scores for climate dimensions and global climate from the literature, the present study developed and tested a set of hypotheses related to all four climate dimensions, and employing general psychological climate variable.

2.4 Psychological Ownership

Psychological ownership (PO) refers to the individual desire for possessing a particular object, other person, an organization or a concept, which can either be formally supported or not. This type of ownership particularly defines both the owner and the object. Moreover, individuals are generally invested in the

organizational ownership and are assumed to belong to that ownership (Pirkkalainen, Pawlowski, & Bick, 2018). It is argued that an individual is concerned about the performance of a particular project because of his own stake and because the performance of that object directly reflects the individual's own identity. It thus gives rise to the possessiveness, which is a feeling or desire an individual possesses to retain ownership and may sometimes develop mental attachment towards that particular object, although desire for ownership can either be positive or negative (Pirkkalainen et al., 2018).

On the basis of the above definition and explanation, the PO is attempted to be measured by several scholars, but it is a complex process due to the inconsistency of the involved variables and due to limited comparability of variables at different scales. However, a 7-itemed standard measure was developed by Andiyasari, Matindas, and Riantoputra (2017) for measuring PO using those scales which show some level of possessiveness towards the target. In the similar vein, 18 empirical research have been conducted in last 10 years and all these studies adopted similar versions of this measure, as well as some other criteria. In addition, two more studies have also used the 12-items with this measure, while 16-itemed scale was developed by Pirkkalainen et al. (2018), eight of the studies used a completely different PO measure, and the other 5 studies employed Hong and Ahn (2016) older measure for PO.

One of the important things to be improved in measuring PO is its comparability across different scales. In addition, this measure is required to be harmonized in one scale which be generalized under various cultural contexts. Moreover, authors are facing difficulty to translate the Andiyasari et al. (2017) criteria for developing their own scales in their cultural setting and in their own language. These studies were mostly longitudinal or cross-sectional in nature, which would enable researchers to observe how PO changes as tenure increases, time changes and job roles. In addition, it will also explain the mechanism through which psychological ownership is influenced by the organizational practices.

In a seminal text about organizations' psychological ownership, Pirkkalainen et al. (2018) mentioned three roots which are likely to create a fundamental desire among individuals to get ownership, these are: self-identity, belonging, and efficacy; and explain how psychological

ownership routes are formed, and these routes are: self-investment, intimate knowledge of the target, and control. According to Pirkkalainen et al. (2018), psychological ownership significantly contributes in meeting some of the social, and genetic motives of the individuals. They further argued that PO cannot be examined or measured using a predetermined or a clear empirical path, and it is the one of the reasons that the underlying measure have been extensively used in most research studies (Pirkkalainen et al., 2018; Preston & Gelman, 2020).

The term efficacy refers to the individual's ability of successfully producing a certain outcome and is associated to an individual's desire to hold on or retain (Pirkkalainen et al., 2018). Even children get satisfaction by changing or producing certain results through their actions (Pirkkalainen et al., 2018). Pirkkalainen et al. (2018) suggest that the sense of ownership appears and is strengthened through the sense of efficacy, for instance, ownership of something enables an individual to manipulate or bring changes in it, which further increases the individual desire of ownership to which he or she has invested the efforts. Therefore, the feeling of ownership is strengthened when an individual is capable of affecting or changing a project, task or an organization. This root is referred by Pirkkalainen et al. (2018) as the self-efficacy, and explicitly linked it with the individual's psychological efficacy. Pirkkalainen et al. (2018) explained this as "I need to do this task, I can do it, and I therefore own the responsibility for achieving success".

People reflect their identity through the ownership of their things or possessions. A car racer will define himself as "I drive a car". This ownership of the racing car driver may develop a sense of ownership within him over time, even if he possesses no car of his own. Thus, the self-identity explains that the racing car driver's sense of self is associated to the cars, and thus tries to work harder to maintain the car position and suggest measures for its optimization, and can be territorial when it comes to sharing responsibility. In addition, such self-identity does not merely confine to an object rather it extends toward a team, organization, job or a purpose (Pirkkalainen et al., 2018).

Human beings have a desire to belong, and a desire which can be satisfied through possessing ownership. In view of Pirkkalainen et al. (2018), if an individual develops a feeling of belonging or commitment towards his or her job role then the

individual will also likely to have PO over time. Thus, it takes the form of a cycle, where an individual's sense of ownership further strengthens their sense of possessing a place or a home. In addition, if the organization successfully meets the human need to belong then the relationship between organization and employee will be further strengthened.

Hence, these roots explain the reasons of psychological ownership. These sensations and motivations among individuals lead to the development of a desire to own, although they alone cannot create PO. On the contrary, the routes also explain the way PO occurs. In addition, it also offers interesting perspectives and implications for the managers for its promotion.

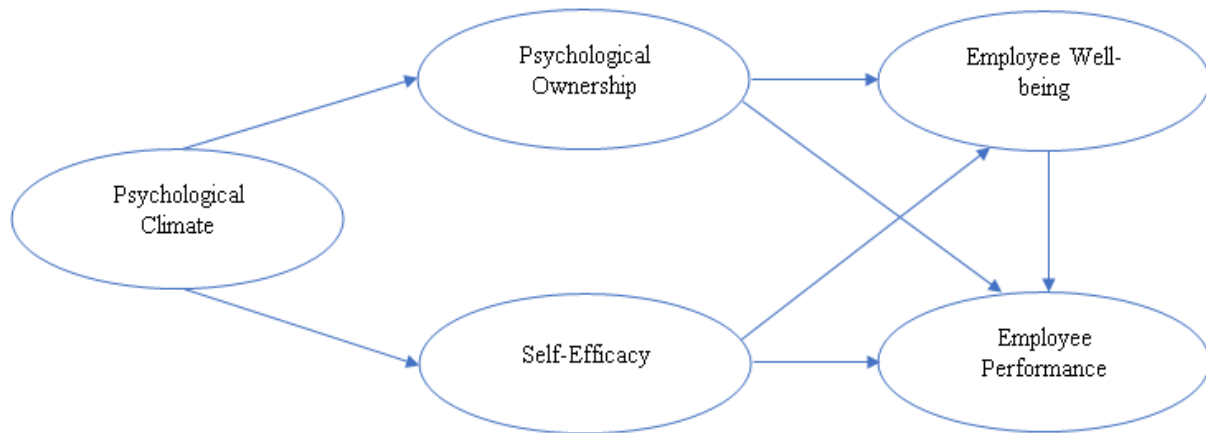
2.5 Self-Efficacy

Self-concept is described by Kolo et al. (2017) as the beliefs of individuals in their self-efficacy. A general outlook of an individual's life can be influenced by various factors, including concepts of self, self-esteem etc. Furthermore, self-efficacy and task-based self-esteem are related. Üztemur (2020) reiterated this in their study. Therefore, developing self-esteem increases the employee's strength during times of frustration and enable them to enhance their self-worth. Thus, self-efficacy significantly contributes to the behavior of the individuals. Several prior studies (Bum, 2018; Kolo et al., 2017; Vogelpohl, 2017) reported and also provided empirical evidence that self-efficacy is related to effective problem-solving, resilience during failure, self-control, task efforts and improved performance. High self-efficacy in individual would enable him to surpass competitive or less efficacious employees, in terms of salary, promotion or success in career. This study indicates that all the factors mentioned above have a relationship with self-efficacy. Studies that have been conducted in the area of self-efficacy reported it as a mediator between the performance and self-leadership strategies, as well as between performance attainment, verbal persuasion, physiological arousal, and ambition (Bum, 2018).

Generally, self-efficacy can be stated as an antecedent of individual's career commitment. This study attempted to address the question that whether employees' performance and motivation are related. In this study, we assume that employee performance, self-efficacy and motivation are associated to some extent. However, based on the prior literature, it is proposed in this study that self-efficacy plays a positive role in boosting the employee's morale, which leads to employee

productivity. The present study aims to analyze the research findings for the relationship between

employee motivation, work-related employee performance and employee self-efficacy.



H1: Psychological climate (PC) has significant and positive impact on the employee performance (EMP).

H2: Psychological ownership (PO) has significant and positive impact on the employee performance (EMP).

H3: Self-efficacy (SE) has significant and positive impact on the employee performance (EMP).

H4: Psychological climate (PC) has significant and positive impact on the employee wellbeing (EWB).

H5: Psychological ownership (PO) has significant and positive impact on the employee wellbeing (EWB).

H6: Self-efficacy (SE) has significant and positive impact on the employee wellbeing (EWB).

H7: Employee wellbeing (EWB) has significant and positive impact on the employee performance (EMP).

H8: Employee wellbeing (EWB) mediates between psychological climate (PC) and employee performance (EMP).

H9: Employee wellbeing (EWB) mediates between psychological ownership (PO) and employee performance (EMP).

H10: Employee wellbeing (EWB) mediates between self-efficacy (SE) and employee performance (EMP).

3 Methodology

In order to avoid non-response rate in this study, oversampling is done by choosing large sample size (Hair, Hult, & Ringle, 2016; Saleem, Zahra, & Ahmad, 2016). Therefore, instead of 220, we distributed total 345 questionnaires to the selected respondents. It is generally argued that there is less chance of error in large sample size, while small sample size generally has a higher tendency for the occurrence of non-response rate error (Henseler,

Hubona, & Ray, 2016; Ong & Puteh, 2017; Richter, Cepeda, & Roldán, 2016). Thus, the larger the sample size the higher will be the result accuracy. Shuhaiber (2018) claims that oversampling helps in neutralizing the expected loss arising from non-cooperative subjects or in case of any damages. Moreover, taking large sample size also ensures the minimum influence of non-response bias on the research outcomes. Furthermore, the acceptable rate for social science survey is 30% (Ong & Puteh, 2017). In our case the response rate is 67 percent.

For data analysis in this research, the Smart PLS-SEM version 3.2.6 is employed which is a second-generation Structural Equation Modeling (SEM) technique. This technique is ideal for simultaneously analyzing the multiple number of variables. In addition, this technique is designed for the simultaneous estimation of the structural model (relationship between the constructs) and the measurement model (relationship between the indicators). In the field of social science and management, majority of the researchers (Hair et al., 2016; Hair, Matthews, Matthews, & Sarstedt, 2017; Ramayah, Cheah, & Memon, 2018; Shuhaiber, 2018) suggest to perform data analysis using second-generation techniques, this is mainly because PLS-SEM is expected to overcome any shortcomings that arise from the first generation techniques. In the management discipline, several scholars have also reported the successful use and outcomes of PLS path modelling.

4 Results

To evaluate the PLS-SEM path in this research, a two-step procedure was used (Henseler et al., 2016; Richter et al., 2016; Zahra, Hameed, Fiaz, & Basheer, 2019), which involves the primary step i.e. measurement model analysis and the secondary

step, i.e. structural model analysis. Measurement model analysis generally includes the estimation of internal consistency reliability, convergent validity,

individual item reliability and discriminant validity (Hair et al., 2016; Hair et al., 2017; Henseler et al., 2016).

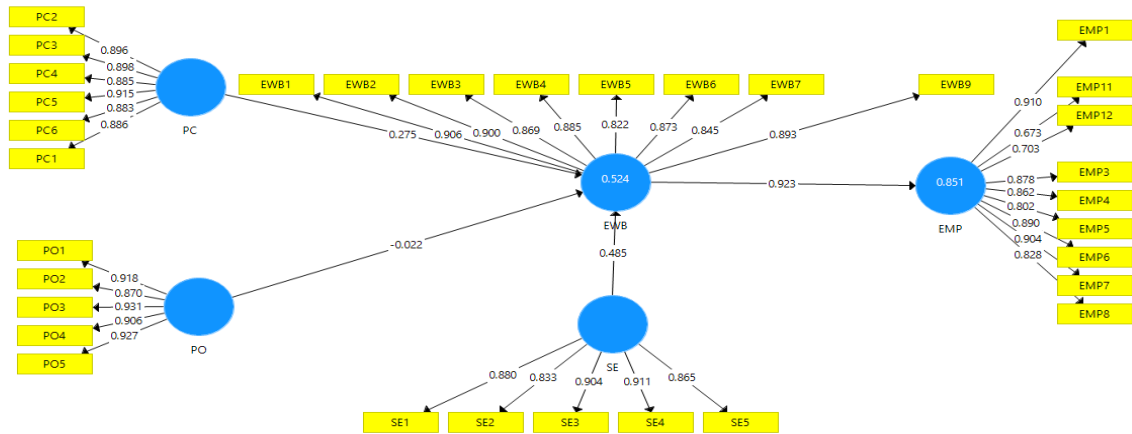


Figure 1. Measurement Model

Table 1. Cross Loadings

	EMP	EWB	PC	PO	SE
EMP1	0.910	0.885	0.654	0.668	0.698
EMP11	0.673	0.559	0.507	0.508	0.541
EMP12	0.703	0.606	0.551	0.542	0.573
EMP3	0.878	0.800	0.587	0.611	0.636
EMP4	0.862	0.771	0.591	0.651	0.617
EMP5	0.802	0.751	0.553	0.533	0.578
EMP6	0.890	0.849	0.611	0.586	0.649
EMP7	0.904	0.822	0.638	0.628	0.675
EMP8	0.828	0.796	0.584	0.576	0.653
EWB1	0.817	0.906	0.636	0.571	0.617
EWB2	0.811	0.900	0.624	0.599	0.622
EWB3	0.810	0.869	0.599	0.582	0.626
EWB4	0.794	0.885	0.634	0.600	0.647
EWB5	0.747	0.822	0.573	0.530	0.577
EWB6	0.781	0.873	0.587	0.573	0.623
EWB7	0.803	0.845	0.553	0.532	0.601
EWB9	0.883	0.893	0.661	0.669	0.683
PC1	0.619	0.603	0.886	0.824	0.812
PC2	0.608	0.638	0.896	0.764	0.794
PC3	0.608	0.593	0.898	0.798	0.816
PC4	0.612	0.612	0.885	0.751	0.799
PC5	0.705	0.678	0.915	0.834	0.857
PC6	0.624	0.607	0.883	0.809	0.799
PO1	0.658	0.627	0.831	0.918	0.860
PO2	0.571	0.542	0.780	0.870	0.776
PO3	0.671	0.641	0.821	0.931	0.836
PO4	0.642	0.588	0.815	0.906	0.837
PO5	0.678	0.632	0.812	0.927	0.853
SE1	0.640	0.628	0.777	0.796	0.880
SE2	0.646	0.574	0.786	0.766	0.833
SE3	0.675	0.660	0.808	0.797	0.904
SE4	0.697	0.680	0.831	0.815	0.911
SE5	0.646	0.594	0.799	0.852	0.865

Firstly, the internal consistency reliability is measured, for which indicator loadings were obtained for each item, and 0.70 value is the benchmark level for each indicator loading to confirm the internal consistency reliability (Hair et al., 2017; Hameed, Nawaz, Basheer, & Waseem, 2019; Basheer et al., 2019a; Basheer et al., 2019b).

The reliability of the indicators can be measured through composite reliability criterion or with the Cronbach alpha coefficient. In a similar vein, items below 0.40 indicator loadings are recommended to be excluded from the research (Hair et al., 2017; Ong & Puteh, 2017).

Table 2. Reliability

	Cronbach's Alpha	rho_A	CR	AVE
EM	0.943	0.951	0.95	0.69
P			2	2
EW	0.956	0.957	0.96	0.76
B			3	5
PC	0.950	0.951	0.96	0.79
			0	9
PO	0.948	0.951	0.96	0.82
			0	9
SE	0.926	0.930	0.94	0.77
			4	3

Furthermore, each latent construct's outer loadings are evaluated to assess the individual item reliability (Hameed, Waseem, & Dahri, 2020; Ong & Puteh, 2017). After assessing the individual item

reliability, the convergent validity is also examined through the average variance extracted (AVE) criterion. In this criterion, the AVE value is required to be equal or above 0.50 to be sufficient (Hair et al., 2017). To assess the discriminant validity, Henseler et al. (2016) suggests comparing the cross loadings and the indicator loadings, however, the latter must be higher than the former for sufficient level of discriminant validity.

The discriminant validity refers that theoretically, the measures which should not be correlated are actually unrelated. Each individual construct's is calculated, followed by the evaluation of square roots of these AVE's to check the discriminant validity (Hafeez, Basheer, & Rafique, 2018; Ramayah et al., 2018). The AVE coefficient's square root values are positioned along the diagonal in the correlation matrix. According to Henseler et al. (2016), the values of the AVE square roots must exceed the correlation estimates i.e. the correlation among the latent constructs. In particular, sufficient discriminant validity is achieved when the diagonal elements exceed in value from the off-diagonal elements.

Table 3. Validity

	EMP	EWB	PC	PO	SE
EMP	0.892				
EWB	0.823	0.875			
PC	0.705	0.797	0.894		
PO	0.709	0.767	0.891	0.901	
SE	0.752	0.715	0.710	0.815	0.879

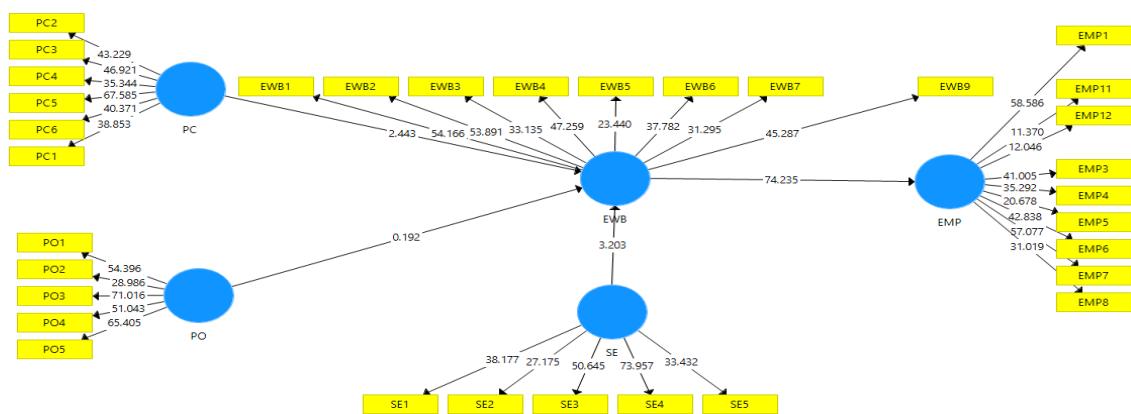


Figure 2. Structural Model

After successful estimation of the measurement model, the structural model is then measured. Four essential criteria that need to be assessed for the structural model assessment include: path coefficients assessment i.e. through performing a

bootstrap procedure, R² value, evaluating effect sizes (i.e. the effect of independent latent construct on the dependent construct), and predictive relevance.

In hypothesis testing, bootstrapping method is

generally applied to assess the significance of path coefficients. For the bootstrapping method, 5000 bootstrap samples are generally taken. Therefore, we performed a bootstrap procedure to test the hypotheses, and path coefficients significance, using actual number of samples as the number of

cases in the analysis. From the two-tailed test, we obtained the critical values i.e. 1.65 at 10% level of significance, 1.96 at 5% level of significance, and 2.58 at 1% level of significance. The direct results are explained in table 4. The results revealed the fact that all the direct paths except PO-EMP, and PO-EWB.

Table 4. Direct Relationship

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
EWB -> EMP	0.923	0.923	0.012	74.235	0.000
PC -> EMP	0.254	0.248	0.103	2.456	0.007
PC -> EWB	0.275	0.269	0.113	2.443	0.007
PO -> EMP	-0.021	-0.008	0.107	0.192	0.424
PO -> EWB	-0.022	-0.009	0.116	0.192	0.424
SE -> EMP	0.448	0.444	0.141	3.169	0.001
SE -> EWB	0.485	0.480	0.152	3.203	0.001

The results of mediation analysis are shown in the table 5 below. The findings indicate that the EWB fails to mediate the relationship between the

PO and employee performance. However, remaining mediation paths namely PC -> EWB -> EMP, and SE -> EWB -> EMP are significant at p-value less than 0.05.

Table 5. Mediation

	Original Sample (O)	Sample Mean (M)	Standard Deviation (STDEV)	T Statistics (O/STDEV)	P Values
PC -> EWB -> EMP	0.254	0.248	0.103	2.456	0.007
PO -> EWB -> EMP	-0.021	-0.008	0.107	0.192	0.424
SE -> EWB -> EMP	0.448	0.444	0.141	3.169	0.001

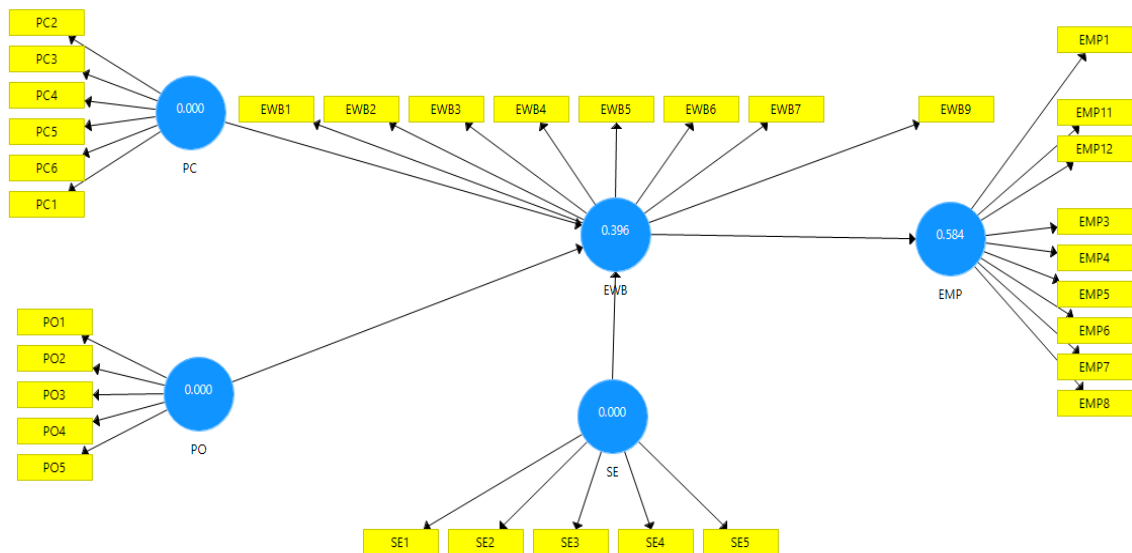


Figure 3. Blindfolding

After hypotheses testing, the R-square value is examined which is one of the key criteria for the estimation of structural model. R-square is also referred as the coefficient of determination which shows how much share of variance in this study's

endogenous construct is explained by the set of model's exogenous constructs (Akter, Fosso Wamba, & Dewan, 2017; Hair et al., 2016; Ong & Puteh, 2017). Basically, the R² value is determined by the type and context of that particular research.

According to Shiau, Sarstedt, and Hair (2019), 0.10 is the lowest range for the R^2 that is acceptable. However, Henseler et al. (2016) described different ranges for R^2 in PLS-SEM, these are: substantial (0.67 - 1), moderate (0.33 - 0.66) and weak (0.10 - 0.19).

Table 6. R-Square

	R Square	R Square Adjusted
EMP	0.851	0.851
EWB	0.524	0.517

Furthermore, effect size shows each independent variable's contribution in explaining the model's endogenous construct, which is an important measure for assessing the structural model. Thus, f^2 shows the level of effect size and can be described as small if the f^2 value is equal or below 0.05, moderate if it equals 0.15 and large if it equals 0.35 or above (Basheer, Hafeez, Hassan, & Haroon, 2018; Shuhaiber, 2018).

The structural model can also be assessed through assessing the predictive capacity of the model. A Stone-Geisser's Q^2 test is used to assess the predictive capacity. If Q^2 equals to a non-zero value, it signifies that the under studied exogenous constructs well predict the model's endogenous construct and have some predictive relevance (Hair et al., 2017).

Table 7. Q-Square

	SSO	SSE	$Q^2 (=1-SSE/SSO)$
EMP	1519.000	523.503	0.584
EWB	1736.000	1049.329	0.396

5 Discussion

The study has examined ten hypothesis out of them seven hypothesis are on the direct relationship between the variables of proposed conceptual framework and three are explaining the mediating role of EWB in the relationship between PC and EMP, PO and EMP, and SE and EMP. As mentioned in the background section, the study has three main objectives: 1) impact of psychological climate, psychological ownership, and self-efficacy on the employee performance, 2) impact of psychological climate, psychological ownership, and self-efficacy on the employee well-being, 3) the mediating role of employee well-being in the relationship between the psychological climate, psychological ownership, self-efficacy, and employee performance.

The results of the direct hypothesis which are shown in the table 4. The findings revealed that the psychological climate has significant impact on the

performance and wellbeing of employees in the banking industry of Pakistan. The positive sign indicates that the improvement in the psychological climate will increase the employee performance and enhance their wellbeing. The findings are consistent with the prior findings. Whereas the impact of psychological ownership on the employee performance, employee wellbeing is insignificant and negative, which indicates that the increase in the psychological ownership will not bring any significant change in employee performance. Self-efficacy appears to be a significant determinant of employee performance and employee wellbeing.

The results of mediation analysis are shown in the table 5 below. The findings indicate that the EWB fails to mediate the relationship between the PO and employee performance. However, remaining mediation paths namely PC -> EWB -> EMP, and SE -> EWB -> EMP are significant at p-value less than 0.05. The results revealed the fact that the impact of the PC on EMP in the presence of EWB.

6 Conclusion

The development of theory-based models concerning employees' psychological experiences during organizational change has received only little attention among the scholars and researchers. This study aims to extend the seminal work of Willis and Burnett (2016) concerning stress and coping theory, for this purpose, the study will examine the relationship of key psychological climate dimensions with employee appraisal and adjustment levels during a planned organizational change. The key purpose of the current study is to investigate the impact of the impact of psychological climate, psychological ownership, and self-efficacy on the employee performance. In addition to that the study has also intended to examine the impact of psychological climate, psychological ownership, and self-efficacy on the employee well-being. Lastly, the study was planned to find the mediating role of employee well-being in the relationship between the psychological climate, psychological ownership, self-efficacy, and employee performance. For data analysis in this research, the Smart PLS-SEM version 3.2.6 is employed which is a second-generation Structural Equation Modeling (SEM) technique. PLS technique is ideal for simultaneously analyzing the multiple number of variables

Literature indicates that both motivation and self-efficacy are the key performance elements as they significantly contribute to the workplace

effectiveness, efficiency and good service quality. Although academic community has made considerable efforts to develop understanding about the relationship between performance and conscientiousness, but there is scarcity of research on the way performance is influenced by the personality traits (Mahlamäki, Rintamäki, & Rajah, 2019).

The data is collected from the middle level employees of Pakistani banking industry. The response rate of the current study is 67 %. The findings of the study have provided support to the hypothesized relationship. However, psychological ownership appears fails in determining the employee performance and employee wellbeing.

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